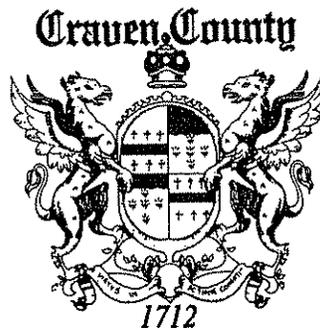


CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2011



**PREPARED BY THE FINANCE DEPARTMENT
RICHARD F. HEMPHILL, FINANCE OFFICER**

Craven County



INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal..... 1 - 8
 GFOA Certificate of Achievement.....9
 List of Principal Officials10
 Organizational Chart.....11
 Map of Craven County, North Carolina.....12

FINANCIAL SECTION

Independent Auditor’s Report13 – 14
 Management’s Discussion and Analysis (Unaudited).....15 – 27
 Basic Financial Statements:
 Government-wide Financial Statements
 Statement of Net Assets.....28
 Statement of Activities29
 Fund Financial Statements
 Balance Sheet – Governmental Funds.....30
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement
 of Net Assets31
 Statement of Revenues, Expenditures and Changes in Fund Balances–
 Governmental Funds.....32
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities.....33
 Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance–
 Budget and Actual – General Fund 34 - 36
 Statement of Net Assets – Proprietary Funds37
 Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....38
 Statement of Cash Flows – Proprietary Funds.....39
 Statement of Fiduciary Net Assets – Fiduciary Funds.....40
 Notes to Financial Statements..... 41 - 89
 Required Supplementary Information:
 Schedule of Funding Progress for Law Enforcement Officers’ Special Separation Allowance.....90
 Schedule of Employer Contributions for Law Enforcement Officers’ Special Separation Allowance90
 Schedule of Funding Progress for Other Postemployment Benefits.....91
 Schedule of Employer Contributions for Other Postemployment Benefits.....91
 Notes to the Required Schedules for Other Postemployment Benefits.....91
 Other Supplementary Information:
 Schedule of Ad Valorem Taxes Receivable.....92
 Analysis of Current Tax Levy.....93
 Combining Schedules of Nonmajor Funds:
 Combining Balance Sheet – Nonmajor Governmental Funds94
 Combining Balance Sheet – Nonmajor Special Revenue Funds.....95
 Combining Balance Sheet – Nonmajor Capital Project Funds96
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor
 Governmental Funds.....97
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Nonmajor
 Special Revenue Funds.....98
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor
 Capital Project Funds99
 Special Revenue Funds:
 Detailed Balance Sheet – All Fire District Funds100
 Detailed Schedule of Revenues, Expenditures and Changes in Fund Balances–
 All Fire District Funds.....101
 Schedules of Revenues, Expenditures and Changes in Fund Balance–
 Budget and Actual – All Fire District Funds 102 - 112

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
Emergency Telephone System E-911 Fund.....	113
Occupancy Tax Fund.....	114
CDBG FY09 Scattered Sites	115
CDBG FY08 James City	116

Debt Service Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual.....	117
--	-----

Capital Project Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
County Reserve Capital Project Fund.....	118
Judicial Center Project Fund	119
St. Luke's Building Renovation Fund.....	120
Latham-Whitehurst Nature Park Project Fund	121
Qualified School Construction Bond.....	122

Enterprise Funds:

Combining Schedule of Net Assets – Nonmajor Enterprise Funds	123
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	124
Combining Schedule of Cash Flows– Nonmajor Enterprise Funds.....	125
Schedule of Net Assets – Craven County Water Fund	126
Detailed Schedule of Revenues, Expenses and Changes in Net Assets– Craven County Water Fund	127
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Craven County Water Operating Fund.....	128 -129
Castle Hayne Aquifer Capital Project Fund	130
Blended Component Unit, Township 6 Water and Sewer District.....	131
Blended Component Unit, Northwest Craven Water and Sewer District	132

Internal Service Fund:

Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis	133
---	-----

Agency Funds:

Combining Balance Sheet – All Agency Funds.....	134
Schedule of Changes in Assets and Liabilities– All Agency Funds.....	135

Component Units:

Tourism Development Authority Fund (A Component Unit)	
Detailed Balance Sheet	136
Schedule of Revenues, Expenditures and Changes in Net Assets Budget and Actual.....	137
Craven County Regional Airport Authority (A Component Unit)	
Combining Balance Sheet	138
Combining Schedule of Revenues, Expenses and Changes in Net Assets.....	139
Combining Schedule of Cash Flows.....	140

Detailed Schedule of Revenues, Expenditures and Other Financing Sources (Uses),
Budget and Actual, Non-GAAP, Modified Accrual Basis:

Operating Fund	141-142
Terminal Area Development Site No. 30 Capital Project Fund	143
Terminal Area Development Site No. 31 Capital Project Fund	144
Terminal Area Development Site No. 32 Capital Project Fund	145
Terminal Area Development Site No. 33 Capital Project Fund.....	146
Terminal Area Development Site No. 34 Capital Project Fund	147
Airport Reserve Fund.....	148

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source.....	149
Capital Assets Used in the Operation of Governmental Funds Schedule by Function & Activity.....	150
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function & Activity.....	151

STATISTICAL SECTION (Unaudited)

Net Assets by Component-- Last Five Fiscal Years (Schedule 1).....	152
Changes in Net Assets -- Last Five Fiscal Years (Schedule 2).....	153 - 154
Fund Balances -- Governmental Funds -- Last Ten Fiscal Years (Schedule 3).....	155
Changes in Fund Balances -- Governmental Funds -- Last Ten Fiscal Years (Schedule 4).....	156
Assessed Value and Actual Value of Taxable Property -- Last Ten Fiscal Years (Schedule 5).....	157
Direct and Overlapping Property Tax Rates -- Last Ten Fiscal Years (Schedule 6).....	158
Principal Property Taxpayers -- Current Year and Nine Years Ago (Schedule 7).....	159
Property Tax Levies and Collections -- Last Ten Fiscal Years (Schedule 8).....	160
Ratios of Outstanding Debt by Type -- Last Ten Fiscal years (Schedule 9).....	161
Ratio of Net General Bonded Debt Outstanding -- Last Ten Fiscal Years (Schedule 10).....	162
Legal Debt Margin Information -- Last Ten Fiscal Years (Schedule 11).....	163
Demographic and Economic Statistics -- Last Ten Fiscal Years (Schedule 12).....	164
Principal Employers -- Current Year and Nine Years Ago (Schedule 13).....	165
Full-time Equivalent County Government Employees by Function-- Last Ten Fiscal Years (Schedule 14).....	166
Operating Indicators by Function -- Last Ten Fiscal Years (Schedule 15).....	167
Capital Asset Statistics by Function -- Last Ten Fiscal Years (Schedule 16).....	168

COMPLIANCE SECTION

Independent Auditor's Report on:

Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	169 - 170
Compliance With Requirements That Could Have a Material Effect on Each Major Federal Program and the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act	171 - 172
Compliance With Requirements That Could Have a Material Effect on Each Major State Program and on Internal Control Over Compliance in Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act	173 - 174
Schedule of Findings and Questioned Costs	175 - 178
Corrective Action Plan	179
Status of Prior Audit Findings	180
Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.....	181 - 185
Notes to Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.....	186

Craven County



INTRODUCTORY SECTION

- Letter of Transmittal
- **GFOA** Certificate of Achievement
- List of Principal Officials
- Organizational Chart
- Map of Craven County

Craven County





November 14, 2011

The Board of County Commissioners
Citizens of Craven County

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2011 is submitted herewith. The County's Finance Department prepares the financial statements and assumes all responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Craven County officials believe the data and presentation are fair and accurate, and that everything necessary is included in this document to gain an understanding of the County's financial activities over the last fiscal year.

Craven County Government's financial statements have been audited by McGladrey & Pullen, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996, as well as the State Single Audit Act, N.C.G.S. 159-34. The reports required by these Acts are included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all the funds of the primary government (Craven County), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority), Craven County Alcoholic Beverage Control Board, Craven County Tourism Development Authority and CarolinaEast Health System (formerly Craven Regional Medical Authority) are included as discretely presented component units in the reporting entity. However, the Craven County Board of Education, the Craven-Pamlico-Carteret Regional Library, Eastern Carolina Council of Governments, Craven Community College, and the Coastal Regional Solid Waste Management Authority have not met the criteria for inclusion in the reporting entity as component units and, accordingly, the financial information for these organizations is excluded from this report. Each of these entities publishes its own annual financial report to which the reader is referred.

PROFILE OF CRAVEN COUNTY

Craven County, chartered in 1712, utilizes a Commissioner-Manager form of government with seven commissioners who serve four-year terms. The Chairperson is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and Clerk to the Board are appointed by, and serve at the pleasure of the County Commissioners. The County Manager is responsible for administering all affairs of the County and for management of all County employees.

Craven County is located midway along North Carolina's lace work coastal fringe and is diverse in its physical characteristics, demographics and economic base. The County's land area totals approximately 712 square miles or 455,680 acres. Settled in 1710 by Swiss and German immigrants at the confluence of the Trent and Neuse Rivers, New Bern, the county seat, is the second oldest town in the state. Rich in history, it is the site of North Carolina's Colonial Capitol and its first State Capitol. New Bern is also the Birthplace of Pepsi Cola, a drink first concocted by Caleb Bradham, a local pharmacist, in 1898. Downtown New Bern offers museums, shops, galleries, restaurants, historic sites, waterfront hotels, bed and breakfast accommodations, marinas, convention center, parks, historic homes and churches. Tryon Palace Historic Sites & Gardens, the first permanent seat of colonial government in North Carolina, offers visitors an opportunity to experience 300 years of American history and acres of period inspired gardens.

The City of Havelock, the second largest municipality in Craven County, is home to Cherry Point, the largest Marine Corps Air Station on the East Coast, employing 5,408 civilian workers. The Air Station is home of the 2nd Marine Aircraft Wing and sits on 13,164 acres of land in Craven County. The Fleet Readiness Center (FRC) East (formerly known as NADEP), one of eight fleet readiness centers operated by the U. S.

Navy, sits on nearly 150 acres on board Marine Corps Air Station Cherry Point. FRC East is the largest industrial employer in eastern North Carolina. The base is also the location of Halyburton Naval Health Clinic.

While still a rural county, Craven County has become much less dependent on agriculture as its main economic engine. The County has revealed itself as a desirable destination for tourists, drawn by abundant opportunities for conventions, golf, sailing, beaches, fishing, hunting, and touring over 150 historic landmarks. The County's reputation as a desirable retirement community is a direct result of its popularity as a tourist destination. The growth of residential development aimed at retirees has slowed significantly with the current economic conditions and overall poor housing market. While housing prices have declined in the past year, Craven County has not experienced the dramatic drop in house prices seen in other areas of the country.

THE LOCAL ECONOMY

Craven County's economy, while not immune to the recent recession, has not experienced the significant impact as many other areas in the state and country. One area which has shown significant decline is home construction and sales. Closings have declined from 1,853 in 2007 to 1,056 in 2010. Price has fallen slightly with the average selling price being 96% of the listing price in 2010. Certain economic indicators continue to show some improvement. Per capita personal income in Craven County increased by .9 percent, to \$36,798, for the calendar year 2009 (the latest information available). The change for the state of North Carolina in 2009 was a 2.3 percent decline and nationally the change was a 2.6 percent decline. The County's per capita income level is 106 percent of the state average, up from 102 percent, and 93 percent of the national average, up from 90 percent. The County ranked thirteenth out of one hundred counties in the state in per capita income, up from sixteenth. The 1999-2009 average annual growth rate of per capita personal income for the County was 3.9 percent, while the average annual growth rate for the state was 2.9 percent and 3.4 percent for the nation. The indicators are seen as positive data when compared to the state and national amounts considering the significant downturn the economy experienced in 2008 and 2009.

The number of building inspections performed by the Craven County Inspection Department was up 31 percent in fiscal 2011 from 2010. The increase is due primarily to commercial development. The number of inspections was up 2 percent from 2009 to 2010, down 26 percent from 2008 to 2009, and down 26 percent from 2007 to 2008. The number of inspections performed in 2011 is still only 73 percent of what they were in fiscal 2007, the peak of the boom market. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments.

Government (federal, state and local) is the largest single employer in the County with 33 percent of all jobs, the same percentage as a year ago. This is due to two factors; a minimal increase in government employment of .2 percent, and a decline of 3.4 percent in private industry employment. The sectors with the greatest decline in private employment include information (down 22 percent), administrative and support services (down 14.6 percent), construction (down 7.6 percent), finance and insurance (down 4.7 percent) health care (down 3.9 percent) and manufacturing (down 3.6 percent). Several sectors, including professional and technical services, retail trade, and transportation and warehousing, showed gains in employment in the past year. This data is based on comparing the calendar year 2009 data to the calendar year 2010. The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of

15,207 personnel, including 5,408 civilian jobs. The same numbers a year ago were 15,210 and 5,365. The number of civilian jobs at the Fleet Readiness Center East (the single largest employer east of I-95) located at Cherry Point Marine Corps Air Station was down 1.7 percent from the previous year while the employment of the 2nd Marine Aircraft Wing was up 3.7 percent. The total payroll for the base in calendar 2010, including Fleet Readiness Center East, was \$1.04 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$1.7 billion. The military and the local community have developed a strong relationship from which both have benefited. Other major employment categories in the County are health care and social assistance with 12.6 percent, retail and wholesale trade providing 13.2 percent, accommodation and food services with 9.4 percent of the total work force, and manufacturing with 8.5 percent.

The unemployment rate in Craven County remained level at 10.5 percent annual average for calendar year 2010, the same as calendar 2009. The statewide average for calendar year 2010 was 10.6 percent, down slightly from 10.8 percent in 2009. Overall, employment at major manufacturing employers in the County was relatively unchanged; however there was a significant increase at one company and a decrease at another company. In 2009 the largest loss of manufacturing jobs was at Hatteras Yachts where employment fell from 700 to less than 200. In July 2010 Brunswick Corporation, the parent company, announced plans to bring the production of the Cabo Yachts line to New Bern from Adelanto, California. This was accomplished during the year and in February 2011 the Company delivered the first Cabo Yacht produced in New Bern. Two of the six production lines at the Hatteras facility are now producing Cabo yachts. The Company recently announced employment is back to 540 and there is a backlog to 2013 for Hatteras yachts and 2012 for several Cabo models. Employment at BSH Home Appliances, a major manufacturer of dishwashers, cooktops, ranges, and laundry equipment, decreased from 950 to 800 in fiscal 2010. In January 2011 the Company announced it would close one of three production lines at the New Bern facility. The Company will phase out production of the 27 inch front load washer and dryer products completely by the end of 2011. The Company will continue to produce the 24 inch model as well as cooking products and dishwashers and has plans to make an additional \$50 million investment in the dishwasher line. The highest unemployment rate experienced by the County in calendar year 2010 was 11.8 percent in February 2010 and the lowest was 9.4 percent in October 2010. The unemployment rate for July 2011 in the County was 10.3 percent, a slight improvement over the 2010 calendar year average of 10.5.

With many historic sites and homes, 40 miles of navigable rivers, the Croatan National Forest, and abundant lakes and wildlife, the County continues to emphasize and capitalize on tourism. Tryon Palace, the first State Capitol, was authentically reconstructed in the 1950's and is considered the main attraction in the downtown historic district of the City of New Bern. The State of North Carolina has completed construction of the North Carolina History Center, an education/visitor center for the Tryon Palace situated between the Palace and the Hilton (formerly the Sheraton Hotel), near the Convention Center. The site is an attractive addition to the waterfront development of downtown New Bern and the number of visitors has doubled since the official opening October 2010. The County contributed over a million dollars to the interactive museum/education center project. The new building contains two major museums—the Pepsi Family Center and the Regional History Museum, as well as a 200-seat state-of-the-art performing arts hall, exhibit and orientation theaters, a museum store, a waterfront café, and program and administrative space.

Domestic tourism in Craven County generated an economic impact of \$108 million in calendar year 2010, an increase of 9 percent from 2009. State and local tax revenues from travel to Craven County amounted to \$8.97 million which represents an \$85.14 tax savings to each county resident. Another new hotel property opened during the fiscal year with 70 rooms and is located on the east side of the Trent River. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2010 there were 1,030 jobs in Craven County related to tourism with an annual payroll of \$20,510,000.

The New Bern Riverfront Convention Center, located in historic downtown New Bern, was constructed by the County at a cost of \$12 million and opened in August of 2000. The facility is approximately 45,000 square feet and houses a 12,000 square foot ballroom designed to seat and serve groups up to 1,500. The site is adjacent to one of the major hotel facilities in the downtown area and within walking distance of two other hotels and several bed and breakfast facilities. Operating revenues decreased slightly to \$629,000 in fiscal 2011, down from \$639,000 in fiscal 2010. The Center incurred an operating deficit of \$202,000 in fiscal 2010, lower than the \$214,000 in fiscal 2009. The total budgeted deficit was \$235,000. The Center was not built with the expectation that it would generate a direct profit but to provide an economic stimulus for the area. The Center hosted 252 groups in fiscal 2011 and generated approximately \$10 million of economic impact to the community during the fiscal year ended June 30, 2011. The debt incurred for the Center is serviced through the increase in occupancy tax enacted in November 1996 from 3 percent to 6 percent.

LONG TERM PLANNING

Providing the services desired by its citizens and those required by statute during a period of economic slowdown is a recurring challenge faced by the County. During fiscal 2011 the County's General Fund balance increased by approximately \$613,000. The County's unassigned General Fund balance at June 30, 2011, represents 23.7 percent of actual expenditures and transfers out for fiscal year 2011. The tax rate for fiscal 2011 was lowered from \$.61 per hundred dollars of value to the revenue neutral rate of \$.4728. The County conducted a reappraisal of all County real property as of January 1, 2010. These values were used in computing fiscal 2011 property taxes. Property values increased from \$6.9 billion to \$9.5 billion, or 37.7 percent countywide. The previous countywide reappraisal was conducted in 2002.

The estimate of property values for fiscal 2012 is \$9.6 billion. The small increase is a direct result of the economic conditions with little new construction being added to the tax base. The budget for fiscal 2012 was adopted with a tax rate of \$.4728 per hundred dollars of valuation, the same as the previous year. Budgeted expenditures of the General Fund are reduced by 4.8 percent from the final budget of 2011, to \$93.0 million, and budgeted revenues are the same amount. No appropriation of the County's fund balance was used to balance the fiscal 2012 budget.

Capital needs of the County are assessed on an annual basis. The Capital Improvement Plan serves as the basis for the County's annual capital budget. The Capital Improvement Plan provides a framework for capital additions and the method of financing those projects for a five year period. The Capital Reserve Fund maintained by the County is a primary source of funding for capital projects. Due to budget constraints the County did not make an appropriation to the capital reserve fund during fiscal 2011 however \$3.1 million was transferred to the reserve from the Judicial Center project upon the closing of that capital project. The County had previously transferred \$2.5 million of funds from the Reserve fund to the project to cover initial costs until the loan was finalized. The \$2.5 million remained in the project fund until the end to

insure enough funds were on hand to complete the project. These funds will allow the County to pay for future capital needs as they arise. The 2012 budget included \$270,000 of items to be funded by the capital reserve fund.

The County has plans to renovate the former Sheriff's office space to house the Emergency Services offices, a permanent Emergency Operation Center (EOC), expansion of the E-911 call center, and provide generator supported facilities as the primary location for the County's computer hardware. This project has been delayed by a review of the feasibility of combining the New Bern, Havelock and County E-911 centers into a single center. Currently the County activates the EOC in a courtroom in the Courthouse Annex building on an as needed basis. This involves moving a lot of technology into place and interferes with the Court schedule. The decision regarding the consolidation of the E-911 centers will be made in the upcoming year.

The County completed renovation of the former St. Luke's Hospital building during the year. The Adult and Juvenile Probation and Guardian Ad Litem functions were moved into the building near the end of the fiscal year. The County had previously moved the Child Support Enforcement Division into the building last year. Child Support Enforcement is a service the County chose to contract after it was transferred from the State to the County effective July 1, 2010. The child support function cost the County approximately \$251,000 in fiscal 2011. The County had previously been attempting to sell the old hospital building which reverted back to the County several years ago when Neuse Center Mental Health moved out of it. The costs to the County to renovate the building were approximately \$350,000. All of the functions housed in the building are or were State agencies but the County has the responsibility for providing their office space. The County was able to save over \$100,000 per year in occupancy costs at other facilities and will likely sell the County owned building which formerly housed the probation function.

The Board of Education continues to search for an affordable tract of land in the New Bern/Havelock corridor for a future high school. Land in this area continues to be expensive and tracts of land large enough for a high school are few. The Board of Education will continue to evaluate sites for the high school during the upcoming year. The Craven County Board of Commissioners has authorized the Board of Education to acquire the property if a reasonable price can be obtained.

The County continues its commitment to provide and improve recreational facilities for its citizens. Improvements at the West Craven Park in fiscal 2011 included paving, bleachers, goals and scoreboards. The land for this park was acquired in 2006 for approximately \$130,000. The County funded the acquisition of the 90 acre site and a major portion of the improvements through two Parks and Recreation Trust Fund (PARTF) grants from the State. In 2009, the County acquired approximately 133 acres of land on Broad Creek Road from the North Carolina Coastal Land Trust to create a nature park. The Trust acquired the property for approximately \$1.1 million. The total cost to the County for the land was approximately \$30,000 for closing costs. The land will be left in its natural state for the most part, as required by the covenants. Work completed in the nature park this fiscal year included the roadway, gravel parking area, picnic areas including a shelter, restroom facilities, boardwalk at the river area, and walking trails through the park. The improvements were funded with a \$500,000 grant from the Parks and Recreation Trust Fund for the project. The 2,000 feet of water frontage on the Upper Broad Creek provides a fishing area and the park offers hiking, nature observation and bird watching.

The County contracted for a study of the current emergency medical system. Currently the County contracts with six not for profit rescue squads, one municipal rescue operation (Havelock), and the Carolina East Medical Center to provide ambulance and rescue coverage in the County. The County provides funding to the six not for profit squads as well as Havelock. The cost of this service has continued to climb over the years as what was once all volunteer squads are now mostly paid staffs. The County does not provide any funding to the hospital which covers a large part of the population in New Bern, Trent Woods and River Bend. The purpose of the study is to review the current system, propose, and evaluate alternative methods to providing the service. In addition the consultant will review the operations of the squads and make recommendations for improvement in their operations. The final report is expected to be available by October 2012.

Upcoming plans for the County water system include the continued alternate water source project in response to restrictions imposed by the State limiting the volume of water that users of the Black Creek aquifer may withdraw. All entities currently using the Black Creek were mandated to make a 25 percent reduction in the Black Creek withdrawals by 2008, 50 percent reduction by 2013, and 75 percent reduction by 2018 (if required). Craven County met the 25% reduction by drilling five wells into the Pee Dee aquifer and blending the water with the Black Creek water. The five wells were drilled on the same sites as the five Black Creek wells and provided sufficient water to reach the goal of the 25 percent reduction mandated for 2008.

The Pee Dee aquifer wells will not allow the County to meet the 2013 goal of 50% reduction from the Black Creek aquifer. The County is forced to find another water source to meet the goal. In 2008, the County engaged an engineer to update a plan of future demands on the system to allow the decision of how to meet the next required reduction. This study was completed during fiscal 2009 and the recommendation was to proceed with wells in the Castle Hayne aquifer. During 2009, the County drilled test wells in the Castle Hayne aquifer near the Carolina Pines subdivision between New Bern and Havelock. This water will require advanced treatment and the need for a water treatment plant located on the east side of the Trent River to provide water for all customers on that side of the river. In 2010 the engineer continued work on the project and the County searched for a tract of land for the treatment plant. The acquisition of a 10 acre site for the plant made in 2011 and the County will soon close on another one acre site for a well. One well will be drilled on the ten acre site and the other is very close to the plant site. The County is looking for additional well sites as there will be a need for six to eight wells, depending on the level of flow of each well. The plant will be built to provide 3.0 million gallons of water per day in phase one, and another 1.5 million gallons per day in phase two by 2018. The estimated cost of the total project is approximately \$35 million, \$29 million of which pertains to phase one. Rates were increased by an average amount of 15% in October 2011. This was not an across the board increase but was done with two purposes; to provide funds for the plant debt service and to encourage conservation. The inclining rate schedule was increased more for the higher quantities than the small quantities. The 0 to 3,000 gallon per month bracket was adjusted upward 11% while the over 15,000 gallons per month bracket went up by 60%. The existing Black Creek and Pee Dee wells will serve all customers on the western side of the river. The County has been approved by the Division of Water Quality to obtain financing from the State Revolving Loan Fund in the amount of approximately \$20 million for the project. The balance of the project will come from funds on hand.

AWARDS AND ACKNOWLEDGEMENTS

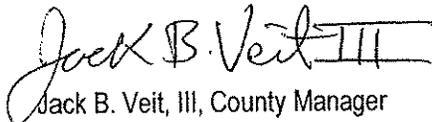
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Craven for its comprehensive annual financial report for the fiscal year ended June 30, 2010, the twenty first consecutive year this award was received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

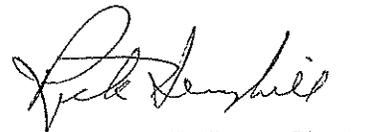
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the entire Craven County Finance Department: Aletta Brown, Assistant Finance Director, Karla Wright, Christy Foreman, Rosie Brinson, Andrea Brookins, Donna Nelson, Rosemary Osterhus, Nancy Dawson, and Craig Warren. Also of significant assistance in the preparation of the report were Martha Wayne, Caroline Gay, and Gary Ridgeway of McGladrey & Pullen, LLP.

The information presented in this report illustrates the progressive leadership and support provided by the Craven County Board of Commissioners. Without the Board's guidance and initiative, the financial activities of Craven County would not be able to operate in a fiscally stable and responsible manner.

Respectively submitted,


Jack B. Veit, III, County Manager


Rick Hemphill, Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Craven County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
June 30, 2011

**BOARD OF
COMMISSIONERS**

STEVE TYSON
Chairman

LEE K. ALLEN
Vice-Chairman

SCOTT C. DACEY

THOMAS F. MARK

THERON MCCABE

JOHNNIE SAMPSON, JR

JEFFEREY S. TAYLOR

COUNTY OFFICIALS

HAROLD BLIZZARD
County Manager

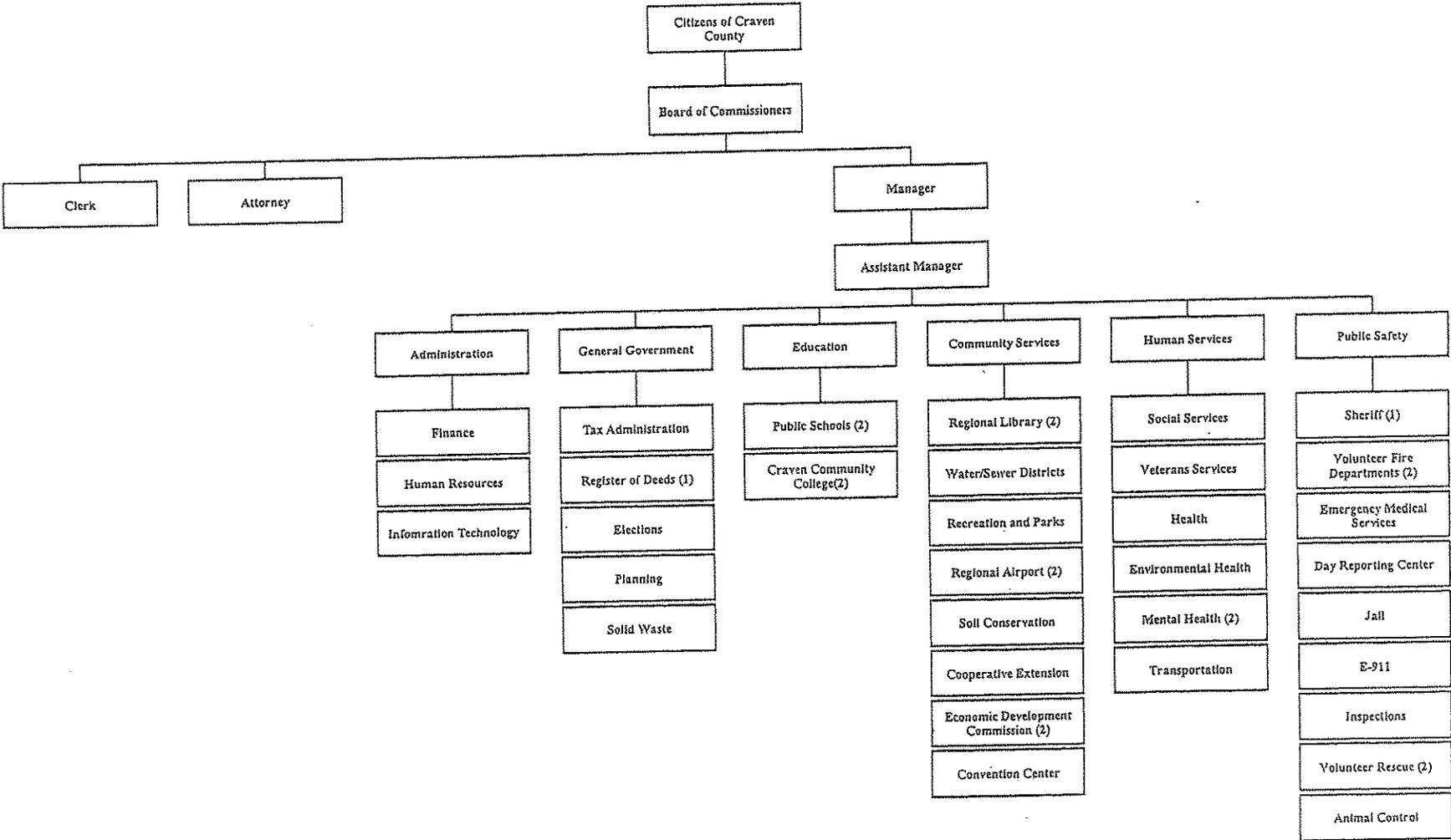
RICHARD F. HEMPHILL
Finance Officer

JACK B. VEIT III
Assistant County Manager

SHERRI RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

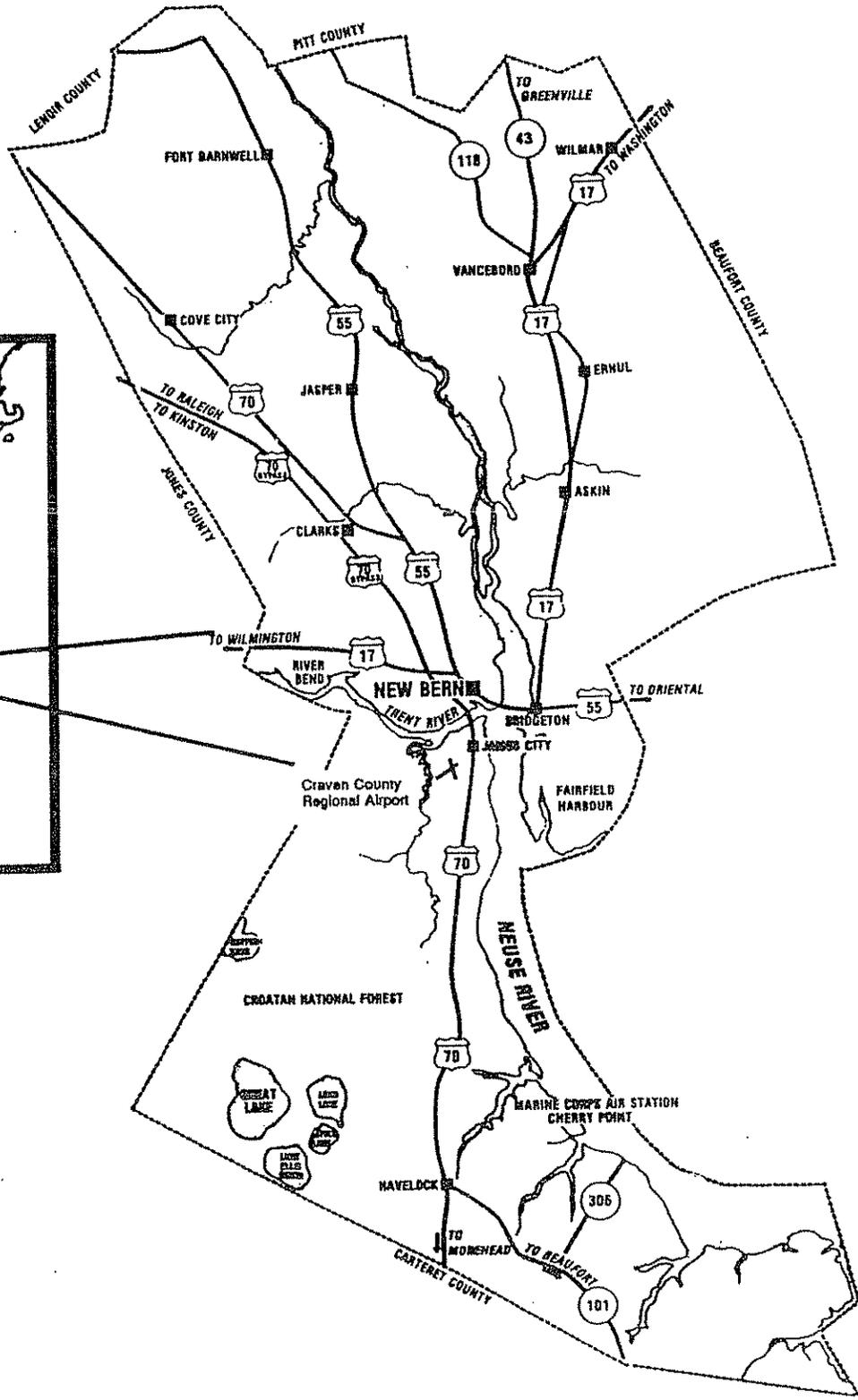
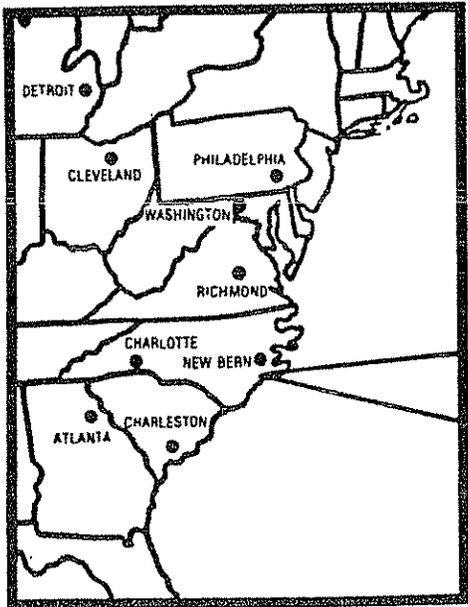
Craven County Organizational Chart



11

(1) Elected Officials (2) Under Separate Boards

Craven County, North Carolina



FINANCIAL SECTION

- Report of Independent Certified Public Accountants
- Management Discussion & Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

Craven County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Craven County





McGladrey & Pullen, LLP
Certified Public Accountants
3120 Wellons Boulevard
New Bern, NC 28562-5247
P.O. Box 15409
New Bern, NC 28561-5409
O 252.637.5154 F 252.637.5383
www.mcgladrey.com

Independent Auditor's Report

To the Board of County Commissioners
Craven County
New Bern, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Craven County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of Craven County Alcoholic Beverage Control ("ABC") Board, which is a discretely presented component unit of the County. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for ABC, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 15 through 27 and page 92 through 93, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Craven County, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards and passenger facility charges is presented for additional analysis as required by OMB A-133, the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 14, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County



Craven County
Management's Discussion and Analysis (Unaudited)
June 30, 2011

As management of Craven County, we offer readers of Craven County's financial statements this narrative overview and analysis of the financial activities of Craven County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

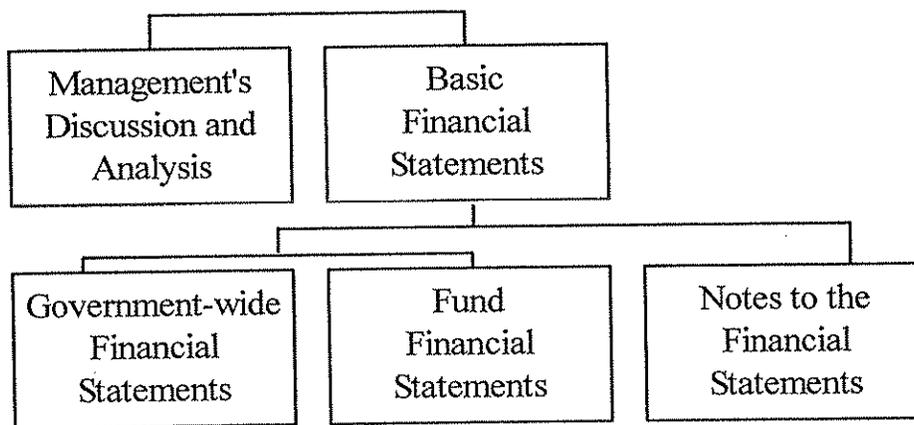
- The assets of Craven County exceeded its liabilities at the close of the fiscal year by \$62,213,668.
- The government's total net assets increased by \$7,378,130. Of this amount, \$1,198,841 was the increase in the net assets of the Water Fund and the remaining \$6,179,289 increase in net assets was in the governmental activities and resulted from lower spending than budgeted and higher property tax revenue.
- The net assets of the governmental activities are lower than one would expect due to the method used in North Carolina to record the debt and asset related to school buildings. Under North Carolina law, the County is responsible for providing capital funding for the public schools and community college. The capital assets funded by the County are owned by the public school system and community college and are not recorded as an asset of the County. The County, however, does recognize a liability for the debt issued to fund these projects. As of June 30, 2011, the outstanding balance of school related debt was \$51,364,850.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined fund balances of \$40,874,301 an increase of \$2,869,200 for the year. The General Fund increase of approximately \$613,000 was added to fund balance. This increase was due to several items, with the primary one being the receipt of approximately \$1.1 million settlement of the lawsuit regarding the convention center floor which shows up as miscellaneous revenue in the General Fund and was then transferred out and into the County Reserve Fund. Also in the Capital Project Funds was the proceeds of the Qualified School Construction Bonds in the amount of \$2,163,000 issued near the end of the fiscal year which added to the fund balance of the School Project Fund as virtually none of these funds were spent in fiscal 2011. General Fund and Special Revenue (fire departments) property tax revenue was approximately \$3.1 million more than the previous year. Most of this increase was due to the growth factor used in the revenue neutral ad valorem tax rate. All property was revalued as of January 1, 2010 and the tax rate adopted for fiscal year 2011 was the revenue neutral rate of \$.4728 per \$100 of valuation. The revenue neutral rate uses an average growth factor of the change from year to year for all years since the last revaluation. This growth factor was 3.83 percent and the county wide property value increase was approximately 36 percent. Intergovernmental revenues were also higher than prior year due to two Community Development Block Grant projects with revenues of approximately \$1 million. Additionally the Health Department received over \$500,000 more in the fiscal year from the annual Medicaid settlement than in the prior year. The lower than anticipated expenditures were primarily in the Health, Transportation, Tax Collections Jail, and Social Services Departments and were due to a variety of reasons, including cost savings measures stressed to all departments. Approximately 82 percent of the General fund balance or \$22,190,181 is unassigned at June 30, 2011. This amount represents 23.7 percent of

total General Fund expenditures (including transfer outs). In 2010, unassigned General fund balance was \$19,141,577 approximately 72 percent of the total fund balance. There was no fund balance appropriated in the 2012 budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Craven County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of Craven County.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements.

After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, education, human services, environmental services, economic and physical development, and general administration. Property tax, sales tax, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. For Craven County, only the water utility is reported as a business activity.

The final category is component units. CarolinaEast Medical Center (formerly Craven Regional Medical Center) is a public hospital operated by the CarolinaEast Health System. The County Commissioners appoint the governing board of the Health System and own the property upon which the hospital is built. The land is leased for \$1 per year to the Health System by the County. The Craven County Tourism Development Authority (TDA) and the Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority) are separate legal entities. The County is financially accountable for the TDA, as the TDA derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Airport Authority governing board is appointed by the County Commissioners and the County is responsible for financing any operating deficits of the Authority. Although legally separate from the County, the Craven County Alcoholic Beverage Control Board is a component unit of the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 28 and 29 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. Craven County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Craven County can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Craven County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Craven County has only two proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Craven County uses an enterprise fund to account for its water utility activity. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Agency funds are used to account for resources held for the benefit of parties outside the government. Craven County has four agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 41 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Craven County's progress in funding its obligation to provide pension benefits to law enforcement personnel. Required supplementary information can be found following the Financial Statements and Notes to the Financial Statements of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Craven County exceeded liabilities by \$62,213,668 as of June 30, 2011. The County's net assets increased by \$7,378,130 for the fiscal year ended June 30, 2011. One of the largest portions \$55,471,855 (89.2%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Craven County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Craven County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Craven County's net assets \$8,300,518 (13.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) is unrestricted. At June 30, 2011, the unrestricted deficit of \$1,558,705 is attributable to the County's outstanding debt incurred for use by the Craven Community College and the Craven County Board of Education (the "schools") to construct, renovate, and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its legal obligation to provide the schools capital funding by using a mixture of County funds and debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. Even though the debt issued has been issued to finance capital outlay and construction for the schools, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result, the school debt is reportable within the unrestricted category of net assets rather than as part of the category invested in capital assets, net of related debt. The unrestricted net assets (deficit) consist of the following:

School system debt	\$ (51,364,850)
All other	<u>49,806,145</u>
Total unrestricted (deficit)	<u>\$ (1,558,705)</u>

Craven County's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 53,270,029	\$ 49,479,709	\$ 13,802,898	\$ 12,107,414	\$ 67,072,927	\$ 61,587,123
Capital assets, net	68,894,229	70,251,490	18,950,491	19,547,044	87,844,720	89,798,534
Total assets	122,164,258	119,731,199	32,753,389	31,654,458	154,917,647	151,385,657
Long-term liabilities/schools	51,364,850	53,290,000	-	-	51,364,850	53,290,000
Long-term liabilities/other	36,865,278	39,132,842	1,358,837	1,471,408	38,224,115	40,604,250
Other liabilities	2,716,178	2,269,694	398,836	386,175	3,115,014	2,655,869
Total liabilities	90,946,306	94,692,536	1,757,673	1,857,583	92,703,979	96,550,119
Net assets:						
Invested in capital assets, net of related debt	37,674,722	34,254,404	17,797,133	18,280,499	55,471,855	52,534,903
Restricted	8,300,518	4,029,326	-	-	8,300,518	4,029,326
Unrestricted (deficit)	(14,757,288)	(13,245,067)	13,198,583	11,516,376	(1,558,705)	(1,728,691)
Total net assets	\$ 31,217,952	\$ 25,038,663	\$ 30,995,716	\$ 29,796,875	\$ 62,213,668	\$ 54,835,538

The impact on unrestricted net assets, caused by the inclusion of the school debt without the corresponding assets, was partially offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.92, down slightly from 97.98 the previous year but higher than the statewide average of 97.18 percent for the previous year. The statewide average will probably be lower than the 97.18 when 2011 numbers are published.
- General Fund actual expenditures were less than budgeted expenditures by \$3.9 million. This was due to steps taken to reduce expenditures by continuing the steps implemented in the past year, including a soft hiring freeze, restricting travel and capital outlay. The actions taken to control expenditures successfully offset revenues ending \$677,000 below budget and resulted in an addition to the General Fund Balance in the amount of \$613,000. The budgeted use of General Fund Balance was \$2.6 million.
- Coupled with the favorable collection percentage, an increase of 3.83 percent in property values as required in the revenue neutral tax rate calculation, and an increased collection effort resulted in an increase of \$3.4 million of additional property tax revenue for fiscal 2011.

Craven County Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$13,557,969	\$12,613,477	\$3,652,217	\$3,688,563	\$17,210,186	\$16,302,040
Operating grants and contributions	19,927,884	19,038,593			19,927,884	19,038,593
Capital grants and contributions	3,418,463	1,926,765			3,418,463	1,926,765
General revenues:						
Property taxes	47,482,900	44,076,129			47,482,900	44,076,129
Sales and use taxes	12,415,520	13,053,176			12,415,520	13,053,176
Other	3,231,571	3,742,379	186,408	229,376	3,417,979	3,971,755
Total revenues	100,034,307	94,450,519	3,838,625	3,917,939	103,872,932	98,368,458
Expenses:						
General government	8,577,883	7,963,893			8,577,883	7,963,893
Public safety	16,218,231	14,754,169			16,218,231	14,754,169
Environmental protection	5,234,597	5,191,327			5,234,597	5,191,327
Economic and physical development	3,820,355	3,020,353			3,820,355	3,020,353
Human services	31,736,112	30,875,922			31,736,112	30,875,922
Culture and recreation	2,357,440	2,305,497			2,357,440	2,305,497
Education	22,244,200	22,099,376			22,244,200	22,099,376
Interest on long term debt	3,772,400	3,971,610			3,772,400	3,971,610
Water and sewer districts			2,533,584	2,265,023	2,533,584	2,265,023
Total expenses	93,961,218	90,182,147	2,533,584	2,265,023	96,494,802	92,447,170
Increase in net assets before transfers	6,073,089	4,268,372	1,305,041	1,652,916	7,378,130	5,921,288
Transfers	106,200	96,200	(106,200)	(96,200)	-	-
Increase in net assets	6,179,289	4,364,572	1,198,841	1,556,716	7,378,130	5,921,288
Net assets, beginning of year	25,038,663	20,674,091	29,796,875	28,240,159	54,835,538	48,914,250
Net assets, end of year	\$31,217,952	\$25,038,663	\$30,995,716	\$29,796,875	\$62,213,668	\$54,835,538

Governmental activities. Governmental activities increased the County's net assets by \$6,179,289. The increase in net assets was caused by an increase in both program and general revenues of \$5,583,788 compared to fiscal 2010 offsetting an increase of expenses in the amount of \$3,779,071 over 2010. Key elements of this increase are as follows:

- The area with the largest increase in charges for services was the Health Department. Fees paid through Medicare for home health services were up \$295,000 over the prior year and the Medicaid settlement received annually was up by \$495,000 over the prior year. This settlement occurs as a result of Medicaid truing up with public health providers for the difference in the cost of providing service versus the amount of Medicaid payments for service.
- Operating grants were up in the Department of Social Services by over \$900,000 compared to 2010. All of this increase was due to the assumption of the child support enforcement function. This operation of this program was turned over by the State and is funded two thirds with Federal dollars. The revenue received by the program for fiscal 2011 was \$920,000 compared to none the year before.

- Capital grants revenue was up substantially in fiscal 2011 due to an increase of approximately \$700,000 from the N.C. Lottery used for school debt service over the prior year. Additionally approximately \$765,000 more was received in Community Development Block Grants by the County in 2011 for two ongoing housing projects.
- Property tax revenues increased by over \$3 million in fiscal 2011 for the reasons mentioned earlier.
- Public safety expenses were up by approximately \$1.5 million due to an increase of approximately \$500,000 for the volunteer rescue squad funding through a combination of increased annual support and the matching of Department of Insurance grants for capital items. Appropriations in both the Jail and Sheriff Departments increased due to additional operating costs at the new location.
- Human services expenses increased by \$860,000 in 2011 over 2010 entirely due to the assumption of the child support enforcement program mentioned earlier.
- Economic and physical development expenses were up approximately \$1 million due to the two housing projects mentioned earlier.

Business-type activities. Business-type activities, the County's water utility, increased Craven County's net assets by \$1,198,841.

- Total revenue decreased by \$79,000 compared to the prior year as a result of a lower return on investments and a slight decrease in the charge for services. The decrease in charge for services was a result of fewer new customers being added to the system due to less construction and the transfer of the County's largest single water customer, Craven Wood Energy, to the City of New Bern. The County had transferred other customers located in the Industrial Park to the City in prior years and the City completed their line extension to provide water to Wood Energy as of May 1, 2010. Billing for Wood Energy averaged \$350,000 annually and was included for ten months in the prior year data and none in fiscal 2011. Continued efforts to encourage conservation also contributed to lower revenues.
- Operating income as a percentage of revenue decreased in 2011 to 34% compared to 41% in 2010. The lower percentage in the current year was due to no increase in revenues and higher operating expenses for utilities, vehicle costs and repairs of the system.
- The State has mandated reductions in the amount of water withdrawn from the Black Creek aquifer used by the County as its primary source of water. During 2009, the County brought on line five wells in the Pee Dee aquifer to meet the required 25 percent reduction for August, 2008. The Pee Dee water is mixed with the Black Creek water on the existing well sites. This project was funded on a pay as you go basis. The next required reduction, an additional 25 percent, must be completed by August, 2013. The County is currently working to meet this goal and is in the design stage for a water treatment plant with wells in the Castle Hayne aquifer. The Castle Hayne aquifer is a much shallower aquifer and the water has high organic and mineral content requiring treatment. Currently the Black Creek and Pee Dee water only require the addition of chlorine. The County has acquired 10 acres of land for the treatment plant in Township 6, the south side of the Trent/Neuse Rivers. Plans are to serve all customers on the south side from the new plant and continue to use the existing Black Creek and Pee Dee wells to serve customers on the north side.

This will result in higher operating costs for chemicals and the need for rate increases. The water utility continues to develop an aggressive conservation program to reduce water consumption and withdrawals from the current aquifer.

- In August, 2011 the County implemented the anticipated rate increase, effective October 1, to provide funds for the higher operating costs and future debt service of the new plant. The rate increase averaged 15% but was implemented on an inclining scale. Customers who use more water will have a greater increase in their bill than those that use low amounts of water. The initial inclining rate schedule, implemented in 2009, was adjusted to discourage wasteful irrigation consumption. The County has been approved for a loan of \$21 million from the State Water Revolving Loan Fund which lends money at a very attractive rate. The County will not have the new plant on line in time to meet the additional 25% reduction from the Black Creek aquifer in 2013 but has notified the State of the plans to continue pumping from the current aquifer during the construction period.

Financial Analysis of the County's Funds

As noted earlier, Craven County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Craven County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Craven County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2011, unassigned fund balance of the General Fund was \$22,190,181, an increase of \$1,486,012, while total fund balance increased by only \$613,058 to \$27,174,096. The increase in the total General fund balance for the year was 2.3 percent. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned General fund balance represents 23.7 percent of total General Fund expenditures (including transfers out), while total fund balance represents 29.0 percent of the total General Fund expenditures. The County has no formal fund balance policy but has a goal of maintaining 18 to 25 percent of expenditures available.

At June 30, 2011, the governmental funds of Craven County reported a combined fund balance of \$40,874,301, a 7.5 percent increase from last year. Most of this increase, except for the General Fund increase, was in the County Reserve Fund. A transfer of \$4.4 million into the Reserve Fund was made during the year. \$3.1 million of that amount was from the Judicial Center capital project to close out the project and \$1.1 million was a transfer from the General Fund to the Reserve Fund of the funds received by settling the lawsuit involving the floor settlement at the convention center.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$4.2 million including the following:

- Intergovernmental revenues increased by approximately \$1.9 million from the original budget and consisted of the following items. Over \$45,000 of additional pass through grants were received from the state for various agencies after the original budget was adopted. In addition a grant for \$30,000 was received from the North Carolina Eastern Region as an incentive for Hatteras Yachts' expansion. Grant increases during the year from the state for: the Health Department accounted for over \$118,000; CARTS accounted for \$384,000, most which was ARRA funds received for additional capital outlay for new vans; and the Department of Social Services overhead reimbursement of \$103,000. Subsidized day care revenues increased by \$908,000 during the year, and assistance for energy grants increased by \$312,000.
- Charges for services budgeted amounts increased by \$850,000 during the year. Sales of commissary items in the jail were increased by \$50,000 during the year. Collection of fees for the volunteer rescue squads accounted for \$207,000 of this amount. Fees collected by the Health Department were increased by \$412,000 during the year to reflect increased demand for services and were offset by increased expenditures.

Amendments in the amount of \$941,000 were made as appropriations of fund balance during the year which included: \$140,000 for additional medical cost for inmates, \$75,000 additional costs of housing juvenile inmates, \$100,000 of anticipated refunds of property taxes to residents aboard Marine Corps Air Station Cherry Point, \$134,000 to the Airport to purchase additional buffer property, \$143,000 for match of volunteer fire department grants, \$115,000 of unspent grant funds as of June 30, 2010 to carry over into fiscal 2011, \$50,000 to purchase a backhoe for the solid waste convenience centers, \$205,000 for Health Department technology upgrades.

Expenditures in the final budget were increased by approximately \$3.8 million from the original budget. The increases in expenditures followed the increase in the revenues.

Transfers out were increased in the budget by \$1.4 million for the transfer to the County Reserve from the General Fund mentioned previously.

Proprietary Funds. Craven County's proprietary funds statements (water utility) provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund increased during the fiscal year by \$1.7 million to \$13.2 million. This was a result of an operating income of \$1.3 million for the year and a reduced investment in capital assets, net of related debt. Capital assets continued to be depreciated and there were few additions to the capital assets in 2011. Debt was lower due to normal scheduled payments being made. Factors concerning the finance of this fund have already been addressed in the discussion of Craven County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Craven County's capital assets for its governmental and business-type activities as of June 30, 2011, totaled approximately \$87,845,000 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions during the year included:

- Purchase new vehicles for the Sheriff department and CARTS
- Completion of the new judicial center project and transfer from Construction in Progress to Land and Building accounts
- Backhoe for solid waste department
- Continuation of the project for additional water sources (Castle Hayne aquifer project)
- Acquisition of new hardware and software by the information technology department

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$9,958,882	\$8,949,803	\$210,428	\$210,428	\$10,169,310	\$9,160,231
Buildings	68,185,040	37,340,863	563,318	563,318	68,748,358	37,904,181
Improvements	9,095,848	8,937,364	29,708,174	29,552,039	38,804,022	38,489,403
Machinery and equipment	4,754,663	5,391,872	227,138	230,995	4,981,801	5,622,867
Vehicles	5,413,686	5,316,012	181,558	181,559	5,595,244	5,497,571
Construction in progress	801,613	31,873,166	349,120	184,525	1,150,733	32,057,691
Total	98,209,732	97,809,080	31,239,736	30,922,864	129,449,468	128,731,944
Less accumulated depreciation	29,315,503	27,557,590	12,289,245	11,375,820	41,604,748	38,933,410
Total net of depreciation	\$68,894,229	\$70,251,490	\$18,950,491	\$19,547,044	\$87,844,720	\$89,798,534

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2011, Craven County had total bonded general obligation debt outstanding of \$29,615,000. Of this amount, \$29,470,000 is debt backed by the full faith and credit of the County. Included in this amount is \$480,000 of general obligation debt issued by the County on behalf of the Coastal Carolina Regional Airport Authority, a discretely presented component unit of the County, and shown as debt belonging to the Airport Authority on their financial statements. (This debt is not shown in the table below). Of the total bonded general obligation debt, \$145,000 is debt backed by the full faith and credit of two water and sewer districts, blended component units of the County.

Craven County's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
G. O. bonds	\$28,990,000	\$31,700,000	\$145,000	\$195,000	\$29,135,000	\$31,895,000
Installment debt	52,479,850	54,303,629	1,148,224	1,260,861	53,628,074	55,564,490
Total long debt	\$81,469,850	\$86,003,629	\$1,293,224	\$1,455,861	\$82,763,074	\$87,459,490

Craven County's total bonded and installment debt decreased by \$6,696,780 (7.65 percent) during the past fiscal year. This decrease was the result of making regularly scheduled payments. New debt included \$2,163,000 of Qualified School Construction Bonds issued in October 2010 for renovations and roof replacements at several public school buildings. The debt was issued with a stated interest rate of 4.72% which is 100% reimbursed by the federal government.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The balance remaining of the legal debt margin for Craven County is \$686,891,000.

Additional information regarding Craven County's long-term debt can be found in Note 4 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect current economic conditions of the County:

- The annual average unemployment rate for calendar year 2010 was 10.5 percent (same as calendar 2009) in the County, compared with a State rate of 10.6 percent. The rate declined to 10.4% at the end of August, 2011.
- Per capita income for the years 1999-2009 for Craven County shows an average annual growth rate of 3.9 percent, while the average annual growth rate for the State, during the same period, was 2.9 percent and 3.4 percent for the nation. The County's per capita income increased .9 percent in calendar 2009 (the latest year information is available) while the State decreased by 2.3 percent and the nation decreased by 2.6 percent. The County's per capita income level is 106 percent of the state average and 93 percent of the national average.
- The number of building inspections performed by the County Inspections Department in fiscal 2011 was up 31 percent from 2010 but still only 73 percent of what they were in 2007, the peak of the housing boom. Housing market conditions continue to be adversely affected by the lack of credit and uncertainty with the economy although not to the extent that many areas of the country, or even the state, have experienced. Housing prices have not fallen significantly although sales have slowed. The estimate for property values used for ad valorem taxes in the 2011 budget increased to 9.4 billion for fiscal 2011 and actual values were \$9.6 billion. The County conducted its octiennial revaluation of all real property in the County as of January 1, 2010. The result was to increase total property values to \$9.4 billion, a 34 percent increase overall. The last previous revaluation was conducted on January 1, 2002. The County adopted a revenue neutral tax rate of \$.4728 per \$100 of value for fiscal 2011.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The County has approved a \$93.0 million General Fund budget for fiscal year 2012. This is up \$.6 million from the budget originally adopted for fiscal 2011 but is \$4.7 million less than the final budget for 2011. Estimates of property values for fiscal 2012 are \$9.62 billion, a small increase from the 2011 actual valuation of \$9.6 billion. The reasons for this small increase are the expected continuing decline in motor vehicle values which have steadily declined for four years and the decline of new construction. The 2012 budget was adopted with a tax rate of \$.4728 per \$100 of property valuation, the same rate as 2011 which was the revenue neutral ad valorem tax rate for the revaluation of January 1, 2010.

The budget for fiscal 2012 included two new jailer positions and the reclassification of two part time bailiffs to one full time position. Eight positions were frozen or abolished in the budget. Capital outlay has been restricted to items which are absolutely necessary and cannot be delayed. Vacant positions are filled only for absolutely essential needs. A total of twenty six positions have been frozen or abolished in the past three budget years. Funding for the public libraries and public schools is the same as it was in 2011. Funding for the community college was increased by \$110,000, primarily for capital items.

In order to balance their own budget, the State, again in 2011, negatively impacted counties budgets. Several county revenue sources with the most significant cuts were the ADM funds (used for school debt service) and the lottery funding, also used for school debt service. The County has sufficient funds on hand to pay the debt service for 2012 from the historic funding sources of dedicated sales tax for schools, lottery proceeds and ADM funds. However, beginning in 2013 the County will likely have to supplement these sources with general county revenues to make required debt payments. These total of these items impacted the County budget by approximately \$1.2 million in 2012.

County staff continues to closely monitor all revenues and expenditures as a result of the current economic conditions. Sales tax was budgeted at a slightly higher level than the actual receipts in fiscal 2011. Certain expenditures at social services were budgeted to increase as a result of more people being unemployed and eligible for services. The department is experiencing an increase in the number of people attempting to qualify for benefits at present.

Business-type Activities: A rate increase, mentioned earlier, was included in the budget for fiscal 2012 for the County water function and was implemented October 1, 2011. The last previous rate change was enacted effective January 1, 2009, implementing the inclining rate scale. Work will continue on the alternate water supply project in fiscal 2012 by acquiring land for wells, drilling test wells, designing the plant, and obtaining necessary permits.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Craven County, 406 Craven Street, New Bern, North Carolina, 28560.

Craven County



BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
June 30, 2011

28

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Coastal Carolina Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board
ASSETS							
Cash and cash equivalents	\$ 27,237,089	\$ 10,677,287	\$ 37,914,376	\$ 191,239	\$ 1,965,553	\$ 19,287,386	\$ 1,355,412
Short-term investments	12,294,552	2,001,160	14,295,712	-	-	63,998,841	538,640
Restricted short-term investments	2,134,423	-	2,134,423	-	-	-	-
Accounts receivables (net)	1,800,997	979,451	2,780,448	-	408,619	31,502,991	-
Taxes receivables (net)	5,607,942	-	5,607,942	-	-	-	-
Accrued interest receivable	681,105	-	681,105	-	-	-	-
Due from other government	-	145,000	145,000	-	-	6,824,647	863,238
Inventories	-	-	-	-	-	2,635,595	18,566
Prepaid items	-	-	-	-	-	-	-
Deferred charges - issuance costs	1,051,523	-	1,051,523	-	-	-	-
Deferred charges - refunding	2,462,398	-	2,462,398	-	-	-	-
Long-term cash and investments	-	-	-	-	-	139,050,137	-
Other assets	-	-	-	-	-	243,285	-
Capital assets:							
Land and construction in progress	10,760,495	559,548	11,320,043	-	10,835,646	9,839,586	175,451
Other capital assets, net of depreciation/amortization	58,133,734	18,390,943	76,524,677	-	12,669,634	109,630,343	957,129
Total capital assets	68,894,229	18,950,491	87,844,720	-	23,505,280	119,469,929	1,132,580
Total assets	122,164,258	32,753,389	154,917,647	191,239	25,879,452	383,012,811	3,908,436
LIABILITIES							
Accounts payable	1,396,634	63,602	1,460,236	1,268	40,364	28,285,210	668,453
Accrued salaries and benefits	787,939	15,665	803,604	-	50,510	14,170,521	16,005
Unearned revenue	183,182	314,435	497,617	-	-	-	-
Accrued interest payable	348,423	5,134	353,557	-	12,600	193,653	-
Long-term liabilities:							
Due within one year	7,724,843	155,773	7,880,616	-	553,596	629,738	-
Due in more than one year	80,505,285	1,203,064	81,708,349	-	1,073,838	2,409,585	-
Total liabilities	90,946,306	1,757,673	92,703,979	1,268	1,730,908	45,688,707	684,458
NET ASSETS							
Invested in capital assets, net of related debt	37,674,722	17,797,133	55,471,855	-	21,866,084	116,653,160	1,132,580
Restricted for:							
Stabilization by State statute	5,128,079	-	5,128,079	-	-	-	-
Debt service-education	1,790,762	-	1,790,762	-	-	-	-
Public safety	1,323,469	-	1,323,469	-	-	-	235,906
Other purposes	58,208	-	58,208	-	-	-	-
Unrestricted (deficit)	(14,757,288)	13,198,583	(1,558,705)	189,971	2,282,460	220,670,944	1,855,492
Total net assets	\$ 31,217,952	\$ 30,995,716	\$ 62,213,668	\$ 189,971	\$ 24,148,544	\$ 337,324,104	\$ 3,223,978

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

29

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board		
Primary government:													
Governmental:													
General government	\$ 8,577,883	\$ 1,470,684	\$ 1,298,151	\$ -	\$ (5,809,048)	\$ -	\$ (5,809,048)						
Public safety	16,218,231	1,598,438	928,821	10,696	(13,280,276)	-	(13,280,276)						
Social Services	23,268,931	705,484	15,687,981	109,337	(6,766,129)	-	(6,766,129)						
Economic and physical development	3,820,355	1,040,227	-	766,166	(2,013,962)	-	(2,013,962)						
Environmental protection	5,234,597	2,462,442	130,108	-	(2,642,047)	-	(2,642,047)						
Health	8,467,181	5,808,276	1,821,323	-	(837,582)	-	(837,582)						
Cultural and recreation	2,357,440	72,418	61,500	395,394	(1,828,128)	-	(1,828,128)						
Education	22,244,200	-	-	2,136,870	(20,107,330)	-	(20,107,330)						
Interest on long-term debt	3,772,400	-	-	-	(3,772,400)	-	(3,772,400)						
Total governmental activities	93,961,218	13,557,969	19,927,884	3,418,463	(57,056,902)	-	(57,056,902)						
Business-type:													
Water	2,533,584	3,652,217	-	-	-	1,118,633	1,118,633						
Total business-type activities	2,533,584	3,652,217	-	-	-	1,118,633	1,118,633						
Total primary government	\$ 96,494,802	\$ 17,210,186	\$ 19,927,884	\$ 3,418,463	(57,056,902)	1,118,633	(55,938,269)						
Component units:								\$ 37,654	\$ -	\$ -	\$ -	\$ -	
Tourism Development Authority	\$ 427,221	\$ 464,875	\$ -	\$ -					1,138,034				
Airport Authority	2,717,666	2,212,212	436,005	1,207,483						2,954,472			
Health System	233,370,509	236,524,981	-	-									227,832
ABC Board	5,905,702	6,133,534	-	-									
Total component units	\$ 242,621,098	\$ 245,335,602	\$ 436,005	\$ 1,207,483				\$ 37,654	\$ 1,138,034	\$ 2,954,472			\$ 227,832
General revenues:													
Taxes:													
Property taxes, levied for general purposes					47,482,900	-	47,482,900						
Local option sales tax					12,415,520	-	12,415,520						
Other taxes					857,817	-	857,817						
Investment earnings, unrestricted					282,690	72,310	355,000	855	11,248	14,324,952			3,229
Miscellaneous, unrestricted					2,091,064	114,098	2,205,162	22,045	-	2,959,460			
Transfers					106,200	(106,200)	-						
Total general revenues and transfers					63,236,191	80,208	63,316,399	22,900	11,248	17,284,412			3,229
Change in net assets					6,179,289	1,198,841	7,378,130	60,554	1,149,282	20,238,884			231,061
Net assets-beginning					25,038,663	29,796,875	54,835,538	129,417	22,999,262	317,085,220			2,992,917
Net assets-ending					\$ 31,217,952	\$ 30,995,716	\$ 62,213,668	\$ 189,971	\$ 24,148,544	\$ 337,324,104			\$ 3,223,978

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	County Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,623,970	\$ 6,445,325	\$ 2,270,584	\$ 23,339,879
Short-term investments	10,292,552	2,002,000	-	12,294,552
Taxes receivable	5,566,653	-	41,289	5,607,942
Accounts receivable	1,512,049	9,523	278,883	1,800,455
Due from other funds	-	-	758,299	758,299
Restricted short-term investments	-	-	2,134,423	2,134,423
Total assets	<u>\$ 31,995,224</u>	<u>\$ 8,456,848</u>	<u>\$ 5,483,478</u>	<u>\$ 45,935,550</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 852,674	\$ -	\$ 198,832	\$ 1,051,506
Accrued salaries and benefits	787,939	-	-	787,939
Due to other funds	758,299	-	-	758,299
Deferred/Unearned revenue	2,422,216	-	41,289	2,463,505
Total liabilities	<u>4,821,128</u>	<u>-</u>	<u>240,121</u>	<u>5,061,249</u>
Fund balances:				
Restricted				
Stabilization by state statute	4,839,673	9,523	278,883	5,128,079
Public safety	86,034	-	1,237,435	1,323,469
Register of deeds	58,208	-	-	58,208
Education, schools	-	-	3,868,232	3,868,232
Committed:				
Capital projects	-	8,447,325	658	8,447,983
Unassigned	22,190,181	-	(141,851)	22,048,330
Total fund balances	<u>27,174,096</u>	<u>8,456,848</u>	<u>5,243,357</u>	<u>40,874,301</u>
Total liabilities and fund balances	<u>\$ 31,995,224</u>	<u>\$ 8,456,848</u>	<u>\$ 5,483,478</u>	<u>\$ 45,935,550</u>

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2011**

Amounts reported for the governmental activities in the statement of net assets are different because:

Fund balance at June 30, 2011 - total governmental funds (page 30)	\$ 40,874,301
Capital assets used in governmental activities that are not current financial resources and therefore are not reported in the funds.	68,894,229
Other assets are not available to pay for current-period expenditures and therefore are not recognized in the funds.	4,195,026
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net assets.	3,552,624
Liabilities for earned but deferred revenues in the fund.	2,280,323
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(88,578,551)</u>
Net assets of governmental activities at June 30, 2011 (page 28)	<u>\$ 31,217,952</u>

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2011

	General	County Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 45,364,930	\$ -	\$ 1,758,416	\$ 47,123,346
Sales	11,977,420	-	438,099	12,415,519
Tourism Room	-	-	857,817	857,817
Intergovernmental	19,661,159	-	3,685,188	23,346,347
Charges for services	13,775,506	-	-	13,775,506
Interest	195,535	36,673	30,113	262,321
Miscellaneous	2,415,734	-	-	2,415,734
Total revenues	93,390,284	36,673	6,769,633	100,196,590
EXPENDITURES				
Current:				
General government	8,368,518	-	211,559	8,580,077
Public safety	12,810,694	-	2,631,678	15,442,372
Environmental protection	5,169,741	-	-	5,169,741
Economic and physical development	2,459,276	-	953,198	3,412,474
Health	8,408,079	-	-	8,408,079
Social services	23,294,245	-	-	23,294,245
Culture and recreation	2,249,418	-	395,394	2,644,812
Education	22,156,791	-	87,409	22,244,200
Debt service:				
Principal	2,719,130	-	3,977,650	6,696,780
Interest	1,594,573	-	2,109,237	3,703,810
Total expenditures	89,230,465	-	10,366,125	99,596,590
Excess of revenues over (under) expenditures	4,159,819	36,673	(3,596,492)	600,000
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	2,163,000	2,163,000
Transfers in	971,171	4,382,566	3,238,801	8,592,538
Transfers out	(4,517,932)	(137,040)	(3,831,366)	(8,486,338)
Total other financing sources (uses)	(3,546,761)	4,245,526	1,570,435	2,269,200
Net change in fund balances	613,058	4,282,199	(2,026,057)	2,869,200
FUND BALANCES:				
Beginning	26,561,038	4,174,649	7,269,414	38,005,101
Ending	\$ 27,174,096	\$ 8,456,848	\$ 5,243,357	\$ 40,874,301

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011**

Amounts reported for the governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 32)	\$ 2,869,200
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,282,677)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to decrease net assets.	(74,583)
Change in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	376,888
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.	3,854,280
Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>436,181</u>
Change in net assets of governmental activities (page 29)	<u>\$ 6,179,289</u>

The notes to the financial statements are an integral part of this statement.

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 44,272,741	\$ 44,588,741	\$ 45,364,930	\$ 776,189
Sales	12,557,843	12,557,843	11,977,420	(580,423)
Intergovernmental	18,797,505	20,761,312	19,661,159	(1,100,153)
Charges for services	12,551,077	13,401,065	13,775,506	374,441
Interest	501,000	501,000	195,535	(305,465)
Miscellaneous	1,138,882	2,257,389	2,415,734	158,345
Total revenues	<u>89,819,048</u>	<u>94,067,350</u>	<u>93,390,284</u>	<u>(677,066)</u>
EXPENDITURES				
General government:				
Commissioners	462,615	462,943	427,822	35,121
Administration	585,432	474,487	461,861	12,626
Human resources	424,779	429,507	427,848	1,659
Information technology	941,540	955,043	942,753	12,290
Finance	754,264	760,749	749,034	11,715
Elections	317,891	319,344	307,187	12,157
Tax assessor	894,468	906,900	898,481	8,419
Tax collections	516,579	953,171	715,606	237,565
Register of deeds	644,670	644,670	612,701	31,969
Public buildings	382,162	409,400	391,848	17,552
Housekeeping	275,801	277,208	268,593	8,615
Court facilities	349,688	347,108	311,558	35,550
GIS/Mapping	347,852	343,694	334,284	9,410
Maintenance	568,913	566,438	557,511	8,927
Non-departmental	1,093,407	1,070,220	961,431	108,789
Total general government	<u>8,560,061</u>	<u>8,920,882</u>	<u>8,368,518</u>	<u>552,364</u>
Public safety:				
Animal control	340,568	340,727	325,964	14,763
Medical examiner	69,000	69,000	63,500	5,500
Sheriff	5,249,337	5,481,556	5,373,335	108,221
Criminal Justice Partnership Program	101,065	101,065	95,363	5,702
Jail	3,481,827	3,664,820	3,530,357	134,463
Fire marshal/ Emergency management	811,256	824,287	807,892	16,395
Inspections	455,192	457,722	456,882	840
Volunteer rescue squads	2,055,915	2,261,415	2,148,701	112,714
Special appropriation	8,700	8,700	8,700	-
Total public safety	<u>12,572,860</u>	<u>13,209,292</u>	<u>12,810,694</u>	<u>398,598</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Environmental protection:				
Solid waste	\$ 3,749,121	\$ 3,832,754	\$ 3,758,417	\$ 74,337
Environmental health	1,070,775	1,082,004	1,046,462	35,542
Soil conservation	125,793	129,077	127,013	2,064
Cooperative extension	266,035	268,262	237,849	30,413
Total environmental protection	<u>5,211,724</u>	<u>5,312,097</u>	<u>5,169,741</u>	<u>142,356</u>
Economic and physical development:				
Planning	601,235	605,585	567,576	38,009
Economic Development Commission	350,116	389,007	336,424	52,583
Convention Center	1,265,704	1,265,834	1,237,440	28,394
Other-Airport	12,500	146,245	146,245	-
Other-Legal	100,000	172,000	171,591	409
Total economic and physical development	<u>2,329,555</u>	<u>2,578,671</u>	<u>2,459,276</u>	<u>119,395</u>
Health:				
Dental	326,994	335,694	314,794	20,900
Maternity	1,162,175	1,367,175	1,244,527	122,648
Child health	1,226,986	1,253,145	1,143,628	109,517
Risk Reduction	301,669	303,169	273,077	30,092
WIC	672,112	681,739	556,822	124,917
Adult Health Services	31,406	31,406	29,594	1,812
Vector Control	168,804	168,804	135,459	33,345
Communicable Disease	146,053	149,353	131,347	18,006
Bio-Terrorism	56,582	56,582	53,273	3,309
H1N1	-	80,000	79,573	427
Family planning	438,283	498,375	473,506	24,869
Home health	2,094,340	2,194,970	2,000,100	194,870
Mental health	274,827	277,027	276,638	389
Other - unclassified	1,749,915	1,767,082	1,695,741	71,341
Total health	<u>8,650,146</u>	<u>9,164,521</u>	<u>8,408,079</u>	<u>756,442</u>
Social services:				
Transportation	1,575,022	2,187,983	1,697,029	490,954
Administration	2,350,525	2,396,565	2,298,948	97,617
Employment assistance	3,134,937	3,141,649	3,052,093	89,556
Adult/child services	1,401,427	1,382,275	1,313,037	69,238
Veterans services	137,934	138,116	134,568	3,548
Senior services	478,482	500,667	467,868	32,799
Public assistance payments	5,573,131	6,838,349	6,676,446	161,903
TANF	6,738,061	6,700,585	6,034,402	666,183
Child support enforcement	1,338,332	1,338,332	1,173,660	164,672
Other - unclassified	412,697	460,862	446,194	14,668
Total social services	<u>23,140,548</u>	<u>25,085,383</u>	<u>23,294,245</u>	<u>1,791,138</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

(Page 3 of 3)

	Budgeted Amounts -		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Culture and recreation				
Recreation	\$ 866,154	\$ 883,690	\$ 796,409	\$ 87,281
Libraries	1,303,676	1,303,676	1,303,676	-
Special appropriation	167,212	167,212	149,333	17,879
Total culture and recreation	<u>2,337,042</u>	<u>2,354,578</u>	<u>2,249,418</u>	<u>105,160</u>
Education, schools				
Public schools - current expenditures	17,867,352	17,867,352	17,858,438	8,914
Public schools - fines and forfeitures	70,000	70,000	43,223	26,777
Public schools - capital outlay	700,000	700,000	700,000	-
Community college	3,555,130	3,555,130	3,555,130	-
Total education	<u>22,192,482</u>	<u>22,192,482</u>	<u>22,156,791</u>	<u>35,691</u>
Debt service:				
Principal	2,719,168	2,719,168	2,719,130	38
Interest	1,594,683	1,594,580	1,594,573	7
Total debt service	<u>4,313,851</u>	<u>4,313,748</u>	<u>4,313,703</u>	<u>45</u>
Total expenditures	<u>89,308,269</u>	<u>93,131,654</u>	<u>89,230,465</u>	<u>3,901,189</u>
Excess of revenues over expenditures	<u>510,779</u>	<u>935,696</u>	<u>4,159,819</u>	<u>3,224,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	914,444	1,001,484	971,171	(30,313)
Transfers out	(3,102,221)	(4,558,295)	(4,517,932)	40,363
Total other financing sources (uses)	<u>(2,187,777)</u>	<u>(3,556,811)</u>	<u>(3,546,761)</u>	<u>10,050</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(1,676,998)	(2,621,115)	613,058	3,234,173
Appropriated fund balance	<u>1,676,998</u>	<u>2,621,115</u>	-	<u>(2,621,115)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	613,058	<u>\$ 613,058</u>
FUND BALANCE				
Beginning			<u>26,561,038</u>	
Ending			<u>\$ 27,174,096</u>	

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund	
	Water Fund	Northwest		Aggregate Nonmajor Funds	Eliminations		Total
		Craven Water and Sewer District					
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 10,677,287	\$ -	\$ -	\$ -	\$ 10,677,287	\$ 3,897,210	
Short-term investments	2,001,160				2,001,160		
Accounts receivable, net of allowance for doubtful accounts	979,451	-	-	-	979,451	542	
Capital lease receivable-current	-	85,096	5,477	(90,573)	-	-	
Due from other government-current	-	-	50,000	-	50,000	-	
Total current assets	13,657,898	85,096	55,477	(90,573)	13,707,898	3,897,752	
Noncurrent Assets:							
Due from other government-noncurrent	-	-	95,000	-	95,000	-	
Capital lease receivable-noncurrent	-	1,041,485	21,300	(1,062,785)	-	-	
Capital assets:							
Land	210,428	-	-	-	210,428	-	
Improvements other than buildings	29,708,172	-	-	-	29,708,172	-	
Buildings	563,318	-	-	-	563,318	-	
Machinery and equipment	408,698	-	-	-	408,698	-	
Construction in progress	349,120	-	-	-	349,120	-	
Less accumulated depreciation	(12,289,245)	-	-	-	(12,289,245)	-	
Total capital assets (net of accumulated depreciation)	18,950,491	-	-	-	18,950,491	-	
Total noncurrent assets	18,950,491	1,041,485	116,300	(1,062,785)	19,045,491	-	
Total assets	32,608,389	1,126,581	171,777	(1,153,358)	32,753,389	3,897,752	
LIABILITIES							
Current liabilities:							
Accounts payable	63,602	-	-	-	63,602	345,128	
Accrued salaries and benefits	15,665	-	-	-	15,665	-	
Accrued interest payable	-	4,982	152	-	5,134	-	
Customer deposits payable	314,435	-	-	-	314,435	-	
Compensated absences liability - current	20,334	-	-	-	20,334	-	
Installment notes payable-current	-	80,114	5,325	-	85,439	-	
General obligation bonds payable-current	-	-	50,000	-	50,000	-	
Obligations under capital lease-current	90,573	-	-	(90,573)	-	-	
Total current liabilities	504,609	85,096	55,477	(90,573)	554,609	345,128	
Noncurrent liabilities:							
Compensated absences liability	19,793	-	-	-	19,793	-	
Other postemployment benefit liability	25,486	-	-	-	25,486	-	
Installment notes payable	-	1,041,485	21,300	-	1,062,785	-	
General obligation bonds payable	-	-	95,000	-	95,000	-	
Obligations under capital lease	1,062,785	-	-	(1,062,785)	-	-	
Total noncurrent liabilities	1,108,064	1,041,485	116,300	(1,062,785)	1,203,064	-	
Total liabilities	1,612,673	1,126,581	171,777	(1,153,358)	1,757,673	345,128	
NET ASSETS							
Invested in capital assets, net of related debt	17,797,133	-	-	-	17,797,133	-	
Unrestricted	13,198,583	-	-	-	13,198,583	3,552,624	
Total net assets	\$ 30,995,716	\$ -	\$ -	\$ -	\$ 30,995,716	\$ 3,552,624	

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Funds		
OPERATING REVENUES					
Charges for services	\$ 3,652,217	\$ -	\$ -	\$ 3,652,217	\$ 4,466,859
Miscellaneous	114,098	-	-	114,098	19,488
Total operating revenues	<u>3,766,315</u>	<u>-</u>	<u>-</u>	<u>3,766,315</u>	<u>4,486,347</u>
OPERATING EXPENSES					
Cost of services	1,582,753	-	-	1,582,753	4,070,537
Depreciation and amortization	917,281	-	-	917,281	-
Total operating expenses	<u>2,500,034</u>	<u>-</u>	<u>-</u>	<u>2,500,034</u>	<u>4,070,537</u>
Operating income	<u>1,266,281</u>	<u>-</u>	<u>-</u>	<u>1,266,281</u>	<u>415,810</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	72,310	-	-	72,310	20,371
Interest expense	-	(32,485)	(1,065)	(33,550)	-
Total net nonoperating revenues (expenses)	<u>72,310</u>	<u>(32,485)</u>	<u>(1,065)</u>	<u>38,760</u>	<u>20,371</u>
Income (loss) before transfers	1,338,591	(32,485)	(1,065)	1,305,041	436,181
Transfers in	16,800	32,485	1,065	50,350	-
Transfers out	(156,550)	-	-	(156,550)	-
Total transfers in (out)	<u>(139,750)</u>	<u>32,485</u>	<u>1,065</u>	<u>(106,200)</u>	<u>-</u>
Change in net assets	1,198,841	-	-	1,198,841	436,181
Total net assets - beginning	<u>29,796,875</u>	<u>-</u>	<u>-</u>	<u>29,796,875</u>	<u>3,116,443</u>
Total net assets - ending	<u>\$ 30,995,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,995,716</u>	<u>\$ 3,552,624</u>

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest		Total	
		Craven Water and Sewer District	Aggregate Nonmajor Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,622,248	\$ -	\$ -	\$ 3,622,248	\$ 4,486,451
Payments to customers and suppliers	(863,308)	-	-	(863,308)	(3,947,086)
Payments to employees	(656,168)	-	-	(656,168)	-
Net cash provided by operating activities	<u>2,102,772</u>	<u>-</u>	<u>-</u>	<u>2,102,772</u>	<u>539,365</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(320,728)	-	-	(320,728)	-
Repayment of installment notes and bonds	-	(107,311)	(5,325)	(112,636)	-
Payments on obligations under capital lease payable	(113,187)	-	-	(113,187)	-
Proceeds from investment in direct finance leasing	-	107,311	5,325	112,636	-
Interest paid	(33,550)	-	-	(33,550)	-
Net cash used in capital and related financing activities	<u>(467,465)</u>	<u>-</u>	<u>-</u>	<u>(467,465)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(106,200)	-	-	(106,200)	-
Net cash used in noncapital financing activities	<u>(106,200)</u>	<u>-</u>	<u>-</u>	<u>(106,200)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds (purchase) of short-term investments	(2,001,160)	-	-	(2,001,160)	-
Interest on cash and investments	72,310	-	-	72,310	20,371
Net cash provided by (used in) investing activities	<u>(1,928,850)</u>	<u>-</u>	<u>-</u>	<u>(1,928,850)</u>	<u>20,371</u>
Net increase (decrease) in cash and cash equivalents	(399,743)	-	-	(399,743)	559,736
CASH AND CASH EQUIVALENTS					
Beginning	11,077,030	-	-	11,077,030	3,337,474
Ending	<u>\$ 10,677,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,677,287</u>	<u>\$ 3,897,210</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,266,281	\$ -	\$ -	\$ 1,266,281	\$ 415,810
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	917,281	-	-	917,281	-
Change in assets and liabilities:					
Accounts receivable	(144,067)	-	-	(144,067)	104
Accounts payable	72,296	-	-	72,296	123,451
Customer deposits payable	(9,019)	-	-	(9,019)	-
Net cash provided by operating activities	<u>\$ 2,102,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,102,772</u>	<u>\$ 539,365</u>
SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES					
Repayment of installment notes and bonds by other governments	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2011

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>75,388</u>
Total assets	\$ <u><u>75,388</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ <u>75,388</u>
Total liabilities	\$ <u><u>75,388</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

NOTES TO FINANCIAL STATEMENTS INDEX

	Page
Note 1.	Nature of Operations, Reporting Entity, Significant Accounting
	Policies and Basis of Accounting 41 - 53
Note 2.	Cash on Deposit and Investments..... 54 - 58
Note 3.	Capital Assets 59 - 62
Note 4.	Long-Term Obligations 63 - 69
Note 5.	Interfund Assets/Liabilities and Transfers 70
Note 6.	Deferred Compensation Plan 71
Note 7.	Joint Ventures 71 - 72
Note 8.	Jointly Governed Organizations 72 - 73
Note 9.	Related Organizations..... 73
Note 10.	Additional Social Welfare Expenditures 74
Note 11.	Risk Management 74 - 78
Note 12.	Retirement Systems 78 - 82
Note 13.	Other Postemployment Benefits 82 - 87
Note 14.	Contingent Liabilities 88
Note 15.	Commitments..... 88
Note 16.	Pronouncements Issued Not Yet Implemented or Fully Implemented 89

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

Nature of operations:

Craven County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located near the coast in eastern North Carolina, with its seat of government in the City of New Bern. The County is responsible for providing a full range of governmental services, including police and fire protection to residents in unincorporated areas of the County, health and social services, recreational programs, ambulance services, recycling operations, and operational and capital funding support for the public school systems.

Reporting entity:

As required by accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, legally-separate entities for which the County is financially accountable. The four discretely presented component units presented below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Craven County Tourism Development Authority. The Craven County Tourism Development Authority ("Tourism Development Authority") is governed by members appointed by the County Commissioners, the New Bern Board of Aldermen, the Havelock Board of Commissioners, and non-profit agencies. The County is financially accountable for the Tourism Development Authority, as the Tourism Development Authority derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Tourism Development Authority does not issue separate financial statements.

Coastal Carolina Regional Airport Authority. The Coastal Carolina Regional Airport Authority ("Airport Authority") was established by a joint agreement between the City of New Bern and the County pursuant to state statute. The governing board is selected by the County Commissioners and the County is responsible for financing any operating deficits of the Airport. The County must approve issuance of any revenue bonds. The Airport Authority does not issue separate financial statements.

CarolinaEast Health System. The Craven County Commissioners established the CarolinaEast Health System ("Health System") to provide medical services to County residents. The Commissioners select the Health System's governing board. In addition, Craven County leases land and improvements to The Health System for \$1 per year "in perpetuity", and therefore does not record these assets in the County's financial statements. The Health System's financial statements are presented as of and for the year ended September 30, 2010 as if it were a proprietary fund. Complete financial statements for the Health System may be obtained at 2000 Neuse Boulevard, New Bern, NC 28561.

Craven County Alcoholic Beverage Control Board. The Craven County Alcoholic Beverage Control Board ("ABC Board") is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board's financial statements are presented as of and for the year ended June 30, 2011 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Blended component units are separate legal entities whose operations are so intertwined with Craven County that they are, in substance, the same as Craven County. The County's blended component units are the following water and sewer districts, which have been established to provide water and sewer services to the residents of the respective districts:

Neuse River Water and Sewer District
Township 6 Water and Sewer District
Pembroke Water and Sewer District

Northwest Craven Water and Sewer District
Tuscarora Rhems Water and Sewer District
East Craven Water and Sewer District

The County has entered into an agreement with each existing District, which will encompass additional Districts as they are created, that transfers all assets, liabilities (excluding bonded indebtedness, loans, and installment notes), operational rights, and responsibilities to Craven County. In consideration for this agreement, the County has agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes.

The County maintains the Districts' assets, provides water operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Craven County Water Fund. The Board of County Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts as they have no operations, only certain outstanding debt that is paid on their behalf by Craven County pursuant to the agreement noted above. The outstanding liabilities of the Districts are presented in individual statements along with the other proprietary funds, and the balances within the District and the corresponding balances in the Craven County Water fund are eliminated through internal balances.

The agreement terminates with each district at the time there is no outstanding debt. At this point the County has the option to purchase for \$1 all of the real and personal property owned by the districts. There is no outstanding debt for Tuscarora Rhems Water and Sewer District or East Craven Water and Sewer District. The County has exercised its option to purchase the real and personal property of these two districts.

Craven County Finance Corporation:

Craven County Finance Corporation (CCFC) is a nonprofit public benefit corporation. The Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving, but not limited to, purchase and sale, construction and/or lease of real estate and improvements, facilities, and equipment. County debt and debt payments are made by the County's governmental funds. CCFC is a blended component unit and does not issue separate financial statements.

Summary of significant accounting policies:

The basic financial statements of Craven County, North Carolina (government) have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for and reports all financial resources not accounted for or reported in another fund.

County Reserve Fund. This is used to reserve funds and provide financial resources for future capital project funds.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The government reports the following major enterprise funds:

Water Fund. This is used to account for the operation of water services provided throughout Craven County.

Northwest Craven Water and Sewer District. Established to provide water and sewer services to the residents of this district.

The County reports the following other fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Juvenile Restitution Fund, which accounts for State monies to be expended for services to juveniles; the Department of Motor Vehicle Interest and Deed of Trust Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles and accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; and the Municipal Property Tax Fund, which account for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Internal Service Fund. This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of non-exchange transactions.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Craven County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2011 because they are intended to finance the County's operations during the 2011 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied, subject to availability.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgets and Budgetary Accounting

In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- 1) The County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

The Board of Commissioners may amend the budget ordinance at any time after its adoption as long as the amended ordinance continues to meet the requirements of North Carolina's "Local Government Budget and Fiscal Control Act". No amendment may change the property tax levy unless the Board of Commissioners is so ordered by competent authority. During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations, and all amendments were legally made. The budget amounts shown in the basic financial statements include the original budget as adopted prior to July 1, 2010, and the budget as amended at June 30, 2011.

Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures by department total (the legal level of control) for all funds, including the enterprise funds. All budgets, including the enterprise funds' budgets, are fixed in nature. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis. All budgets are prepared using the modified accrual basis of accounting.

The County Manager is authorized to transfer appropriations within a fund up to \$20,000; however, the governing board must approve any revisions that alter total expenditures of any fund or exceed \$20,000. Annual appropriated budgets are adopted for the General Fund, certain Special Revenue Funds (all fire districts funds), the Debt Service Fund, and all Proprietary Funds. The budget for Capital Projects Funds, and certain Special Revenue Funds (CDBG FY2010 Scattered Sites Fund), authorize activity for the life of each individual project. All annual appropriations lapse at fiscal year end, whereas all project appropriations lapse at the end of the project.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The budget, as authorized for the General Fund, includes certain receipts to be received for and disbursed to, or on behalf of, other entities, or individuals, by the County as fiscal agent. For financial reporting purposes, these agency receipts and disbursements are reclassified to a separate agency fund.

The budgets for the enterprise funds are prepared on a modified accrual basis of accounting which excludes depreciation expense and recognizes purchases of capital assets as current expenditures. For financial reporting purposes, the activity of the enterprise funds has been reported using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America. CarolinaEast Health System and Craven County Alcoholic Beverage Control Board (proprietary discrete component units) do not report budget data in their financial statements.

Assets, Liabilities, and Fund Equity

Cash and Investments. The County pools cash resources of all funds and invests these funds jointly, including certain funds of the Airport Authority and the Tourism Development Authority, to facilitate disbursement and investment activities and to maximize investment income. Each fund owns a pro rata share of the cash and investments pool. Investment earnings of the pool are allocated to all funds based on the individual fund's average cash balances outstanding during the month.

For the purposes of the County's proprietary fund types statement of cash flows, all highly liquid investments outside of the pool with an original maturity of three months or less when purchased are considered to be cash equivalents. For amounts in the County's cash and investment pool, since cash pools have the general characteristics of demand deposit accounts in that the individual funds may deposit additional cash at any time and withdraw cash at any time without prior notice or penalty, such cash and investments are considered to be cash.

The County and all component units other than the CarolinaEast Health System report money market investments, if any, with a maturity of more than one year at acquisition and non money market investments at fair value as determined by quoted market prices. The North Carolina Capital Management Trust ("NCCMT") cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The CarolinaEast Health System has investments in debt and marketable equity securities, all of which are reported at their fair value. Debt securities consist of obligations of the U.S. Government as well as corporate bonds and commercial paper. Marketable equity securities consist primarily of common stocks that are traded or listed on national exchanges. Both realized and unrealized gains and losses on all debt and marketable equity securities are included in non-operating income. Interest and dividends on investments in debt and equity securities are included in non-operating income when earned.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Ad Valorem Taxes. In accordance with North Carolina General Statutes [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles at July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January of the preceding fiscal year. The majority of the County's property tax collections occur during December and early January each year. The taxes outstanding at June 30 are therefore delinquent. To the extent that County property tax revenues result in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Delinquent ad valorem taxes receivable are reported in the financial statements net of an allowance for uncollectible accounts of \$100,000 in the General Fund. The allowance approximates, based on past experience, the percentage of the original levy which has normally been uncollectible. Net delinquent ad valorem taxes receivable are offset by deferred revenue in the governmental fund statements because they cannot be considered a resource which can be used to finance current operations.

Allowance for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Exclusive of ad valorem taxes, the following summarizes other allowances for doubtful accounts by fund and receivable type at June 30, 2011:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2010)	<u>\$ 15,366,997</u>

Interfund Receivables/Payables. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements.

Inventories. Inventories of the Health System and the ABC Board in the government-wide statement of net assets are valued at the lower of cost, on a first-in, first-out (FIFO) basis, or market. The Health System inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or consumption. The Health System inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

Long-term cash and investments. Assets whose use is limited reported by the Health System include assets and accrued interest receivables set aside by the Health System Board for future capital improvements over which the Board retains control and assets held by a trustee under bond indenture agreements.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Bond Issuance Costs and Refunding Gains and Losses. Bond issuance costs and refunding gains and losses are deferred and amortized over the term of the bonds using the effective interest method in the government-wide financial statements and in proprietary funds. These costs relate to the 2007 Certificates of Participation and the 2010 Advance Refunding issued in the Governmental funds.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost in the government-wide financial statements and in proprietary funds. Donated capital assets are recorded at their fair value at date of donation. Minimum capitalization cost is \$5,000 for all capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are not recognized in the governmental fund statements. These statements report capital items as expenditures as incurred.

The County and its component units follow the policy of capitalizing interest as a component of the cost of business-type activity capital assets constructed for their own use in accordance with the guidelines of GASB COD.1400.111, and other related components.

When the County leases capital assets to a discretely presented component unit for a nominal amount, the County reports those capital assets and related depreciation in the component unit. Depreciation of all depreciable capital assets is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives of the individual assets:

Buildings	25-50 Years
Improvements other than buildings	10-40 Years
Machinery and equipment and vehicles	5-10 Years

Capital assets of the Airport Authority, the Health System, and the ABC Board are depreciated over the estimated useful lives of the individual assets on a straight-line basis.

Intangible Assets. Intangible capital assets consists of goodwill of the Health System associated with cost in excess of fair value of the net assets of certain entities acquired in purchase transactions. Goodwill is being amortized on a straight-line basis over 5 to 30 years. At each financial statement date, the Health System evaluates goodwill for impairment by comparing expectations of non-discounted future cash flows excluding interest costs with the carrying value of goodwill for each acquisition having a material goodwill balance.

Compensated absences. For the County's government-wide financial statements and in proprietary fund statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County or its component units have made no accrual for sick leave since there is no obligation for accumulated sick leave until it is actually taken, as sick leave does not vest.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Long-term obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as another financing source and is not considered a fund liability. These statements report debt service payments (including principal) as expenditures.

Deferred/Unearned revenue. The balance in deferred or unearned revenue on the governmental fund statements and unearned revenues on the government-wide statements of governmental activities at year-end is composed of the following elements:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned	\$ 157,424	\$ 157,424
Prepaid fees	25,758	25,758
Property taxes receivable, net (General)	2,082,272	-
Property taxes receivable, net (Special Revenue)	41,289	-
Recycling fees receivable	156,762	-
Total deferred revenue	\$ 2,463,505	\$ 183,182

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute.

Fund balances: In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepays and inventories: portion of fund balance that is not an available resource because it represents the year-end balances of ending inventories and prepaids, which are not spendable resources.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Restricted fund balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Restricted for public safety - portion of fund balance that is restricted by revenue source for public safety expenditures.

Restricted for register of deeds - portion of fund balance that is restricted by revenue source for register of deeds expenditures.

Restricted for education, schools - portion of fund balance that is restricted by revenue source for the repayment of debt related to school construction projects.

Committed fund balance: The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Craven County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires the majority action by the governing body.

Committed for capital projects - portion of fund balance committed by the County Board of Commissioners for the construction of specific assets held in the capital reserve fund. Specific board action is required to transfer funds out of this fund.

Assigned fund balance: portion of fund balance that Craven County intends to use for specific purposes.

Assigned for subsequent year's expenditures - portion of total fund balance (if any) that is appropriated in the next year's budget that is not already classified as restricted or committed.

Unassigned: portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)
Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$(9,656,349) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 98,209,732
Less accumulated depreciation	29,315,503
Net capital assets	<u>68,894,229</u>
Accrued interest receivable less the amount claimed as unearned revenue in the governmental fund statements as well as deferred charges for bond issuance and refunding costs as these funds are not available and therefore deferred in the fund statements.	4,195,026
Liabilities for revenue not susceptible to accrual but earned therefore deferred in the fund statements but not in the government-wide statements.	2,280,323
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the statement of net assets for the governmental activities.	3,552,624
Long term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not recorded in the fund statements:	
Installment notes financing	(52,479,850)
Bonds financing	(28,990,000)
Deferred bonds premium	(2,588,215)
Accrued interest payable	(348,423)
Other postemployment benefits	(1,439,860)
Compensated absences	(2,307,867)
Net pension obligation	(424,336)
Total adjustment	<u>\$ (9,656,349)</u>

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$3,310,089 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,821,703
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(3,104,380)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(74,583)
The issuance of long-term debt provide current financial resources to governmental funds	(2,163,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	6,696,780
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	25,855
Long-term net pension obligations and other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(552,192)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	13,720
Bond refunding costs, premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources	(166,883)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	376,888
Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	436,181
Total adjustment	<u>\$ 3,310,089</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments

At June 30, 2011, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$ 10,587
Carrying value of deposits	42,096,259
Investments and restricted short-term investments	12,237,665
	<u>\$ 54,344,511</u>

Statement of net assets reconciliation:

Cash and cash equivalents	\$ 37,914,376
Short-term investments	16,430,135
	<u>\$ 54,344,511</u>

Deposits:

The deposits of the County and its component units are made in Board designated official depositories and are secured as required by General Statute 159-31. They may designate as an official depository, any bank or savings and loan institution whose principal office is located in North Carolina. They may also establish time deposits in the form of NOW accounts, SuperNOW and money market accounts and certificates of deposit.

All deposits of the County and its component units are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the units' agents in the units' name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. All deposits of the County rest with banks that have chosen the pooling method. The County, the ABC Board, the Tourism Development Authority, the Airport Authority and the Health System do not have policies regarding custodial credit risk for deposits.

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

At June 30, 2011, the County's (primary government) deposits had a carrying amount of \$42,096,259 and a bank balance of \$43,310,838. Of the bank balance, \$500,000 was covered by federal depository insurance and \$42,810,838 was covered by collateral held under the pooling method.

At June 30, 2011, the County's agency fund deposits had a carrying amount of \$75,388 and a bank balance of \$77,512. The bank balance was covered by collateral held under the pooling method.

Component Unit Information

At June 30, 2011, both the carrying amount and bank balance of deposits for the Tourism Development Authority was \$191,239. The bank balance was covered by collateral held under the pooling method.

At June 30, 2011, both the carrying amount and bank balance of deposits for the Airport Authority was \$1,965,553. The bank balance was covered by collateral held under the pooling method.

At June 30, 2011, the carrying amount of deposits for the ABC Board was \$1,894,052 and the bank balance was \$1,832,570. Of the bank balance, \$564,983 was covered by federal depository insurance and \$1,329,069 was covered by collateral held under the pooling method.

At September 30, 2010, the carrying amount of deposits for the Health System was \$17,407,354 and the bank balance was \$18,454,254. Of the bank balance, \$506,396 was covered by federal depository insurance and \$17,947,858 was covered by collateral held under the pooling method.

Investments:

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the Tourism Development Authority, the Airport Authority, and the Health System to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). In addition to the above, the Health System may invest in other property or securities in which trustees, guardians, executors, administrators, and others acting in a fiduciary capacity may legally invest funds under their control.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

The County's investments at June 30, 2011 consist of the following:

Investment Type	Fair Value	Less Than			
		Six Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Capital Management Trust,					
Cash Portfolio	\$ 2,198,442	\$ 2,198,442	\$ -	\$ -	\$ -
Government Agency, FHLMC	7,014,566	-	-	7,014,566	-
Government Agency, FNMA	3,024,657	-	-	3,024,657	-
Total investments	\$ 12,237,665	\$ 2,198,442	\$ -	\$ 10,039,223	\$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment portfolio to maturities of less than 5 years. Also maturity dates are to be staggered to avoid undue concentration in specific maturity sectors.

Credit Risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. Instead, the County informally utilizes the State Law to minimize credit risks. As of June 30, 2011, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk.

Concentration of Credit Risk: The County places no limit on the amount that the County may invest in any one issuer.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2010, the Health System had the following investments and maturities (Amounts are in thousands):

CarolinaEast Health System Investment Type	Fair Value	<Than 1 Year	1-5 Years	6-10 Years	11-20 Years	>Than 20 Years
US Government Treasury Notes	\$ 10,348	\$ 4,442	\$ 1,095	\$ 4,812	\$ -	\$ -
US Government Agencies	14,275	363	3,581	6,449	3,473	409
Asset Backed CMO's	9,858	660	3,475	3,599	2,124	-
Corporate Bonds	38,451	339	18,992	13,003	1,428	4,689
Templeton Global Bond Fund	-	-	4,389	-	-	-
Equity Securities	89,480	N/A	N/A	N/A	N/A	N/A
Hedge Funds	19,874	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents*	9,374	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust*	8,033	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust - Bank of New York Trustee	841	N/A	N/A	N/A	N/A	N/A
Total	\$ 200,534	\$ 5,804	\$ 31,532	\$ 27,863	\$ 7,025	\$ 5,098

* These amounts include \$1,874,292 which is included in cash and cash equivalents.

Interest Rate Risk: As a means of limiting its exposure to fair value losses, the Health System's investment policy dictates that mortgage backed securities or other asset backed securities will never comprise more than 30% of the fixed income portfolio and corporate debt securities will never comprise more than 50% of the fixed income portfolio. Additionally, the policy provides that the maximum maturity of any non-mortgage backed fixed income instrument will not exceed 10 years without the approval of the Health System's Board and investment managers, should not exceed a 7-year expected weighted average maturity for investments in mortgage backed paper and government agencies including Ginni Maes, Freddie Macs, or Fannie Maes. The maturities in the Templeton Global Bond Fund have an average duration of approximately 2.8 years as shown in the preceding schedule.

Credit Risk: The Health System's investment policy requires corporate obligations to meet the commercial paper rating of A1 by Moody's or P1 by S&P and bond rating in the "BBB" category or better by S&P, Moody's, and Fitch. "BBB" securities will be limited to 10% of the fixed income portfolio. No single "BBB" issue will be greater than \$500,000 face value at purchase. Obligations of the U.S. Government or explicitly guaranteed by the U.S. Government are generally not considered to have credit risk. The Templeton Global Bond Fund is unrated.

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2010, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Total
US Government Agencies	100.00%						100.00%
Asset Backed CMO's	100.00%						100.00%
Corporate Bonds	17.30%	9.60%	58.67%	14.43%			100.00%
Short Term Cash Equivalents	100.00%						100.00%
NC Capital Management Trust	100.00%						100.00%
NC Capital Management Trust - Bank of New York Trustee	100.00%						100.00%

Concentration of Credit Risk: The Health System's investment policy states individual cumulative debt instruments by any one issuer shall be confined to a maximum of 5% of the fixed income portfolio. There is no concentration of credit risk.

Equity Investment Guidelines: Each equity holding will be limited to 6% of the equity portfolio determined at the time of investment.

Permissible types of equity investments include equities of U.S. and foreign companies listed on the NYSE, ASE and NASDAQ traded OTC securities to include common and preferred and convertible preferred stocks. Equity investments may also include publicly traded mutual funds, unit trusts and other common investment funds comprised of commingled securities listed on the NYSE, ASE and NASDAQ traded OTC securities.

Alternative Assets: A fund of funds hedge fund is employed to offer diversification as an investment alternative with low correlation to fixed income and equity securities. A fund of funds performance is measured against the performance of an appropriate hedge fund index.

Other Investment Guidelines: The primary portfolio shall contain no derivatives to enhance the overall yield of the stock or bond portfolio. The Alternative Asset class may use derivatives. Investment managers must maintain compliance with State of North Carolina laws and regulations, and all other applicable laws, rules and regulations.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2011 was as follows:

	Capital Assets June 30, 2010	Additions	Retirements	Capital Assets June 30, 2011
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 8,949,802	1,015,081	(6,001)	\$ 9,958,882
Construction in progress	31,873,167	769,354	(31,840,908)	801,613
Total capital assets not being depreciated	\$ 40,822,969	\$ 1,784,435	\$ (31,846,909)	\$ 10,760,495
Capital assets, being depreciated:				
Buildings	\$ 37,340,861	30,844,179	-	\$ 68,185,040
Vehicles	5,316,014	515,437	(417,765)	5,413,686
Equipment	5,391,872	360,076	(997,285)	4,754,663
Other improvements	8,937,365	158,483	-	9,095,848
Total capital assets being depreciated	56,986,112	31,878,175	(1,415,050)	87,449,237
Less accumulated depreciation for:				
Buildings	17,557,471	1,424,089		18,981,560
Vehicles	4,114,818	611,247	(409,177)	4,316,888
Equipment	4,231,034	315,341	(937,289)	3,609,086
Other improvements	1,654,268	753,701	-	2,407,969
Total accumulated depreciation	27,557,591	3,104,378	(1,346,466)	29,315,503
Total capital assets, being depreciated, net	\$ 29,428,521	\$ 28,773,797	\$ (68,584)	\$ 58,133,734
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 210,428			\$ 210,428
Construction in progress	184,525	164,595		349,120
Total capital assets not being depreciated	\$ 394,953	\$ 164,595	\$ -	\$ 559,548
Capital assets, being depreciated:				
Buildings & other improvements	\$ 30,115,359	156,133		\$ 30,271,492
Vehicles	181,558			181,558
Equipment	230,994		(3,856)	227,138
Total capital assets being depreciated	30,527,911	156,133	(3,856)	30,680,188
Less accumulated depreciation for:				
Buildings & other improvements	11,023,309	886,394		11,909,703
Vehicles	132,760	31,708	(8,145)	156,323
Equipment	219,751	7,324	(3,856)	223,219
Total accumulated depreciation	11,375,820	925,426	(12,001)	12,289,245
Total capital assets, being depreciated, net	\$ 19,152,091	\$ (769,293)	\$ 8,145	\$ 18,390,943

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 954,316
Public safety	728,978
Social Services	472,334
Economic and physical development	408,930
Health	287,315
Environmental protection	93,138
Culture and recreation	159,367
Total depreciation expense, governmental activities	<u>\$ 3,104,378</u>
Business-type activities:	
Water Fund	<u>\$ 925,426</u>
Total depreciation expense-business-type activities	<u>\$ 925,426</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2011:

Capital assets, not being depreciated:	
Land	\$ 9,529,535
Construction in Progress	1,306,111
Total capital assets, not being depreciated	<u>10,835,646</u>
Capital assets, being depreciated:	
Buildings	9,360,714
Improvements other than buildings	14,487,686
Machinery, equipment, and vehicles	1,689,280
Total capital assets being depreciated	<u>25,537,680</u>
Less accumulated depreciation	12,868,046
Total capital assets being depreciated, net	<u>12,669,634</u>
Capital assets, net	<u>\$ 23,505,280</u>

Title to the real property occupied by the Airport Authority rests with Craven County. The land is leased to the Airport Authority for an annual rent of one dollar through a lease signed November 1, 1993 and expiring October 31, 2013.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

The following is a summary of the Health System capital asset activity for the year ended September 30, 2010:

	Year Ended September 30, 2010			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 4,438,331	\$ -	\$ -	\$ 4,438,331
Construction in progress	21,863,667	11,926,210	(28,388,622)	5,401,255
Total capital assets, not being depreciated	26,301,998	11,926,210	(28,388,622)	9,839,586
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	3,766,782	-	-	3,766,782
Building and fixtures	111,261,915	21,357,380	-	132,619,295
Equipment	135,716,377	16,309,190	(7,157,208)	144,868,359
Total capital assets being depreciated	266,472,787	37,666,570	(7,157,208)	296,982,149
Less accumulated depreciation/amortization for:				
Intangible assets	(8,462,083)	(518,424)	-	(8,980,507)
Land improvements, building and fixtures, and equipment	(167,422,164)	(17,978,732)	7,029,597	(178,371,299)
	(175,884,247)	(18,497,156)	7,029,597	(187,351,806)
Total capital assets being depreciated/amortized, net	90,588,540	19,169,414	(127,611)	109,630,343
Medical Authority capital assets, net	\$ 116,890,538	\$ 31,095,624	\$ (28,516,233)	\$ 119,469,929

All depreciation is directly or indirectly in relation to the provision of healthcare services. As of September 30, 2010, the Health System has approximately \$24,000 included in accounts payable related to work in progress completed but not yet paid.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Legal title to the Health System's property and equipment, except equipment purchased by the Health System from unrestricted funds, is held by Craven County. The facilities are leased to the Health System, under a lease agreement which expires in 2024, for an annual rental of one dollar. In the event of dissolution of the Health System or its failure to function as a Health System and to operate as required in the lease, all of its monies, properties and assets shall revert to Craven County.

Health System's net assets invested in capital assets, net of related debt, as of September 30, 2010 is as follows:

Capital assets, as above	\$ 119,469,929
Capital related debt (Note 4)	2,816,769
	<u>\$ 116,653,160</u>

The following is a summary of the capital assets of the ABC Board at June 30, 2011:

Capital assets, not being depreciated:	
Land	\$ 175,451
Total capital assets not being depreciated	<u>\$ 175,451</u>
Capital assets, being depreciated:	
Buildings	\$ 1,085,446
Furniture & equipment	412,541
Leasehold improvements	4,907
Automotive equipment	74,264
Total capital assets being depreciated	<u>1,577,158</u>
Less accumulated depreciation	620,029
Total capital assets being depreciated, net	<u>\$ 957,129</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations

General obligation bonds and bond anticipation notes:

General obligation bonds are direct obligations and pledge the full faith and credit of the County or Water and Sewer District that issued the debt. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds payable currently outstanding are as follows:

Purpose	Stated Interest Rates	Amounts
General government bonds:		
The County's general obligation bonds payable at June 30, 2011 are comprised of the following individual issues:		
\$20,738,250 2009 Advance Refunding Bonds issued for 2002 School Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$142,500 to \$2,410,400 plus interest) through June 1, 2023	2.0% - 4.0%	\$ 20,396,250
\$1,061,750 2009 Advance Refunding Bonds issued for 2001 Community College Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$7,500 to 209,600 plus interest) through May 1, 2012	2.0% - 4.0%	\$ 1,043,750
\$28,000,000 2002 School Facility Serial Bonds with installments due on November 1 (interest only) and May 1 (principal of \$1,100,000 plus interest) through May 1, 2012	4.5% - 4.75%	\$ 1,100,000
\$13,855,000 2004 General Obligation Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$330,000 to \$1,300,000 plus interest) through June 1, 2017	3.0% - 3.75%	6,450,000
		<u>28,990,000</u>
Proprietary (Water and Sewer Districts) bonds:		
\$325,000 Neuse River Water and Sewer District bonds with installments due September 1 (interest only) and March 1 (principal of \$5,000 to \$20,000 plus interest) through March 2016	5.3% - 5.5%	85,000
\$600,000 Pembroke Water and Sewer District bonds with installments due November 1 (interest only) and May 1 (principal of \$30,000 plus interest) through May 2013	6.00%	60,000
		<u>145,000</u>
		<u>\$ 29,135,000</u>

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2011, \$19,200,000 of bonds outstanding are considered defeased.

The annual debt service requirements for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type activities	
	Principal	Interest	Principal	Interest
2012	\$ 2,690,000	\$ 993,300	\$ 50,000	\$ 8,255
2013	2,660,000	894,906	50,000	5,375
2014	2,610,000	823,031	20,000	2,475
2015	2,570,000	740,138	20,000	1,375
2016	2,530,000	657,038	5,000	275
2017 – 2021	12,285,000	2,043,525	-	-
2022 – 2024	3,645,000	200,200	-	-
Total	\$ 28,990,000	\$ 6,352,138	\$ 145,000	\$ 17,755

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Convention Center	4.72%	5,250,000
Qualified School Construction Bond	4.72%	2,054,850
New School/School Projects/Fiber Optic	4.5%-5.0%	20,320,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	24,855,000
Total General Government		<u>52,479,850</u>
Enterprise:		
Water line expansion project- Township 6 Water and Sewer District	3.43% - Clean water note	26,624
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	1,121,600
Total Enterprise		<u>1,148,224</u>
Total loans and installment notes payable		<u>\$ 53,628,074</u>

The Convention Center project note issued in April, 1999 in the original amount of \$9,900,000 is payable in semi-annual installments consisting of principal payments ranging from \$250,000 to \$390,000 plus interest. The note is collateralized by the convention center land and building.

The Qualified School Construction Bond issued in October, 2010 in the original amount of \$2,163,000 is payable in semi-annual installments consisting of principal payments of \$108,150 plus interest.

The New School/School Projects/Fiber Optic debt is a portion of the Certificates of Participation, Series 2007 issued in August, 2007 in the full original amount of \$57,635,000. Principal on this portion is due in annual installments of \$1,270,000. The Law Enforcement Center/Park/Tryon Palace debt is also a portion of the Certificates of Participation, Series 2007. Principal on this portion is due in annual installments ranging between \$1,550,000 and \$1,560,000. Interest with respect to the 2007 Certificates is payable on each June 1 and December 1 at rates ranging from 4.5%-5%.

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The 1996 water line expansion note, in the original amount of \$106,500, is for the purpose of providing water line extensions to the Westgate Subdivision located in Township No. 6. The note is payable in annual installments of \$5,325 plus interest. The note is collateralized by the water lines.

The 2003 drinking water revolving loan, in the original amount of \$1,602,284, is for the purpose of providing water line extension in the Northwest Craven Water & Sewer District. The note is payable in annual installments of \$80,114 plus interest. The note is collateralized by the water lines.

The annual debt service requirements for installment notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 3,596,300	\$ 2,439,460	\$ 85,439	\$ 30,748
2013	3,621,300	2,283,403	85,439	28,434
2014	3,651,300	2,123,911	85,439	26,120
2015	3,676,300	1,963,002	85,439	23,807
2016	3,711,300	1,805,551	85,439	21,493
2017 – 2021	17,298,350	6,527,441	400,572	74,585
2022 – 2026	14,105,000	2,820,250	320,457	21,310
2027	2,820,000	141,000	-	-
Total	<u>\$ 52,479,850</u>	<u>\$ 20,104,018</u>	<u>\$ 1,148,224</u>	<u>\$ 226,497</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Changes in long-term liabilities:

Changes in long-term obligations for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 31,700,000	\$ -	\$ 2,710,000	\$ 28,990,000	\$ 2,690,000
Deferred premium on debt	2,773,486	-	185,271	2,588,215	-
Loans and installment notes	54,303,630	2,163,000	3,986,780	52,479,850	3,596,300
Law enforcement pension obligation	398,499	25,837	-	424,336	-
Other postemployment benefit obligation	913,505	684,769	158,414	1,439,860	-
Compensated absences	2,333,722	1,473,149	1,499,004	2,307,867	1,438,543
Governmental activity Long-term liabilities	<u>\$ 92,422,842</u>	<u>\$ 4,346,755</u>	<u>\$ 8,539,469</u>	<u>\$ 88,230,128</u>	<u>\$ 7,724,843</u>
Due within one year					\$ 7,724,843
Due in more than one year					80,505,285
Total Governmental Activities					<u>\$ 88,230,128</u>
Business-type activities:					
General obligation bonds	\$ 195,000	\$ -	\$ 50,000	\$ 145,000	\$ 50,000
Other postemployment benefit obligation	15,547	16,995	7,056	25,486	-
Compensated absences	-	60,461	20,334	40,127	20,334
Loans and installment notes	1,260,861	-	112,637	1,148,224	85,439
	<u>\$ 1,471,408</u>	<u>\$ 77,456</u>	<u>\$ 190,027</u>	<u>\$ 1,358,837</u>	<u>\$ 155,773</u>
Due within one year					\$ 155,773
Due in more than one year					1,203,064
Total Business-type Activities					<u>\$ 1,358,837</u>

Compensated absences have been liquidated in the general fund and water fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

Other postemployment benefit obligations have been liquidated in the general fund and water fund as incurred by employees employed within those respective funds.

Law enforcement pension obligations will be liquidated from the general fund on a pay-as-you go basis.

State statutes provide for a legal debt limit of 8 percent of the County's assessed value of taxable property. The County has utilized \$79,679,088 of its legal debt limitation of \$766,570,102, leaving a legal debt margin of \$686,891,014 at June 30, 2011.

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Component Unit Information:

General obligation bonds and bond anticipation notes:

The Airport Authority currently has the following general obligation bond outstanding:

During the Year Ending June 30,	Principal	Interest	Total
2012	\$ 180,000	\$ 10,800	\$ 190,800
2013	175,000	6,750	181,750
2014	125,000	2,813	127,813
Total	<u>\$ 480,000</u>	<u>\$ 20,363</u>	<u>\$ 500,363</u>

The Airport issued Series 2009 Refunding General Obligation Bonds totaling \$800,000 for the 1998 Airport Terminal General Obligation Bonds with installments due on December 1 (interest only) and June 1 (principle of \$125,000 to \$180,000 plus interest) through June 1, 2014.

Loans and installment notes payable:

Enterprise:	Stated Interest Rate	Amount
Airport Terminal	4.09%	\$ 1,144,292
(Less) Unamortized charges		(14,354)
Net		<u>\$ 1,129,938</u>

The Airport Terminal note is payable in annual installments consisting of principal and interest in the amount of \$416,673 at the interest rate terms described above. The note is collateralized by the airport terminal.

Long-term liabilities for the Airport Authority also include \$17,496 of liabilities accrued for other postemployment benefits. See note 13 for more information regarding other postemployment benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The annual debt service requirement for the component unit installment note payable is as follows:

During the Year Ending June 30,	Principal	Interest	Total
2012	\$ 373,595	\$ 43,077	\$ 416,672
2013	389,078	27,595	416,673
2014	381,619	11,699	393,318
Total	<u>\$ 1,144,292</u>	<u>\$ 82,371</u>	<u>\$ 1,226,663</u>

The Health System had the following bonds payable at September 30, 2010:

Health Care Facilities Revenue Notes, Series 1993:

7.5% interest payable annually on November 1, maturing through 2013 \$ 2,816,769

The series 1993 revenue notes are limited obligations of the Health System and are collateralized solely from the net revenue of the Health System.

Annual debt service requirements, including mandatory sinking fund requirements, at September 30, 2010 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2011	\$ 629,738	\$ 211,258	\$ 840,996
2012	676,968	164,028	840,996
2013	727,741	113,255	840,996
2014	782,322	58,673	840,995
	<u>\$ 2,816,769</u>	<u>\$ 547,214</u>	<u>\$ 3,363,983</u>

Interest expense charged to operations was \$13,905, while \$214,919 of interest was capitalized for the year-ended September 30, 2010.

Craven County, North Carolina

Notes to Financial Statements

Note 5. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2011 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ <u>758,299</u>

The due from /to between the Debt Service Fund and General Fund represents the year-end accruals for certain sales taxes which will be received and transferred within the first 3 months of the year-ended June 30, 2011.

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers, and are reported as other financing sources (uses) in the Governmental Funds and nonoperating revenues (expenses) in the Proprietary Funds. Transfers within fund types have been eliminated.

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2011:

Transfers out:	Transfers In:						Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	Aggregate Non-Major Funds	
General Fund	\$ -	\$ 1,312,331	\$ 3,188,801	\$ 16,800	\$ -	\$ -	\$ 4,517,932
Non-Major Governmental Funds	761,131	3,070,235	-	-	-	-	3,831,366
County Reserve Fund	87,040	-	50,000	-	-	-	137,040
Water Fund	123,000	-	-	-	32,485	1,065	156,550
Total Transfers out	\$ 971,171	\$ 4,382,566	\$ 3,238,801	\$ 16,800	\$ 32,485	\$ 1,065	\$ 8,642,888

Transfers consist primarily of the following:

- \$2,961,252 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.
- \$3,070,235 From Judicial Center Fund (Non-Major Governmental Funds) to Capital Reserve Fund primarily to provide funds for future capital projects.

Notes to Financial Statements

Note 6. Deferred Compensation Plan

The County offers its employees three deferred compensation plans in accordance with Internal Revenue Code Section 457. One plan is administered by the National Association of Counties (NACO), with Public Employees Benefit Services Corporation (PEBSCO.) acting as its agent in fulfilling certain of the administrative and marketing requirements. The plan, available to all permanent County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The second plan, administered by the International City Managers Association Retirement Corporation (ICMA/RC), is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The third plan, administered by the American General Financial Group – VALIC, is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In January 1997, the County amended the plans in accordance with the provisions of IRC Section 457(g). On that date, assets of the plans were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the County no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the County's financial statements in a prior year.

Note 7. Joint Ventures

The County participates in a joint venture with the City of New Bern to operate the New Bern/Craven County Library. The County appoints five board members of the ten-member board. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2011. During the year ended June 30, 2011, the County appropriated \$1,062,867 to the library. In addition to the New Bern/Craven County Library, the County appoints board members to the three other Craven County municipal library boards. Total funding for these libraries was \$240,809. Complete financial statements for the New Bern/Craven County Library can be obtained from the Library's administrative offices at 400 Johnson Street, New Bern, NC 28560.

The County, in conjunction with Carteret County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Craven County appoints three members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC.

Notes to Financial Statements

Note 7. Joint Ventures (Continued)

The County, in conjunction with Jones, Pamlico, Bertie, Gates, Hertford, Northampton, Pitt, Beaufort, Camden, Chowan, Currituck, Dare, Hyde, Martin, Pasquotank, Perquimans, Tyrrell and Washington Counties, participates in a joint venture to operate East Carolina Behavioral Health ("ECBH"). Each of the nineteen counties appoints one commissioner as a member of the Board of Directors which consists of 24 members. The County Commissioner members jointly appoint five non-Commissioner Board members. The County has an ongoing financial responsibility for the joint venture because ECBH's continued existence depends on the participating governments' funding in conjunction with funding from the State of North Carolina. None of the participating governments have any equity interest in ECBH, so no equity interest has been reflected in the financial statements at June 30, 2011. The County appropriated \$276,638 to the Center during the fiscal year ended June 30, 2011, which included money received from the ABC Board designated for alcohol education. Complete financial statements for ECBH can be obtained from ECBH's administrative offices at 405 Middle Street, New Bern, NC 28560.

The County, in conjunction with the State of North Carolina and the Craven County Board of Education, participates in a joint venture to operate Craven Community College. The County appoints five members of the eleven-member board of trustees of the Community College. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$1,043,750 is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,455,130 and \$100,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2011. In addition, the County made debt service principal payments of \$110,500 during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 800 College Court, New Bern, NC 28562.

Note 8. Jointly Governed Organizations

The County, in conjunction with nine other counties and 26 municipalities, established the Eastern Carolina Council ("Council") formerly known as Neuse River Council of Governments. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2011.

Notes to Financial Statements

Note 8. Jointly Governed Organizations (Continued)

The County, in conjunction with 12 other counties, governs the North Carolina Eastern Region Development Commission. Its purpose is to allow participating counties, including Craven County, which have the potential to derive direct economic benefits from the North Carolina Eastern Region, to create a special economic development district, known as the North Carolina Eastern Region Development Zone. The Commission's primary responsibility is to promote economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the North Carolina Eastern Region Development Zone. The Commission is governed by 42 voting members, consisting of three members from Craven County and each of the 12 other participating counties, and three members appointed by the Global TransPark Authority. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties. The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2011, the portion of the trust available to be loaned exclusively to Craven County was \$2,029,594.

Note 9. Related Organization

The County's governing board is also responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to issue and service revenue bond debt for private business for economic development purposes. Craven County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Notes to Financial Statements

Note 10. Additional Social Welfare Expenditures

The benefit payments listed below were issued directly from the State to recipients of the County on its behalf. These amounts represent additional federal and State financial assistance to the residents of the County, but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

Medicaid	\$ 100,780,095
Temporary Assistance to Needy Families	646,899
Special Assistance	708,895
WIC	2,574,576
Other programs	1,170,692
	<u>\$ 105,881,157</u>

Note 11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County's Internal Service Fund was established to account for a limited risk, self-insurance program to provide health benefits to County employees. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actuarial estimates of the amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$125,000. A total of \$3,309,709 in claims was incurred for benefits during fiscal year 2011. Payments received from the insurer for claims over the limit of \$15,136 and \$2,358 during fiscal 2011 and fiscal 2010, have been netted against the claims shown below. A receivable of \$542 and \$646 at June 30, 2011 and 2010, respectively were recorded to account for additional claims paid during the year for which reimbursement from the insurer had not yet been received. Changes in the fund's claims liability amounts (net refunds due) for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2010-2011	\$ 199,697	\$ 3,309,709	\$ 3,309,058	\$ 200,346
2009-2010	\$ 348,649	\$ 3,287,617	\$ 3,436,569	\$ 199,697

Notes to Financial Statements

Note 11. Risk Management (Continued)

During 2003, the County entered into a limited risk, self-funded workers' compensation claim program with administrative services provided by a third-party administrator. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon estimates of amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$400,000. A total of \$226,101 in claims was incurred for benefits during fiscal year 2011. Changes in the fund's claims liability amounts for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2010-2011	\$ 21,334	\$ 226,101	\$ 102,653	\$ 144,782
2009-2010	\$ 38,211	\$ 94,652	\$ 111,529	\$ 21,334

The County participates in one risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$89 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$250,000 per occurrence for property and crime coverage.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and portions of which are designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County has purchased the NFIP coverage for three buildings, the Convention Center, the Administration Building, and the Water Maintenance Facility. These three buildings are in an "A" flood zone, the 100 year flood area. The County is also eligible to and has purchased commercial flood insurance for another \$4,500,000 of coverage for the Convention Center.

All County employees are covered under a \$250,000 blanket insurance policy for theft and crime. The Director of Finance is covered by a \$250,000 individual bond. The Tax collector, Register of Deeds and Sheriff are each individually bonded for \$100,000, \$50,000 and \$10,000, respectively.

Craven County ABC Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any part of the past three years.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Craven County Regional Airport Authority has property, general liability, and workers' compensation coverage. Employee health coverage is provided through the County's self-insurance program described above. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Effective January 1, 2001, the CarolinaEast Health System established a limited risk, self-insurance program to provide health benefits to the Health System's employees. The Health System is billed on a monthly basis for claims by Blue Cross Blue Shield, the plan administrator. The Health System carries stop-loss insurance through Blue Cross Blue Shield which has stop loss for individual claims in excess of \$200,000. The claims liability reported at year-end is based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the balance sheet date and the amount can be reasonably estimated.

Changes in the Health System's claims liability amount for retained risk for the fiscal years 2010 and 2009 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2009-2010	\$ 1,000,000	\$ 13,168,993	\$ 13,168,993	\$ 1,000,000
2008-2009	1,100,000	11,885,501	11,885,501	1,000,000

Total claims expense is partially offset by employee contributions.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Health System formerly had professional liability and/or workers' compensation insurance coverage with three insurance companies that are now in liquidation:

- PHICO Insurance Company ("PHICO"): Went into liquidation on February 1, 2002. Provided professional liability and workers' compensation coverage for Health System.
- Reliance Insurance Company ("Reliance"): Went into liquidation on October 31, 2001. Provided workers' compensation coverage for Health System.
- The Virginia Insurance Reciprocal ("ROA"): Went into liquidation on June 20, 2003. Provided workers' compensation coverage for Health System.

Following liquidation of each of these companies, responsibility for further defense and/or payments relating to cases and claims formerly insured by the companies was assumed by the North Carolina Insurance Guaranty Association ("Guaranty Fund" or "Fund"). The Fund handled the cases and claims and paid all costs and expenses relating thereto with limited input from the Health System.

The Fund notified the Health System that it was requesting reimbursement for both indemnity payments and defense expenses relating to cases and claims pertaining to all three former insurers pursuant to N.C.G.S. §58-48-50 (a1)(1). Such reimbursement claim was based on the Health System's having a net worth that exceeded \$50,000,000 on December 31 of the year in which each of the former insurers became insolvent.

The Health System notified the Guaranty Fund that it disputed the Guaranty Fund's legal position with regard to the Fund's right to reimbursement for all indemnity payments and defense expenses, including attorneys' fees, paid by the Fund in the subject cases and claims. Discussions continued between the Fund and Health System concerning this matter until the Fund initiated formal litigation by filing a declaratory judgment action on March 4, 2004.

Prior to the dispute between the Fund and the Health System, the Health System had established certain reserves to provide for payment of professional liability cases where the settlement or judgment would potentially exceed the statutory \$300,000 indemnity payment limit provided by the Fund. The amount of the reserve relating to each pending case was based upon assessment of the Health System's potential financial exposure for settlements or judgments that exceeded the indemnity provided by the Fund. The Health System reassessed the nature and extent of its reserves once the Health System became aware of the Fund's claim for reimbursement and in anticipation of the Health System having to eventually reimburse the Fund for all indemnity payments and all or part of defense expenses relating to cases and claims.

On September 29, 2004, the Fund and Health System agreed upon a resolution of the declaratory judgment action and entered into a formal Settlement Agreement and Release of All Claims.

As part of the settlement, the Health System paid the Fund \$171,738 during the fiscal year 2010.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Health System continues to maintain reserves to cover reimbursement obligations relating to those cases and claims that remain pending. These include several professional liability matters that may involve substantial exposure for both indemnity and defense expenses as well as multiple workers' compensation matters involving continued periodic benefits payments or that are the subject of pending judicial appeals. The nature and extent of these reserves are periodically reviewed for adequacy and reasonableness by management.

Professional Liability: The Health System spent \$980,576 for General, Professional, and Umbrella coverage in fiscal year 2010. These premiums represent a transfer of risk and are not determined retrospectively. The Health System also insures certain employed physicians and CRNA's under similar policies. These policies are occurrence basis policies, meaning claims are covered based on the date occurred versus when the claim was made.

Other: The Health System carries commercial insurance coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 12. Retirement Systems

North Carolina Local Governmental Employees' Retirement System:

Plan Description. Craven County, the Airport Authority and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The County, the Airport Authority and the ABC Board are required to contribute at an actuarially determined rate. The current rates for employees not engaged in law enforcement and for law enforcement officers as a percent of annual covered payroll are as follows:

	Not Engaged In Law Enforcement	Engaged In Law Enforcement
Craven County	6.45%	6.41%
Airport Authority	8.84%	
ABC Board	6.88%	

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

North Carolina Local Governmental Employees' Retirement System:

The contribution requirements of members and of Craven County, the Airport Authority and the ABC Board are established and may be amended by the North Carolina General Assembly. Contributions to LGERS for these entities for the years ended June 30, 2011, 2010, and 2009 were as follows:

	2011	2010	2009
Craven County	\$ 1,573,947	\$ 1,191,439	\$ 1,223,716
Airport Authority	25,234	20,437	22,252
ABC Board	31,452	23,852	24,088

The contribution made by the County, The Airport Authority and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers Special Separation Allowance:

Plan Description. Craven County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers of the County are covered by the Separation Allowance.

At December 31, 2010 the System's membership consisted of:

Retirees receiving benefits	9
Active plan members	69
Total	<u>78</u>

The Separation Allowance does not issue a stand-alone financial report.

Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method, the level percent of pay closed amortization method over a remaining amortization period of 21 years, and market value asset valuation method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases or cost of living adjustments.

Funded Status and Funding Progress. As of December 31 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,101,074, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,101,074. The covered payroll (annual payroll of active employees covered by the plan) was \$2,773,751, and the ratio of the UAAL to the covered payroll was 39.7 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$ 118,390
Interest on Net Pension Obligation	19,925
Adjustment to Annual Required Contribution	<u>(21,334)</u>
Annual Pension Cost	116,981
Employer Contributions made for fiscal year ending June 30, 2010	<u>91,144</u>
Increase in Net Pension Obligation	25,837
Net Pension Obligation, beginning of fiscal year	398,499
Net Pension Obligation, end of fiscal year	<u>\$ 424,336</u>

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	89,011	89.06%	386,291
6/30/2010	104,546	88.32%	398,499
6/30/2011	116,981	77.91%	424,336

Supplemental Retirement Income Plan for Law Enforcement Officers:

Plan Description. The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were \$204,897, which consisted of \$139,868 (required and actual) from the County and \$65,029 from the law enforcement officers.

Death Benefit Plan:

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee' Retirement System (Death Benefit Plan), a multiple-employer, State administrated, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one-year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one-year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the death benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2011, the County made contributions to the State for death benefits of \$25,538. The County's required contributions for employees not engaged in law enforcement and law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

The County provides \$10,000 of group-term life insurance to all eligible employees.

Registers of Deeds' Supplemental Pension Fund:

Plan Description. Craven County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$7,594.

Health System Plans:

CarolinaEast Health System sponsors and has a fiduciary responsibility for Craven Regional Medical Center Money Purchase Pension Plan (primary retirement plan), a noncontributory defined contribution plan for employees meeting certain eligibility requirements, based on a fixed percentage of the base earnings of the employee. A supplementary retirement plan, administered by Lincoln National Life Insurance Company and The Variable Annuity Life Insurance Company, also exists which is a contributory plan with the Health System matching a fixed percentage of base earnings, for each eligible employee. Both of these plans are single employer, defined contribution pension plans. The benefit to the employee under the primary plan is the Health System's contribution plus the investment earnings. The benefit to the employee under the supplemental plan is the employee's contribution, the Health System's contribution and the investment earnings on these contributions. Under the supplementary plan the employee's contribution is tax deferred.

The primary retirement plan is fully vested after 10 years of continuous employment. The supplementary retirement plan is fully vested after one year of continuous employment.

The Health System's contributions were calculated using covered payroll amounts of \$44,508,165 and \$47,051,558 for the primary and supplementary plans, respectively.

The total employer contributions of the Health System were \$4,450,816 and \$941,031 for the primary and supplementary plans, respectively, for the fiscal year ended September 30, 2010. The Health System's required contributions represented 10% and 2% of the covered payroll amount for the primary and supplementary plans, respectively.

The primary retirement plan issues a separate, stand-alone financial report which can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

Note 13. Other Postemployment Benefits

Healthcare Benefits

Plan Description. The County provides certain post-employment health care and other benefits ("OPEB Plan") as a part of its total compensation package offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in LGERS (Local Government Employees' Retirement System) and who, at the time of their retirement, had at least 15 years of continuous creditable service with the County. The County provides coverage for these benefits through the County's partially self-funded health insurance plan. Employees who retire with 15 to 19 years of service with the LGERS and County may continue their coverage upon retirement at their cost. The County contributes a portion of the cost for all retirees who have at least 20 years of service with the LGERS, 15 of which is with the County. The amount contributed by the County increases with each year of service from 20 years to 30 years. A separate report was not issued for the plan.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Membership of the OPEB Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees(*)	Law Enforcement Officers:
Retirees and dependents receiving benefits	27	6
Active plan members	539	68
Total	564	65

*The General employees group above includes active plan members for governmental activities, business-type activities, and the Airport Authority totaling 588, 13 and 6, respectively. The breakdown of retirees and dependents receiving benefits in the government and business-type activities is 31 and 2, respectively. There are currently no active retirees for the Airport Authority.

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees, based on length of service, under a County resolution that can be amended by the Governing Board of Commissioners. The County's members may elect dependent coverage as well, but at the expense of the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.99% of annual covered payroll. For the current year, the County contributed \$165,470 or 0.7% of annual covered payroll. The County has established an Internal Service Fund to account for a limited risk, self insurance program to provide health benefits to County employees. See Note 11. The County's obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Internal Service Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution (1)	\$ 702,976
Interest on net OPEB obligation	37,607
Adjustment to annual required contribution	(32,445)
Annual OPEB cost (expense)	<u>708,138</u>
Contributions made (1)	(165,470)
Increase (decrease) in net OPEB obligation	542,668
Net OPEB obligation, beginning of year	940,174
Net OPEB obligation, end of year (1)	<u>\$ 1,482,842</u>

(1) The net OPEB obligation at June 30, 2011 consists of liabilities of \$1,439,860, \$25,486 and \$17,496 recorded in governmental activities, business type activities and the Airport Authority, respectively. This was computed by allocating the total annual required contribution by number of active and retired plan members for each function, less contributions made during the year for each. The annual required contribution was allocated as \$684,769, \$16,995 and \$6,374 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$158,414 and \$7,056 related to governmental and business-type activities, respectively.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 708,138	23.4%	\$ 1,482,842
2010	\$ 630,520	24.4%	\$ 940,174

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$7,548,893. The covered payroll (annual payroll of active employees covered by the plan) was \$23,558,343, and the ratio of the UAAL to the covered payroll was 32%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Health System Plans:

Plan Description. CarolinaEast Health Center sponsors and has fiduciary responsibility for Craven Regional Medical Center Employee Benefit Trust, a single-employer, defined benefit OPEB plan established and governed by the Authority's governing board. A trust was established April 1, 2007 for this plan and has a plan year of January 1 to December 31. As such, the Plan's first fiscal year end was December 31, 2007. The Authority provides other postemployment benefits (OPEB) comprised of health care and group life insurance benefits to retirees of Craven Regional Medical Center who have at least 20 years of continuous full-time service, have attained the age of 55 and were employed prior to July 1, 1995. The Medical Center pays the full cost of coverage for these benefits until age 65. Also, retirees can purchase coverage for their spouse at the Authority's group rates. The Authority elected to discontinue the post-retirement benefit to individuals employed on or after July 1, 1995. The plan issues a stand-alone financial report. That report can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

As of the actuarial valuation report dated January 1, 2010 the Health System's membership consisted of:

Retirees receiving benefits	47
Active plan members	259
Total	<u>306</u>

Funding Policy. Prior to April 1, 2007, the Authority funded these obligations on a pay-as-you-go basis. During 2007, the Authority funded the actuarially determined net OPEB obligation which was accrued at September 30, 2006 and made some interim pay-as-you-go benefit payments until the trust was funded and thereafter the annual required contributions determined in actuarial valuations.

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The Authority's OPEB cost (expense) for the fiscal year ended September 30, 2010 was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The most recent actuarial valuation is dated January 1, 2010.

The Authority's annual OPEB cost components, the percentage of annual OPEB cost contributed to the trust, and its net OPEB obligation for the year ended September 30, 2010, 2009 and 2008 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2008	\$600,149	100.00%	\$0
09/30/2009	\$472,669	100.00%	\$0
09/30/2010	\$514,055	100.00%	\$0

Summary of Significant Accounting Policies. The plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funded Status and Funding Progress. The plan was fully funded on April 1, 2007, the date the trust was established.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown below, presents multiyear trend information about whether actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Total Unfunded Actuarial Accrued Liabilities</u>	<u>Actuarial Value of Assets as a Percentage of Actuarial Accrued Liabilities</u>
04/01/2007	\$4,134,467	\$4,803,647	\$669,180	86%
04/01/2009	\$4,662,084	\$4,994,563	\$332,479	93%
01/01/2010	\$3,704,730	\$5,348,769	\$1,644,039	69%

Methods and assumptions as of the latest actuarial valuations follow.

Valuation date	January 1, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, 1 year period
Remaining amortization period	Initial funding – 1 year; Subsequent changes – 5 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care cost trend rates	10.0% down to 5%
Includes inflation at	3.00%
Cost-of-living adjustments	None

Notes to Financial Statements

Note 14. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County and Health System are defendants in various lawsuits. Management of the County and Health System and their respective legal counsels feel that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County and the Health System should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

Note 15. Commitments

During the fiscal year ended June 30, 2010, the County entered into a 10-year lease agreement for a waste convenience center. At June 30, 2011, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2012	\$ 11,400
2013	11,400
2014	11,400
2015	11,400
2016	11,400
2017 - 2019	34,200
	<u>\$ 91,200</u>

Notes to Financial Statements

Note 16. Pronouncements Issued Not Yet Implemented

The GASB has issued several pronouncements prior to June 30, 2011 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the County,

GASB Statement Number 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*" will be effective for the City beginning with its year ending June 30, 2012.

GASB Statement Number 60, "Service Concession Arrangements" will be effective for the County beginning with its year ending June 30, 2013.

GASB Statement Number 61, "The Financial Reporting Entity: Omnibus" will be effective for the County beginning with its year ending June 30, 2013.

GASB Statement Number 62, "Governmental Accounting Standards Series" will be effective for the County beginning with its year ending June 30, 2013.

GASB Statement Number 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" will be effective for the Authority beginning with its year ending June 30, 2013.

GASB Statement Number 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Number 53*" will be effective for the Authority beginning with its year ending June 30, 2012.

Craven County



REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of Funding Progress for Law Enforcement Officers Special Separation Allowance
- Schedule of Employer Contributions for Law Enforcement Officers Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

CRAVEN COUNTY, NORTH CAROLINA
Required Supplementary Information (Unaudited)

**SCHEDULE OF FUNDING PROGRESS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**
For the Fiscal Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	-	\$ 714,832	\$ 714,832	-	\$ 2,231,390	32.04%
12/31/2006	-	699,460	699,460	-	2,293,461	30.50%
12/31/2007	-	781,597	781,597	-	2,434,754	32.10%
12/31/2008	-	924,441	924,441	-	2,793,133	33.10%
12/31/2009	-	1,133,303	1,133,303	-	2,791,570	40.60%
12/31/2010	-	1,101,074	1,101,074	-	2,773,751	39.70%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**
For the Fiscal Year Ended June 30, 2011

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	78,890	71.6%
2006	80,873	80.9%
2007	78,085	69.4%
2008	79,477	64.8%
2009	85,509	92.7%
2010	100,874	91.5%
2011	118,390	77.0%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	None

Craven County
Other Postemployment Benefits
Required Supplementary Information (Unaudited)
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	-	\$ 6,561,695	\$ 6,561,695	0.00%	\$ 22,494,883	29.2%
12/31/2009	-	\$ 7,548,893	\$ 7,548,893	0.00%	\$ 23,558,343	32.0%

Craven County
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 605,278	23.5%
2010	\$ 627,976	24.4%
2011	\$ 702,976	23.5%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined by assumption from an actuarial valuation as follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	None

Craven County



OTHER SUPPLEMENTARY INFORMATION

Other financial information includes additional detailed analysis of particular aspects of the County's financial position and results of operations.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Other Detailed Fund Information

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2011

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2010	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2011
2011	\$	45,763,040	\$ 44,809,274	\$ 953,766
2010	\$ 859,016	-	512,859	346,157
2009	267,297	-	87,560	179,737
2008	177,982	-	26,160	151,822
2007	129,421	-	14,453	114,968
2006	105,276	-	8,790	96,486
2005	82,604	-	4,452	78,152
2004	95,874	-	4,739	91,135
2003	93,417	-	4,366	89,051
2002	86,156	-	5,158	80,998
2001	78,481	-	78,481	0
	<u>\$ 1,975,524</u>	<u>\$ 45,763,040</u>	<u>\$ 45,556,292</u>	<u>\$ 2,182,272</u>

Less allowance for uncollectible
ad valorem taxes receivable

100,000

\$ 2,082,272

Reconciliation with revenues:

Ad valorem taxes- General Fund \$ 45,364,930

Less: Collection of taxes older than ten years 12,906

Plus: Abatements and adjustments of prior
year taxes 204,268

Total collections and credits \$ 45,556,292

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2011

	County-wide		Total Levy		
			Property excluding Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$9,458,650,707	\$0.4728	\$44,732,211	\$42,269,654	\$2,462,557
Motor vehicles taxed at prior year's rate	271,261,102	0.6100	1,653,164	-	1,653,164
Penalties	-		59,852	59,852	-
	<u>\$9,729,911,809</u>		<u>\$46,445,227</u>	<u>\$42,329,506</u>	<u>\$4,115,721</u>
DISCOVERIES	31,465,995		178,569	178,569	-
	<u>\$9,761,377,804</u>		<u>\$46,623,796</u>	<u>\$42,508,075</u>	<u>\$4,115,721</u>
ABATEMENTS	(179,251,524)		(860,756)	(465,437)	(395,319)
Total property valuation	<u><u>\$9,582,126,280</u></u>				
Net Levy			\$45,763,040	\$42,042,638	\$3,720,402
Uncollected taxes at June 30, 2011			953,766	617,054	336,712
Current year's taxes collected			<u>\$44,809,274</u>	<u>\$41,425,584</u>	<u>\$3,383,690</u>
Current levy collection percentage			<u>97.92%</u>	<u>98.53%</u>	<u>90.95%</u>

Craven County



COMBINING SCHEDULES OF NONMAJOR FUNDS

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,237,451	\$ 670	\$ 1,032,463	\$ 2,270,584
Taxes receivable	41,289	-	-	41,289
Accounts receivable	278,883	-	-	278,883
Due from other fund	-	-	758,299	758,299
Restricted short-term investments	-	2,134,423	-	2,134,423
Total assets	<u>\$ 1,557,623</u>	<u>\$ 2,135,093</u>	<u>\$ 1,790,762</u>	<u>\$ 5,483,478</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 141,867	\$ 56,965	\$ -	\$ 198,832
Deferred revenue	41,289	-	-	41,289
Total liabilities	<u>183,156</u>	<u>56,965</u>	<u>-</u>	<u>240,121</u>
Fund balances:				
Restricted				
Stabilization by state statute	278,883	-	-	278,883
Public safety	1,237,435	-	-	1,237,435
Education, schools	-	2,077,470	1,790,762	3,868,232
Committed				
Capital projects	-	658	-	658
Unassigned	(141,851)	-	-	(141,851)
Total fund balances	<u>1,374,467</u>	<u>2,078,128</u>	<u>1,790,762</u>	<u>5,243,357</u>
Total liabilities and fund balances	<u>\$ 1,557,623</u>	<u>\$ 2,135,093</u>	<u>\$ 1,790,762</u>	<u>\$ 5,483,478</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Fire District Funds	Emergency Telephone System 911	CDBG FY09 Scattered Sites	CDBG FY08 James City	Totals
ASSETS					
Cash and cash equivalents	\$ 232,869	\$ 1,004,582	\$ -	\$ -	\$ 1,237,451
Taxes receivable	41,289	-	-	-	41,289
Accounts receivable	114,289	32,230	300	132,064	278,883
Total assets	<u>\$ 388,447</u>	<u>\$ 1,036,812</u>	<u>\$ 300</u>	<u>\$ 132,064</u>	<u>\$ 1,557,623</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,487	\$ 16	\$ 300	\$ 132,064	\$ 141,867
Deferred revenue	41,289	-	-	-	41,289
Total liabilities	<u>50,776</u>	<u>16</u>	<u>300</u>	<u>132,064</u>	<u>183,156</u>
Fund balances:					
Restricted					
Stabilization by state statute	114,289	32,230	300	132,064	278,883
Public safety	232,869	1,004,566	-	-	1,237,435
Unassigned	(9,487)	-	(300)	(132,064)	(141,851)
Total fund balances	<u>337,671</u>	<u>1,036,796</u>	<u>-</u>	<u>-</u>	<u>1,374,467</u>
Total liabilities and fund balances	<u>\$ 388,447</u>	<u>\$ 1,036,812</u>	<u>\$ 300</u>	<u>\$ 132,064</u>	<u>\$ 1,557,623</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2011**

	St. Lukes' Building Renovation Project Fund	Qualified School Construction Bond	Totals
ASSETS			
Cash and cash equivalents	\$ 670	\$ -	\$ 670
Restricted short-term investments	-	2,134,423	2,134,423
Total assets	<u>\$ 670</u>	<u>\$ 2,134,423</u>	<u>\$ 2,135,093</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12	\$ 56,953	\$ 56,965
Total liabilities	<u>12</u>	<u>56,953</u>	<u>56,965</u>
Fund Balances:			
Restricted			
Education, schools	-	2,077,470	2,077,470
Committed	658	-	658
	<u>658</u>	<u>2,077,470</u>	<u>2,078,128</u>
Total liabilities and fund balances	<u>\$ 670</u>	<u>\$ 2,134,423</u>	<u>\$ 2,135,093</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the fiscal year ended June 30, 2011

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 3,054,332	\$ -	\$ -	\$ 3,054,332
Intergovernmental	1,152,924	395,394	2,136,870	3,685,188
Interest	5,140	18,908	6,065	30,113
Total revenues	<u>4,212,396</u>	<u>414,302</u>	<u>2,142,935</u>	<u>6,769,633</u>
EXPENDITURES				
Current:				
General government	-	211,559	-	211,559
Public safety	2,469,278	162,400	-	2,631,678
Economic and physical development	953,198	-	-	953,198
Culture and recreation	-	395,394	-	395,394
Education	-	87,409	-	87,409
Debt service:				
Principal	-	-	3,977,650	3,977,650
Interest	-	-	2,109,237	2,109,237
Total expenditures	<u>3,422,476</u>	<u>856,762</u>	<u>6,086,887</u>	<u>10,366,125</u>
Excess of revenues over (under) expenditures	<u>789,920</u>	<u>(442,460)</u>	<u>(3,943,952)</u>	<u>(3,596,492)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	2,163,000	-	2,163,000
Transfers in	227,549	50,000	2,961,252	3,238,801
Transfers out	(761,131)	(3,070,235)	-	(3,831,366)
Total other financing sources (uses)	<u>(533,582)</u>	<u>(857,235)</u>	<u>2,961,252</u>	<u>1,570,435</u>
Net change in fund balances	256,338	(1,299,695)	(982,700)	(2,026,057)
FUND BALANCES:				
Beginning	<u>1,118,129</u>	<u>3,377,823</u>	<u>2,773,462</u>	<u>7,269,414</u>
Ending	<u>\$ 1,374,467</u>	<u>\$ 2,078,128</u>	<u>\$ 1,790,762</u>	<u>\$ 5,243,357</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended June 30, 2011

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY09 Scattered Sites	CDBG FY 08 James City	Totals
REVENUES						
Taxes	\$ 2,196,515	\$ -	\$ 857,817	\$ -	\$ -	\$ 3,054,332
Intergovernmental	-	386,758	-	314,578	451,588	1,152,924
Interest	-	4,794	346	-	-	5,140
Total revenues	2,196,515	391,552	858,163	314,578	451,588	4,212,396
EXPENDITURES						
Current:						
Public safety	2,319,734	149,544	-	-	-	2,469,278
Economic and physical development	-	-	97,032	314,578	541,588	953,198
Total expenditures	2,319,734	149,544	97,032	314,578	541,588	3,422,476
Excess of revenues over (under) expenditures	(123,219)	242,008	761,131	-	(90,000)	789,920
OTHER FINANCING SOURCES (USES)						
Transfers in (out):						
From General Fund	137,549	-	-	-	90,000	227,549
To General Fund	-	-	(761,131)	-	-	(761,131)
Total other financing sources (uses)	137,549	-	(761,131)	-	90,000	(533,582)
Net change in fund balances	14,330	242,008	-	-	-	256,338
FUND BALANCES:						
Beginning	323,341	794,788	-	-	-	1,118,129
Ending	\$ 337,671	\$ 1,036,796	\$ -	\$ -	\$ -	\$ 1,374,467

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 For the Fiscal Year Ended June 30, 2011

	Judicial Center Fund	St. Lukes' Building Renovation Project Fund	Latham- Whitehurst Nature Park Project Fund	Qualified School Construction Bond	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 395,394	\$ -	\$ 395,394
Interest	17,029	-	-	1,879	18,908
Total revenue	17,029	-	395,394	1,879	414,302
EXPENDITURES					
General government	-	211,559	-	-	211,559
Public Safety	162,400	-	-	-	162,400
Culture and recreation	-	-	395,394	-	395,394
Education	-	-	-	87,409	87,409
Total expenditures	162,400	211,559	395,394	87,409	856,762
Excess of revenues over (under) expenditures	(145,371)	(211,559)	-	(85,530)	(442,460)
OTHER FINANCING SOURCES					
Debt issued	-	-	-	2,163,000	2,163,000
Transfers in	-	50,000	-	-	50,000
Transfers out	(3,070,235)	-	-	-	(3,070,235)
Total other financing sources	(3,070,235)	50,000	-	2,163,000	(857,235)
Net change in fund balances	(3,215,606)	(161,559)	-	2,077,470	(1,299,695)
FUND BALANCES					
Beginning	3,215,606	162,217	-	-	3,377,823
Ending	\$ -	\$ 658	\$ -	\$ 2,077,470	\$ 2,078,128

Craven County



SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Special Revenue Funds:

- **Fire District Funds** – The Fire District Funds are used to account for the County's collection of tax revenues and related expenditures for each of the 11 fire districts.
- **Emergency Telephone System E-911 Fund** – The Emergency Telephone System E-911 Fund is used to account for the revenues and expenditures related to the emergency 911 system.
- **Occupancy Tax Fund** – The Occupancy Tax Fund is used to account for the receipt of occupancy tax legally restricted to be used for a convention center in New Bern, NC and a tourist center in Havelock, NC.
- **CDBG FY09 Scattered Sites** - The CDBG Scattered Site Project Fund is used to account for a HUD Scattered Site Housing program to rehabilitate very low-income owner occupied households at scattered sites within Craven County.
- **CDBG FY08 James City** - The CDBG James City Project Fund is used to account for housing and infrastructure improvements in the James City community.

CRAVEN COUNTY, NORTH CAROLINA

DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2011

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
ASSETS												
Cash and cash equivalents	\$ -	\$ 23,186	\$ 14,768	\$ 16,923	\$ 20,838	\$ 30,210	\$ 37,888	\$ 44,008	\$ 21,430	\$ 21,573	\$ 2,045	\$ 232,869
Taxes receivable	3,086	5,118	4,369	3,061	5,150	6,711	3,182	3,776	2,081	4,553	202	41,289
Accounts receivable	10,416	9,643	12,301	5,519	8,381	12,238	12,084	16,045	18,777	8,564	321	114,289
Total assets	\$ 13,502	\$ 37,947	\$ 31,438	\$ 25,503	\$ 34,369	\$ 49,159	\$ 53,154	\$ 63,829	\$ 42,288	\$ 34,690	\$ 2,568	\$ 388,447
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 9,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,487
Deferred revenue	3,086	5,118	4,369	3,061	5,150	6,711	3,182	3,776	2,081	4,553	202	41,289
Total liabilities	12,573	5,118	4,369	3,061	5,150	6,711	3,182	3,776	2,081	4,553	202	50,776
Fund Balances:												
Restricted:												
Stabilization by state statute	10,416	9,643	12,301	5,519	8,381	12,238	12,084	16,045	18,777	8,564	321	114,289
Public safety	-	23,186	14,768	16,923	20,838	30,210	37,888	44,008	21,430	21,573	2,045	232,869
Unassigned	(9,487)	-	-	-	-	-	-	-	-	-	-	(9,487)
Total fund balances	929	32,829	27,069	22,442	29,219	42,448	49,972	60,053	40,207	30,137	2,366	337,671
Total liabilities and fund balances	\$ 13,502	\$ 37,947	\$ 31,438	\$ 25,503	\$ 34,369	\$ 49,159	\$ 53,154	\$ 63,829	\$ 42,288	\$ 34,690	\$ 2,568	\$ 388,447

CRAVEN COUNTY, NORTH CAROLINA

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FIRE DISTRICT FUNDS

For the Fiscal Year Ended June 30, 2011

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
REVENUES												
Taxes:												
Property	\$ 132,541	\$ 164,392	\$ 189,947	\$ 84,501	\$ 132,349	\$ 189,053	\$ 208,658	\$ 247,448	\$ 272,033	\$ 131,373	\$ 6,121	\$ 1,758,416
Sales	40,011	36,949	47,130	21,162	32,131	46,922	46,326	61,448	71,979	32,821	1,220	438,099
Total revenues	172,552	201,341	237,077	105,663	164,480	235,975	254,984	308,896	344,012	164,194	7,341	2,196,515
EXPENDITURES												
Remittances to fire districts	184,794	177,362	254,164	122,647	153,836	240,058	237,032	318,730	334,274	154,039	-	2,176,936
Workers' compensation	2,255	3,850	5,445	2,819	4,099	1,980	2,200	3,355	4,070	2,860	-	32,933
Capital outlay	15,292	-	-	-	70,282	8,463	-	-	-	4,655	-	98,692
Miscellaneous	1,084	1,081	1,082	1,086	1,638	1,084	1,084	1,085	1,083	866	-	11,173
Total expenditures	203,425	182,293	260,691	126,552	229,855	251,585	240,316	323,170	339,427	162,420	-	2,319,734
Excess of revenues over (under) expenditures	(30,873)	19,048	(23,614)	(20,889)	(65,375)	(15,610)	14,668	(14,274)	4,585	1,774	7,341	(123,219)
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	15,292	-	28,062	10,795	70,282	8,463	-	-	-	4,655	-	137,549
Between fire districts	-	(6,912)	5,461	6,912	3,000	2,048	(2,048)	-	-	(3,000)	(5,461)	-
Total other financing sources (uses)	15,292	(6,912)	33,523	17,707	73,282	10,511	(2,048)	-	-	1,655	(5,461)	137,549
Net change in fund balances	(15,581)	12,136	9,909	(3,182)	7,907	(5,099)	12,620	(14,274)	4,585	3,429	1,880	14,330
FUND BALANCES												
Beginning	16,510	20,693	17,160	25,624	21,312	47,547	37,352	74,327	35,622	26,708	486	323,341
Ending	\$ 929	\$ 32,829	\$ 27,069	\$ 22,442	\$ 29,219	\$ 42,448	\$ 49,972	\$ 60,053	\$ 40,207	\$ 30,137	\$ 2,366	\$ 337,671

CRAVEN COUNTY, NORTH CAROLINA
 RHEMS FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 146,316	\$ 132,541	\$ (13,775)
Sales	42,854	40,011	(2,843)
Total revenues	<u>189,170</u>	<u>172,552</u>	<u>(16,618)</u>
EXPENDITURES			
Remittances to fire districts	184,794	184,794	-
Workers' compensation	2,350	2,255	95
Capital outlay	16,230	15,292	938
Miscellaneous	1,088	1,084	4
Total expenditures	<u>204,462</u>	<u>203,425</u>	<u>1,037</u>
Excess of revenue over (under) expenditures	(15,292)	(30,873)	(15,581)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	<u>15,292</u>	<u>15,292</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(15,581)</u>	<u>\$ (15,581)</u>
FUND BALANCE			
Beginning		<u>16,510</u>	
Ending		<u>\$ 929</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NO 1. TOWNSHIP FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 149,603	\$ 164,392	\$ 14,789
Sales	39,659	36,949	(2,710)
Intergovernmental	-	-	-
Total revenues	<u>189,262</u>	<u>201,341</u>	<u>12,079</u>
EXPENDITURES			
Remittances to fire districts	177,362	177,362	-
Workers' compensation	3,900	3,850	50
Miscellaneous	1,088	1,081	7
Total expenditures	<u>182,350</u>	<u>182,293</u>	<u>57</u>
Excess of revenue over (under) expenditures	6,912	19,048	12,136
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(6,912)	(6,912)	-
Total other financing uses	<u>(6,912)</u>	<u>(6,912)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	-	12,136	12,136
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	12,136	<u>\$ 12,136</u>
FUND BALANCE			
Beginning		<u>20,693</u>	
Ending		<u>\$ 32,829</u>	

CRAVEN COUNTY, NORTH CAROLINA
 TRI-COMMUNITY FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 176,629	\$ 189,947	\$ 13,318
Sales	50,600	47,130	(3,470)
Total revenues	<u>227,229</u>	<u>237,077</u>	<u>9,848</u>
EXPENDITURES			
Remittances to fire districts	256,102	254,164	1,938
Workers' compensation	5,500	5,445	55
Miscellaneous	1,088	1,082	6
Total expenditures	<u>262,690</u>	<u>260,691</u>	<u>1,999</u>
Excess of revenue over (under) expenditures	(35,461)	(23,614)	11,847
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	30,000	28,062	(1,938)
From Sandy Point	5,461	5,461	-
Total other financing sources	<u>35,461</u>	<u>33,523</u>	<u>(1,938)</u>
Excess of revenues and other financing sources over (under) expenditures	-	9,909	9,909
Appropriated fund balance	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>9,909</u>	<u>\$ 9,909</u>
FUND BALANCE			
Beginning		<u>17,160</u>	
Ending		<u>\$ 27,069</u>	

CRAVEN COUNTY, NORTH CAROLINA
 LITTLE SWIFT CREEK FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 78,323	\$ 84,501	\$ 6,178
Sales	22,705	21,162	(1,543)
Total revenues	<u>101,028</u>	<u>105,663</u>	<u>4,635</u>
EXPENDITURES			
Remittances to fire districts	126,188	122,647	3,541
Workers' compensation	3,000	2,819	181
Miscellaneous	1,088	1,086	2
Total expenditures	<u>130,276</u>	<u>126,552</u>	<u>3,724</u>
Excess of revenue over (under) expenditures	<u>(29,248)</u>	<u>(20,889)</u>	<u>8,359</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	14,336	10,795	(3,541)
From Township No. 1 Fire District Fund	6,912	6,912	-
Total other financing sources	<u>21,248</u>	<u>17,707</u>	<u>(3,541)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(8,000)</u>	<u>(3,182)</u>	<u>4,818</u>
Appropriated fund balance	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(3,182)</u>	<u>\$ (3,182)</u>
FUND BALANCE			
Beginning		<u>25,624</u>	
Ending		<u>\$ 22,442</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 3 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 116,307	\$ 132,349	\$ 16,042
Sales	34,479	32,131	(2,348)
Total revenues	<u>150,786</u>	<u>164,480</u>	<u>13,694</u>
EXPENDITURES			
Remittances to fire districts	153,836	153,836	-
Workers' compensation	4,295	4,099	196
Capital outlay	70,997	70,282	715
Miscellaneous	1,655	1,638	17
Total expenditures	<u>230,783</u>	<u>229,855</u>	<u>928</u>
Excess of revenue over (under) expenditures	(79,997)	(65,375)	14,622
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	70,997	70,282	(715)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>73,997</u>	<u>73,282</u>	<u>(715)</u>
Excess of revenues and other financing sources over (under) expenditures	(6,000)	7,907	13,907
Appropriated fund balance	<u>6,000</u>	-	<u>(6,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	7,907	<u>\$ 7,907</u>
FUND BALANCE			
Beginning		<u>21,312</u>	
Ending		<u>\$ 29,219</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NO. 5 TOWNSHIP FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 177,757	\$ 189,053	\$ 11,296
Sales	50,341	46,922	(3,419)
Total revenues	<u>228,098</u>	<u>235,975</u>	<u>7,877</u>
EXPENDITURES			
Remittances to fire districts	240,058	240,058	-
Workers' compensation	2,000	1,980	20
Capital outlay	8,463	8,463	-
Miscellaneous	1,088	1,084	4
Total expenditures	<u>251,609</u>	<u>251,585</u>	<u>24</u>
Excess of revenue over (under) expenditures	(23,511)	(15,610)	7,901
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	8,463	8,463	-
From Township No. 6	2,048	2,048	-
Total other financing sources	<u>10,511</u>	<u>10,511</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(13,000)	(5,099)	7,901
Appropriated fund balance	13,000	-	(13,000)
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(5,099)	<u>\$ (5,099)</u>
FUND BALANCE			
Beginning		<u>47,547</u>	
Ending		<u>\$ 42,448</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 6 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 192,354	\$ 208,658	\$ 16,304
Sales	49,714	46,326	(3,388)
Total revenues	<u>242,068</u>	<u>254,984</u>	<u>12,916</u>
EXPENDITURES			
Remittances to fire districts	237,032	237,032	-
Workers' compensation	2,200	2,200	-
Miscellaneous	1,088	1,084	4
Total expenditures	<u>240,320</u>	<u>240,316</u>	<u>4</u>
Excess of revenue over (under) expenditures	1,748	14,668	12,920
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,048)	(2,048)	-
Total other financing uses	<u>(2,048)</u>	<u>(2,048)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(300)	12,620	12,920
Appropriated fund balance	<u>300</u>	<u>-</u>	<u>(300)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>12,620</u>	<u>\$ 12,620</u>
FUND BALANCE			
Beginning		<u>37,352</u>	
Ending		<u>\$ 49,972</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NO. 7 TOWNSHIP FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 234,410	\$ 247,448	\$ 13,038
Sales	66,008	61,448	(4,560)
Total revenues	<u>300,418</u>	<u>308,896</u>	<u>8,478</u>
EXPENDITURES			
Remittances to fire districts	318,730	318,730	-
Workers' compensation	3,600	3,355	245
Miscellaneous	1,088	1,085	3
Total expenditures	<u>323,418</u>	<u>323,170</u>	<u>248</u>
Excess of revenue over (under) expenditures	(23,000)	(14,274)	8,726
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>23,000</u>	-	<u>(23,000)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(14,274)	<u>\$ (14,274)</u>
FUND BALANCE			
Beginning		<u>74,327</u>	
Ending		<u>\$ 60,053</u>	

**CRAVEN COUNTY, NORTH CAROLINA
WEST NEW BERN FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 262,221	\$ 272,033	\$ 9,812
Sales	77,241	71,979	(5,262)
Total revenues	<u>339,462</u>	<u>344,012</u>	<u>4,550</u>
EXPENDITURES			
Remittances to fire districts	334,274	334,274	-
Capital outlay	-	-	-
Workers' compensation	4,100	4,070	30
Miscellaneous	1,088	1,083	5
Total expenditures	<u>339,462</u>	<u>339,427</u>	<u>35</u>
Excess of revenue over (under) expenditures	-	4,585	4,585
OTHER FINANCING SOURCES			
Appropriated fund balance	-	-	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	4,585	<u>\$ 4,585</u>
FUND BALANCE			
Beginning		<u>35,622</u>	
Ending		<u>\$ 40,207</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NO. 9 TOWNSHIP FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 119,898	\$ 131,373	\$ 11,475
Sales	35,229	32,821	(2,408)
Total revenues	<u>155,127</u>	<u>164,194</u>	<u>9,067</u>
EXPENDITURES			
Remittances to fire districts	154,039	154,039	-
Workers' compensation	3,000	2,860	140
Capital outlay	4,655	4,655	-
Miscellaneous	1,088	866	222
Total expenditures	<u>162,782</u>	<u>162,420</u>	<u>362</u>
Excess of revenue over (under) expenditures	(7,655)	1,774	9,429
OTHER FINANCING USES			
Transfers in:			
From General Fund	4,655	4,655	-
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>1,655</u>	<u>1,655</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(6,000)	3,429	9,429
Appropriated fund balance	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>3,429</u>	<u>\$ 3,429</u>
FUND BALANCE			
Beginning		<u>26,708</u>	
Ending		<u>\$ 30,137</u>	

CRAVEN COUNTY, NORTH CAROLINA
 SANDY POINT SERVICE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 4,144	\$ 6,121	\$ 1,977
Sales	1,317	1,220	(97)
Total revenues	<u>5,461</u>	<u>7,341</u>	<u>1,880</u>
OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	(5,461)	(5,461)	-
Total other financing uses	<u>(5,461)</u>	<u>(5,461)</u>	<u>-</u>
Excess of revenues over (under) other financing uses	<u>\$ -</u>	1,880	<u>\$ 1,880</u>
FUND BALANCE			
Beginning		<u>486</u>	
Ending		<u>\$ 2,366</u>	

CRAVEN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 407,436	\$ 386,758	\$ (20,678)
Interest	5,000	4,794	(206)
Total revenues	<u>412,436</u>	<u>391,552</u>	<u>(20,884)</u>
EXPENDITURES			
Public safety	412,436	149,544	262,892
Total expenditures	<u>412,436</u>	<u>149,544</u>	<u>262,892</u>
Excess of revenue over (under) expenditures	-	242,008	242,008
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	-	-	-
To General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	242,008	<u>\$ 242,008</u>
FUND BALANCE			
Beginning		<u>794,788</u>	
Ending		<u>\$ 1,036,796</u>	

**CRAVEN COUNTY, NORTH CAROLINA
OCCUPANCY TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 888,444	\$ 857,817	\$ (30,627)
Interest	40	346	306
Total revenues	<u>888,484</u>	<u>858,163</u>	<u>(30,321)</u>
 EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	40	32	(8)
Total expenditures	<u>97,040</u>	<u>97,032</u>	<u>8</u>
Excess of revenue over expenditures	<u>791,444</u>	<u>761,131</u>	<u>(30,313)</u>
 OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(791,444)</u>	<u>(761,131)</u>	<u>(30,313)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 FUND BALANCE			
Beginning		<u>-</u>	
Ending		<u>\$ -</u>	

CRAVEN COUNTY, NORTH CAROLINA
 CDBG FY 09 SCATTERED SITES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 500,000	\$ 184,344	\$ 314,578	\$ 498,922
Total revenue	500,000	184,344	314,578	498,922
EXPENDITURES				
Economic and physical development:				
Expenditures	500,000	184,344	314,578	498,922
Total expenditures	500,000	184,344	314,578	498,922
Excess of revenues over (under) expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE				
Beginning			-	
Ending			\$ -	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY08 JAMES CITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 850,000	\$ -	\$ 451,588	\$ 451,588
Total revenue	<u>850,000</u>	<u>-</u>	<u>451,588</u>	<u>451,588</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	940,000	-	541,588	541,588
Total expenditures	<u>940,000</u>	<u>-</u>	<u>541,588</u>	<u>541,588</u>
Excess of revenues over (under) expenditures	(90,000)	-	(90,000)	(90,000)
OTHER FINANCING USES				
Transfers in:				
From General Fund	90,000	-	90,000	90,000
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ -</u>	

DEBT SERVICE FUND

The debt service fund is being used to account for the accumulation of resources and payment of general obligation school bond and installment loans principal and interest from intergovernmental and local resources. The fund is accounted for on the modified accrual basis of accounting.

Craven County



**CRAVEN COUNTY, NORTH CAROLINA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,300,000	\$ 2,136,870	\$ 836,870
Interest	50,000	6,065	(43,935)
Total revenues	<u>1,350,000</u>	<u>2,142,935</u>	<u>792,935</u>
EXPENDITURES			
Principal	3,977,650	3,977,650	-
Interest and fiscal charges	2,110,497	2,109,237	1,260
Total expenditures	<u>6,088,147</u>	<u>6,086,887</u>	<u>1,260</u>
Excess of revenue over (under) expenditures	<u>(4,738,147)</u>	<u>(3,943,952)</u>	<u>794,195</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	3,002,175	2,961,252	(40,923)
From Schools Special Project Fund	-	-	-
Total other financing sources	<u>3,002,175</u>	<u>2,961,252</u>	<u>(40,923)</u>
Excess of revenues over expenditures and other financing sources	<u>(1,735,972)</u>	<u>(982,700)</u>	<u>753,272</u>
Appropriated fund balance	<u>1,735,972</u>	<u>-</u>	<u>(1,735,972)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(982,700)</u>	<u>\$ (982,700)</u>
FUND BALANCE			
Beginning		<u>2,773,462</u>	
Ending		<u>\$ 1,790,762</u>	

Craven County



CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those furnished by Enterprise Funds.

The following comprise the County's Capital Project Funds:

Major Fund:

- **County Reserve Fund** – The County Reserve Capital Project Fund is a capital reserve fund for future acquisitions or construction of buildings and equipment.

Non-major Funds:

- **Judicial Center Project Fund** – The Law Enforcement Center Project Fund accounts for construction of a new law enforcement facility in Craven County.
- **St. Luke's Building Renovation Fund** – The St. Luke's Building Renovation is for the renovation of the building to house the Child Support Enforcement and Probation agencies.
- **Latham-Whitehurst Nature Park Project Fund** – The Latham-Whitehurst Nature Park Project Fund will account for improvements to a nature park, funded by a state grant.
- **Qualified School Construction Bond Fund** – The Qualified School Construction Bond Fund is for improvements at eight schools within the County including roof replacements, HVAC improvements, bathroom renovations, and door and window replacements with any interest costs being reimbursed by federal grants.

All Capital Project Funds are accounted for on the modified accrual basis of accounting.

CRAVEN COUNTY, NORTH CAROLINA
 COUNTY RESERVE CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ 533,858	\$ 909,039	\$ 36,673	\$ 945,712
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	16,983,891	17,260,371	1,312,331	18,572,702
To Judicial Center Capital Project Fund	(7,500,000)	(2,500,000)	-	(2,500,000)
To General Fund	(6,516,211)	(4,777,876)	(137,040)	(4,914,916)
Between closed projects	(7,301,761)	(6,716,885)	3,070,235	(3,646,650)
Total other financing sources (uses)	(4,334,081)	3,265,610	4,245,526	7,511,136
Excess of revenues over (under) other financing sources (uses)	(3,800,223)	4,174,649	4,282,199	8,456,848
Appropriated fund balance	3,800,223	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 4,174,649	4,282,199	\$ 8,456,848
FUND BALANCE				
Beginning			4,174,649	
Ending			\$ 8,456,848	

CRAVEN COUNTY, NORTH CAROLINA
 JUDICIAL CENTER PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 1,995,430	\$ 1,978,402	\$ 17,029	\$ 1,995,431
Miscellaneous	440,649	440,649	-	440,649
Total revenues	<u>2,436,079</u>	<u>2,419,051</u>	<u>17,029</u>	<u>2,436,080</u>
EXPENDITURES				
Capital outlay:				
Project construction	32,561,464	32,399,064	162,400	32,561,464
Total expenditures	<u>32,561,464</u>	<u>32,399,064</u>	<u>162,400</u>	<u>32,561,464</u>
Excess of expenditures over revenues	<u>(30,125,385)</u>	<u>(29,980,013)</u>	<u>(145,371)</u>	<u>(30,125,384)</u>
OTHER FINANCING SOURCES				
Debt issued	30,695,620	30,695,619	-	30,695,619
Transfers in (out):				
From County Reserve Fund	2,500,000	2,500,000	-	2,500,000
To County Reserve Fund	(3,070,235)	-	(3,070,235)	(3,070,235)
Total other financing sources	<u>30,125,385</u>	<u>33,195,619</u>	<u>(3,070,235)</u>	<u>30,125,384</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,215,606</u>	<u>(3,215,606)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			3,215,606	
Ending			<u>\$ -</u>	

CRAVEN COUNTY, NORTH CAROLINA
 ST. LUKE'S BUILDING RENOVATION PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 350,000	\$ 137,783	\$ 211,559	\$ 349,342
Total expenditures	<u>350,000</u>	<u>137,783</u>	<u>211,559</u>	<u>349,342</u>
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	300,000	300,000	-	300,000
From County Reserve Capital Project Fund	50,000	-	50,000	50,000
Total other financing sources	<u>350,000</u>	<u>300,000</u>	<u>50,000</u>	<u>350,000</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 162,217</u>	<u>(161,559)</u>	<u>\$ 658</u>
FUND BALANCE				
Beginning			<u>162,217</u>	
Ending			<u>\$ 658</u>	

CRAVEN COUNTY, NORTH CAROLINA
 LATHAM-WHITEHURST NATURE PARK PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 500,000	\$ 56,875	\$ 395,394	\$ 452,269
Total revenues	500,000	56,875	395,394	452,269
EXPENDITURES				
Capital outlay:				
Engineering fees	71,000	56,875	7,690	64,565
Project construction	429,000	-	387,704	387,704
Total expenditures	500,000	56,875	395,394	452,269
Excess of revenues under expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE				
Beginning			-	
Ending			\$ -	

CRAVEN COUNTY, NORTH CAROLINA
 QUALIFIED SCHOOL CONSTRUCTION BOND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ -	\$ -	\$ 1,879	\$ 1,879
Total revenues	-	-	1,879	1,879
EXPENDITURES				
Capital outlay:				
Project construction	2,163,000	-	87,409	87,409
Total expenditures	2,163,000	-	87,409	87,409
OTHER FINANCING SOURCES				
Debt issued	2,163,000	-	2,163,000	2,163,000
Total other financing sources	2,163,000	-	2,163,000	2,163,000
Excess of revenues under expenditures	\$ -	\$ -	2,077,470	\$ 2,077,470
FUND BALANCE				
Beginning			-	
Ending			\$ 2,077,470	

ENTERPRISE FUNDS

Enterprise Funds account for operations that are either financed and operated in a manner similar to private business or where the County has decided that periodic determination of net income is appropriate for capital maintenance, management control accountability, public policy or other purposes.

The following comprise the County's Enterprise Funds:

Water and Sewer Funds – The Water and Sewer Funds are used to account for the operation of water services provided throughout Craven County.

- Craven County Water Fund (Major Fund)

The following Water and Sewer Districts comprise the County's Blended Component Units:

- Township 6 Water and Sewer District
- Neuse River Water and Sewer District
- Pembroke Water and Sewer District

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

June 30, 2011

	Township 6 Water and Sewer District	Neuse River Water and Sewer District	Pembroke Water and Sewer District	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Capital lease receivable-current	\$ 5,477	\$ -	\$ -	\$ 5,477
Due from other government-current	-	20,000	30,000	50,000
Total current assets	<u>5,477</u>	<u>20,000</u>	<u>30,000</u>	<u>55,477</u>
Noncurrent Assets:				
Capital lease receivable-noncurrent	21,300	-	-	21,300
Due from other government-noncurrent	-	65,000	30,000	95,000
Total noncurrent assets	<u>21,300</u>	<u>65,000</u>	<u>30,000</u>	<u>116,300</u>
Total assets	<u>26,777</u>	<u>85,000</u>	<u>60,000</u>	<u>171,777</u>
LIABILITIES				
Current liabilities:				
Accrued interest payable	152	-	-	152
Installment notes payable-current	5,325	-	-	5,325
General obligation bonds payable-current	-	20,000	30,000	50,000
Total current liabilities	<u>5,477</u>	<u>20,000</u>	<u>30,000</u>	<u>55,477</u>
Noncurrent liabilities:				
Installment notes payable	21,300	-	-	21,300
General obligation bonds payable	-	65,000	30,000	95,000
Total noncurrent liabilities	<u>21,300</u>	<u>65,000</u>	<u>30,000</u>	<u>116,300</u>
Total liabilities	<u>26,777</u>	<u>85,000</u>	<u>60,000</u>	<u>171,777</u>
NET ASSETS				
Unrestricted	-	-	-	-
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2011

	Township 6 Water and Sewer District	Total Nonmajor Enterprise Funds
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 1,065	\$ 1,065
Interest expense	(1,065)	(1,065)
Total net nonoperating revenues (expenses)	-	-
Change in net assets	-	-
Total net assets - beginning	-	-
Total net assets - ending	\$ -	\$ -

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2011**

	Township 6 Water and Sewer District	Total Nonmajor Enterprise Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of installment notes and bonds	\$ (5,325)	\$ (5,325)
Proceeds from investment in direct financing lease	5,325	5,325
Net cash provided by (used in) capital and related financing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS		
Beginning	-	-
Ending	\$ -	\$ -

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF NET ASSETS-
CRAVEN COUNTY WATER FUND
For the Fiscal Year Ended June 30, 2011**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,403,114	\$ 274,173	\$ 10,677,287
Short-term investments	2,001,160	-	2,001,160
Accounts receivable, net of allowance for doubtful accounts	979,451	-	979,451
Total current assets	<u>13,383,725</u>	<u>274,173</u>	<u>13,657,898</u>
Noncurrent assets:			
Capital assets:			
Land	210,428	-	210,428
Improvements other than buildings	29,708,172	-	29,708,172
Buildings	563,318	-	563,318
Machinery and equipment	408,698	-	408,698
Construction in progress	-	349,120	349,120
Accumulated depreciation	(12,289,245)	-	(12,289,245)
Total capital assets, net of accumulated depreciation	<u>18,601,371</u>	<u>349,120</u>	<u>18,950,491</u>
Total noncurrent assets	<u>18,601,371</u>	<u>349,120</u>	<u>18,950,491</u>
Total assets	<u>31,985,096</u>	<u>623,293</u>	<u>32,608,389</u>
LIABILITIES			
Current liabilities:			
Accounts payable	63,602	-	63,602
Accrued salaries and benefits	15,665	-	15,665
Customer deposits payable	314,435	-	314,435
Compensated absences liability - current	20,334	-	20,334
Obligations under capital lease - current	90,573	-	90,573
Total current liabilities	<u>504,609</u>	<u>-</u>	<u>504,609</u>
Noncurrent liabilities			
Compensated absences liability	19,793	-	19,793
Other postemployment benefit liability	25,486	-	25,486
Obligations under capital lease	1,062,785	-	1,062,785
Total noncurrent liabilities	<u>1,108,064</u>	<u>-</u>	<u>1,108,064</u>
Total liabilities	<u>1,612,673</u>	<u>-</u>	<u>1,612,673</u>
NET ASSETS			
Capital assets, net of related debt	17,448,013	349,120	17,797,133
Unrestricted	12,924,410	274,173	13,198,583
Total net assets	<u>\$ 30,372,423</u>	<u>\$ 623,293</u>	<u>\$ 30,995,716</u>

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND

DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2011

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,652,217	\$ -	\$ 3,652,217
Miscellaneous	113,327	771	114,098
Total operating revenues	3,765,544	771	3,766,315
OPERATING EXPENSES			
Cost of services	1,582,753	-	1,582,753
Depreciation	917,281	-	917,281
Total operating expenses	2,500,034	-	2,500,034
Operating income	1,265,510	771	1,266,281
NONOPERATING REVENUES (EXPENSES)			
Interest income	72,310	-	72,310
Interest expense	(33,550)	-	(33,550)
Total nonoperating revenues (expenses)	38,760	-	38,760
Income before transfers	1,304,270	771	1,305,041
TRANSFERS IN (OUT):			
From General Fund	16,800	-	16,800
To General Fund	(123,000)	-	(123,000)
Total transfers in (out)	(106,200)	-	(106,200)
Change in net assets	1,198,070	771	1,198,841
Total net assets, beginning	29,174,353	622,522	29,796,875
Total net assets, ending	\$ 30,372,423	\$ 623,293	\$ 30,995,716

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2011

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,200,000	\$ 3,456,339	\$ 256,339
Tap and permit fees	235,800	195,878	(39,922)
Miscellaneous	88,500	113,327	24,827
Total operating revenues	<u>3,524,300</u>	<u>3,765,544</u>	<u>241,244</u>
OPERATING EXPENDITURES			
Personnel services:			
Salaries	524,533	520,555	3,978
Employee benefits	157,414	157,414	-
Retirement	30,823	30,823	-
Professional services:			
Audit and accounting fees	1,200	770	430
Legal fees	9,755	9,755	-
Engineering fees	15,000	13,733	1,267
Contractual services	45,420	38,259	7,161
Operating supplies	28,700	21,421	7,279
Utilities	285,000	267,077	17,923
Maintenance and repairs:			
Systems	165,807	165,807	-
Building and grounds	64,000	41,811	22,189
Vehicle expense	80,506	76,434	4,072
Equipment	11,700	832	10,868
Insurance	18,000	14,938	3,062
Tap outlays	70,000	30,635	39,365
Telephone and postage	27,000	17,285	9,715
Lockbox	92,674	92,674	-
Chemical and lab work	80,000	57,069	22,931
Capital outlay	1,678,775	157,843	1,520,932
Bad Debt Expenses	4,627	4,627	-
Miscellaneous	25,306	19,124	6,182
Total operating expenditures	<u>3,416,240</u>	<u>1,738,886</u>	<u>1,677,354</u>
Excess of operating revenues over operating expenditures	<u>108,060</u>	<u>2,026,658</u>	<u>1,918,598</u>
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	150,000	72,310	(77,690)
Interest paid	(39,601)	(33,550)	6,051
Principal payments	(112,637)	(112,637)	-
Total nonoperating revenues (expenditures)	<u>(2,238)</u>	<u>(73,877)</u>	<u>(71,639)</u>
Excess of revenues over expenditures	<u>105,822</u>	<u>1,952,781</u>	<u>1,846,959</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

**For the Fiscal Year Ended June 30, 2011
(Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 16,800	\$ 16,800	\$ -
Between Water Funds	3,355	-	(3,355)
To General Fund	(123,000)	(123,000)	-
Total other financing sources (uses)	<u>(102,845)</u>	<u>(106,200)</u>	<u>(3,355)</u>
 Excess of revenues over (under) expenditures and other financing sources (uses)	 \$ 2,977	 \$ 1,846,581	 \$ 1,843,604

**Reconciliation of modified accrual basis with full
accrual basis:**

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 1,846,581
Capital outlay	156,133
Payment on obligation under capital lease payable	112,637
Depreciation	<u>(917,281)</u>
 Net income, full accrual basis	 <u>\$ 1,198,070</u>

**CRAVEN COUNTY, NORTH CAROLINA
CASTLE HAYNE AQUIFER CAPITAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest revenue	\$ 330	\$ 612	\$ 771	\$ 1,383
EXPENDITURES				
Capital outlay				
General construction	340,340	101,640	2,000	103,640
Chemical and lab work	7,380	4,800	-	4,800
Contractual services	31,600	31,600	46,500	78,100
Engineering	242,920	46,485	116,095	162,580
Total expenditures	<u>622,240</u>	<u>184,525</u>	<u>164,595</u>	<u>349,120</u>
Excess of revenues under expenditures	(621,910)	(183,913)	(163,824)	(347,737)
OTHER FINANCING SOURCES				
Transfers in:				
From Craven County Water Operating Fund	<u>621,910</u>	<u>621,910</u>	<u>-</u>	<u>621,910</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 437,997</u>	<u>\$ (163,824)</u>	<u>\$ 274,173</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (163,824)	
Capital outlay			<u>164,595</u>	
Net income, full accrual basis			<u>\$ 771</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 BLENDED COMPONENT UNIT, TOWNSHIP 6 WATER AND SEWER DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUE (EXPENDITURES)			
Interest income	\$ 1,096	\$ 1,065	\$ 31
Interest paid	(1,096)	(1,065)	(31)
Principal payment	(5,325)	(5,325)	-
Total nonoperating revenue (expenditures)	<u>(5,325)</u>	<u>(5,325)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Direct financing lease proceeds	<u>5,325</u>	<u>5,325</u>	<u>-</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of modified accrual basis with full accrual basis:			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above		\$ -	
Payment of bond principal		5,325	
Reduction of investment in direct financing lease receivable		<u>(5,325)</u>	
Net income, full accrual basis		<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 BLENDED COMPONENT UNIT, NORTHWEST CRAVEN WATER AND SEWER DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 38,505	\$ 32,485	\$ (6,020)
Interest paid	(38,505)	(32,485)	6,020
Principal payment	(107,312)	(107,312)	-
Total nonoperating revenues (expenditures)	<u>(107,312)</u>	<u>(107,312)</u>	-
OTHER FINANCING SOURCES			
Direct financing lease proceeds	107,312	107,312	-
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of modified accrual basis with full accrual basis:			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above		\$ -	
Payment of bond principal		107,312	
Reduction of investment in direct financing lease receivable		<u>(107,312)</u>	
Net income, full accrual basis		<u>\$ -</u>	

INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

Internal Service Fund – This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

Craven County



**CRAVEN COUNTY, NORTH CAROLINA
INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 4,458,000	\$ 4,466,859	\$ 8,859
Miscellaneous	-	19,488	19,488
Total revenues	<u>4,458,000</u>	<u>4,486,347</u>	<u>28,347</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>4,508,000</u>	<u>4,070,537</u>	<u>437,463</u>
Excess of operating revenues over (under) operating expenditures	(50,000)	415,810	465,810
NONOPERATING REVENUES			
Interest income	<u>50,000</u>	<u>20,371</u>	<u>(29,629)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 436,181</u>	<u>\$ 436,181</u>

Craven County



AGENCY FUNDS

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

The following comprise the County's Agency Funds:

Social Services Trust Fund – The Social Services Trust Fund is for funds received by the County by court order on behalf of citizens who are unable to expend for themselves.

Juvenile Restitution Fund – The Juvenile Restitution Fund is for the receipt of State monies expended for services to juveniles.

Department of Motor Vehicle Interest Fund – The Motor Vehicle Tax Fund accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles and accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Municipal Property Tax Fund – The Municipal Property Tax Fund accounts for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Agency funds are accounted for on a cash receipts and disbursements basis.

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2011

	Social Services Trust Fund	Juvenile Restitution Fund	Totals
ASSETS			
Cash	\$ 75,388	\$ -	\$ 75,388
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 75,388	\$ -	\$ 75,388

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Social Services Trust Fund:				
Assets, cash and investments	\$ 87,259	\$ -	\$ 11,871	\$ 75,388
Liabilities, accounts payable and accrued liabilities	\$ 87,259	\$ -	\$ 11,871	\$ 75,388
Juvenile Restitution Fund:				
Assets, cash and investments	\$ 4	\$ -	\$ 4	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ -	\$ 4	\$ -
Department of Motor Vehicle Interest Fund:				
Assets, cash and investments	\$ -	\$ 64,199	\$ 64,199	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 64,199	\$ 64,199	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 6,945,079	\$ 6,945,079	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 6,945,079	\$ 6,945,079	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 87,263	\$ 7,009,278	\$ 7,021,153	\$ 75,388
Liabilities, accounts payable and accrued liabilities	\$ 87,259	\$ 7,009,278	\$ 7,021,153	\$ 75,388

Craven County



**SUPPLEMENTARY INFORMATION –
DISCRETELY PRESENTED COMPONENT UNITS
WITHOUT SEPARATELY ISSUED FINANCIAL STATEMENTS**

The following is a discretely presented component unit, which is presented as if it were a special revenue fund:

- **Tourism Development Authority** – The Tourism Development Authority is used to account for occupancy tax revenues and related tourism expenditures.

The following is a discretely presented component unit, which is presented as if it were a proprietary fund.

- **Craven County Regional Airport Authority** – The Regional Airport Authority is used to account for the operations and capital project activity of the Regional Airport Authority.

**CRAVEN COUNTY, NORTH CAROLINA
TOURISM DEVELOPMENT AUTHORITY FUND
(A Component Unit)**

**DETAILED BALANCE SHEET
June 30, 2011**

	<u>2011</u>
ASSETS	
Cash and cash equivalents	\$ <u>191,239</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ <u>1,268</u>
Total liabilities	<u>1,268</u>
Net assets:	
Unrestricted	<u>189,971</u>
Total net assets	<u>189,971</u>
Total liabilities and net assets	\$ <u>191,239</u>

**CRAVEN COUNTY, NORTH CAROLINA
 TOURISM DEVELOPMENT AUTHORITY FUND
 (A Component Unit)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 433,000	\$ 464,875	\$ 31,875
Interest	4,000	855	(3,145)
Miscellaneous	20,359	22,045	1,686
Total revenues	<u>457,359</u>	<u>487,775</u>	<u>30,416</u>
EXPENDITURES			
Economic development	<u>457,359</u>	<u>427,221</u>	<u>30,138</u>
Change in net assets	-	60,554	60,554
NET ASSETS			
Beginning	<u>160,000</u>	<u>129,417</u>	<u>(30,583)</u>
Ending	<u>\$ 160,000</u>	<u>\$ 189,971</u>	<u>\$ 29,971</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over (under) expenditures, modified accrual basis, above		<u>\$ 60,554</u>	
Net income, full accrual basis		<u>\$ 60,554</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY
(A Component Unit)**

**COMBINING BALANCE SHEET
June 30, 2011**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Reserve Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 939,893	\$ 2,218	\$ 21,915	\$ 9,500	\$ 45,170	\$ 946,857	\$ 1,965,553
Accounts receivable	408,619	-	-	-	-	-	408,619
	<u>1,348,512</u>	<u>2,218</u>	<u>21,915</u>	<u>9,500</u>	<u>45,170</u>	<u>946,857</u>	<u>2,374,172</u>
Capital assets:							
Land	9,529,535	-	-	-	-	-	9,529,535
Buildings	9,360,713	-	-	-	-	-	9,360,713
Improvements other than buildings	14,487,684	-	-	-	-	-	14,487,684
Machinery and equipment	1,689,285	-	-	-	-	-	1,689,285
Construction in progress	-	150,357	1,126,496	-	29,258	-	1,306,111
Accumulated depreciation	(12,868,048)	-	-	-	-	-	(12,868,048)
Capital assets, net of accumulated depreciation	<u>22,199,169</u>	<u>150,357</u>	<u>1,126,496</u>	<u>-</u>	<u>29,258</u>	<u>-</u>	<u>23,505,280</u>
Total assets	<u>\$ 23,547,681</u>	<u>\$ 152,575</u>	<u>\$ 1,148,411</u>	<u>\$ 9,500</u>	<u>\$ 74,428</u>	<u>\$ 946,857</u>	<u>\$ 25,879,452</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	\$ 28,383	\$ -	\$ -	\$ -	\$ 11,981	\$ -	\$ 40,364
Accrued salaries and benefits	50,510	-	-	-	-	-	50,510
Accrued interest payable	12,600	-	-	-	-	-	12,600
Other postemployment benefit obligation	17,496	-	-	-	-	-	17,496
Installment note payable, net of deferred charges	1,129,938	-	-	-	-	-	1,129,938
Bonds payable	480,000	-	-	-	-	-	480,000
Total liabilities	<u>1,718,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,981</u>	<u>-</u>	<u>1,730,908</u>
Net assets:							
Invested in capital assets, net of related debt	20,589,231	150,357	1,126,496	-	-	-	21,866,084
Unrestricted	1,239,523	2,218	21,915	9,500	62,447	946,857	2,282,460
Total net assets	<u>21,828,754</u>	<u>152,575</u>	<u>1,148,411</u>	<u>9,500</u>	<u>62,447</u>	<u>946,857</u>	<u>24,148,544</u>
Total liabilities and net assets	<u>\$ 23,547,681</u>	<u>\$ 152,575</u>	<u>\$ 1,148,411</u>	<u>\$ 9,500</u>	<u>\$ 74,428</u>	<u>\$ 946,857</u>	<u>\$ 25,879,452</u>

CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY
 (A Component Unit)

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For the Fiscal Year Ended June 30, 2011

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 31 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES								
Charges for services	\$ 2,212,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,212,212
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	2,212,212	-	-	-	-	-	-	2,212,212
OPERATING EXPENSES								
Cost of sales and services	1,556,012	-	-	-	-	-	-	1,556,012
Depreciation and amortization	924,736	-	-	-	-	-	-	924,736
Total operating expenses	2,480,748	-	-	-	-	-	-	2,480,748
Operating loss	(268,536)	-	-	-	-	-	-	(268,536)
NONOPERATING REVENUES (EXPENSES)								
Interest income	5,619	-	-	-	-	-	5,629	11,248
Interest expense	(79,282)	-	-	-	-	-	-	(79,282)
Loss on disposition of assets	(157,636)	-	-	-	-	-	-	(157,636)
Intergovernmental revenue	436,005	10,539	1,403	1,195,541	-	-	-	1,643,488
Total nonoperating revenues (expenses)	204,706	10,539	1,403	1,195,541	-	-	5,629	1,417,818
Income (loss) before transfers	(63,830)	10,539	1,403	1,195,541	-	-	5,629	1,149,282
Transfers in (out)								
Between Airport Funds	331,824	-	(287,318)	(116,453)	9,500	62,447	-	-
Total transfers in (out)	331,824	-	(287,318)	(116,453)	9,500	62,447	-	-
Change in net assets	267,994	10,539	(285,915)	1,079,088	9,500	62,447	5,629	1,149,282
Net assets-beginning	21,560,760	142,036	285,915	69,323	-	-	941,228	22,999,262
Net assets-ending	\$ 21,828,754	\$ 152,575	\$ -	\$ 1,148,411	\$ 9,500	\$ 62,447	\$ 946,857	\$ 24,148,544

**Craven County, North Carolina
Craven County Regional Airport Authority
(A Component Unit)**

**Combining Schedule of Cash Flows
for the Fiscal Year Ended June 30, 2011**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 31 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 1,998,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,998,068
Payments to suppliers	(753,560)	-	-	-	-	-	-	(753,560)
Payments to employees	(766,490)	-	-	-	-	-	-	(766,490)
Net cash provided by operating activities	478,018	-	-	-	-	-	-	478,018
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition & construction of capital assets	(251,609)	(9,001)	-	(1,058,745)	-	(17,277)	-	(1,336,632)
Repayment of installment notes	(608,911)	-	-	-	-	-	-	(608,911)
Repayment of bonds	(160,000)	-	-	-	-	-	-	(160,000)
Receipts from capital grants	436,005	10,539	1,403	1,195,541	-	-	-	1,643,488
Interest paid	(84,261)	-	-	-	-	-	-	(84,261)
Net cash provided by (used in) capital and related financing activities	(668,776)	1,538	1,403	136,796	-	(17,277)	-	(546,316)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	118,173	-	-	-	9,500	62,447	-	190,120
Transfers out	(71,947)	-	(1,720)	(116,453)	-	-	-	(190,120)
Net cash provided by (used in) noncapital financing activities	46,226	-	(1,720)	(116,453)	9,500	62,447	-	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on cash and investments	5,619	-	-	-	-	-	5,629	11,248
Net cash provided by investing activities	5,619	-	-	-	-	-	5,629	11,248
Net increase (decrease) in cash and cash equivalents	(138,913)	1,538	(317)	20,343	9,500	45,170	5,629	(57,050)
CASH AND CASH EQUIVALENTS								
Beginning	1,078,806	680	317	1,572	-	-	941,228	2,022,603
Ending	\$ 939,893	\$ 2,218	\$ -	\$ 21,915	\$ 9,500	\$ 45,170	\$ 946,857	\$ 1,963,553
Reconciliation of operating loss to net cash provided by (used) in operating activities:								
Operating income (loss)	\$ (268,536)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (268,536)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:								
Depreciation and amortization	924,736	-	-	-	-	-	-	924,736
Previously unrecognized	-	-	-	-	-	-	-	-
Change in assets and liabilities:								
Accounts receivable	(214,144)	-	-	-	-	-	-	(214,144)
Accounts payable and accrued expenses	35,962	-	-	-	-	-	-	35,962
Net cash provided by operating activities	\$ 478,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,018

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2011**

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,343,602	\$ 2,212,212	\$ (131,390)
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	632,732	649,251	(16,519)
Employee benefits	126,362	121,042	5,320
Retirement	41,555	36,290	5,265
Professional Services:			
Audit and accounting fees	1,500	824	676
Legal fees	34,277	33,610	667
Contractual services	80,053	79,399	654
Operating supplies	51,746	50,920	826
Utilities	200,000	197,009	2,991
Maintenance and repairs:			
Building and grounds	119,058	116,976	2,082
Vehicle expense	28,539	27,996	543
Insurance	73,900	73,693	207
Telephone and postage	9,500	7,983	1,517
Capital outlay	289,023	287,639	1,384
Board Member fees	14,400	13,711	689
Miscellaneous	23,000	22,005	995
Travel/Training	8,500	8,467	33
Advertising	71,800	70,703	1,097
Dues and subscriptions	10,514	10,103	411
Total operating expenditures	1,816,459	1,807,621	8,838
Excess of operating revenues over (under) operating expenditures	527,143	404,591	(140,228)
NONOPERATING REVENUES (EXPENSES)			
Interest income	7,500	5,619	(1,881)
Interest expense	(84,361)	(79,282)	5,079
Principal payments	(768,912)	(768,911)	1
Capital Contributions - intergovernmental grants	438,380	436,005	(2,375)
Total nonoperating revenues (expenses)	(407,393)	(406,569)	824
Excess of revenues over (under) expenditures	119,750	(1,978)	(121,728)

Continued

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2011

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 321,331	\$ 403,771	\$ 82,440
To airport project funds	(441,081)	(71,947)	369,134
Total other financing sources (uses)	<u>(119,750)</u>	<u>331,824</u>	<u>82,440</u>
Excess revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 329,846</u>	<u>\$ (39,288)</u>
Reconciliation of modified accrual basis with full accrual basis:			
Excess revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above		\$ 329,846	
Loss on disposition of assets		(157,636)	
Capital outlay		251,609	
Depreciation		(917,557)	
Amortization		(7,179)	
Principal payments		<u>768,911</u>	
Net income, full accrual basis		<u>\$ 267,994</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 30 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 739,503	\$ 716,539	\$ 10,539	\$ 727,078
Total revenues	<u>739,503</u>	<u>716,539</u>	<u>10,539</u>	<u>727,078</u>
EXPENDITURES				
Capital outlay:				
Administrative	2,924	2,924	-	2,924
Capital outlay	34,484	15,298	9,001	24,299
Other	127,592	123,134	-	123,134
Total expenditures	<u>165,000</u>	<u>141,356</u>	<u>9,001</u>	<u>150,357</u>
Excess of revenues under expenditures	<u>574,503</u>	<u>575,183</u>	<u>1,538</u>	<u>576,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	38,922	38,922	-	38,922
To Airport Operating Fund	(613,425)	(613,425)	-	(613,425)
Total other financing sources	<u>(574,503)</u>	<u>(574,503)</u>	<u>-</u>	<u>(574,503)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 1,538</u>	<u>\$ 2,218</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 1,538	
Capital outlay			<u>9,001</u>	
Net loss, full accrual basis			<u>\$ 10,539</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 31 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 815,107	\$ 813,704	\$ 1,403	\$ 815,107
Total revenues	<u>815,107</u>	<u>813,704</u>	<u>1,403</u>	<u>815,107</u>
EXPENDITURES				
Capital outlay:				
Administrative	7,273	7,273	-	7,273
Capital outlay	257,552	257,552	-	257,552
Engineering	16,482	16,482	-	16,482
Other	4,291	4,291	-	4,291
Total expenditures	<u>285,598</u>	<u>285,598</u>	<u>-</u>	<u>285,598</u>
Excess of revenues under expenditures	<u>529,509</u>	<u>528,106</u>	<u>1,403</u>	<u>529,509</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	44,620	44,620	-	44,620
To Airport Operating Fund	(574,129)	(572,409)	(287,318)	(574,129)
Total other financing sources	<u>(529,509)</u>	<u>(527,789)</u>	<u>(287,318)</u>	<u>(529,509)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ (285,915)</u>	<u>\$ -</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (285,915)	
Net loss, full accrual basis			<u>\$ (285,915)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 32 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,317,131	\$ -	\$ 1,195,541	\$ 1,195,541
Total revenues	<u>1,317,131</u>	<u>-</u>	<u>1,195,541</u>	<u>1,195,541</u>
EXPENDITURES				
Capital outlay:				
Administrative	\$ 560,034	\$ 2,726	\$ 529,318	\$ 532,044
Architect	56,631	26,420	24,012	50,432
Capital outlay	509,206	25,607	407,382	432,989
Other	144,129	12,998	98,033	111,031
Total expenditures	<u>1,270,000</u>	<u>67,751</u>	<u>1,058,745</u>	<u>1,126,496</u>
Excess of revenues over (under) expenditures	<u>47,131</u>	<u>(67,751)</u>	<u>136,796</u>	<u>69,045</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	69,323	69,323	-	69,323
To Airport Operating Fund	(116,454)	-	(116,453)	(116,453)
Total other financing sources (uses)	<u>(47,131)</u>	<u>69,323</u>	<u>(116,453)</u>	<u>(47,130)</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,572</u>	<u>\$ 20,343</u>	<u>\$ 21,915</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 20,343	
Capital outlay			<u>1,058,745</u>	
Net loss, full accrual basis			<u>\$ 1,079,088</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 33 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Actual		Total to Date
		Prior Years	Current Year	
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	\$ -	-	9,500	9,500
Total other financing sources (uses)	-	-	9,500	9,500
Excess of other financing sources over (under) expenditures	\$ -	\$ -	\$ 9,500	\$ 9,500
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 9,500	
Capital outlay			-	
Net loss, full accrual basis			\$ 9,500	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 34 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2011**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 2,275,250	\$ -	\$ -	\$ -
Total revenues	<u>2,275,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
Administrative	\$ 12,500	\$ -	\$ 5,642	\$ 5,642
Construction	2,302,500	-	-	-
Architect	80,000	-	23,616	23,616
Total expenditures	<u>2,395,000</u>	<u>-</u>	<u>29,258</u>	<u>29,258</u>
Excess of revenues over (under) expenditures	<u>(119,750)</u>	<u>-</u>	<u>(29,258)</u>	<u>(29,258)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	119,750	-	62,447	62,447
Total other financing sources (uses)	<u>119,750</u>	<u>-</u>	<u>62,447</u>	<u>62,447</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,189</u>	<u>\$ 33,189</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 33,189	
Capital outlay			<u>29,258</u>	
Net loss, full accrual basis			<u>\$ 62,447</u>	

CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 AIRPORT RESERVE FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2011

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 21,463	\$ 5,629	\$ 27,092
Total revenues	-	21,463	5,629	27,092
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	(271,437)	-	(271,437)
From Airport Operating Fund	-	1,191,201	-	1,191,201
Total other financing sources	-	919,764	-	919,764
Excess of revenues and other financing sources over (under) expenditures	-	941,227	5,629	946,856
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 941,227	\$ 5,629	\$ 946,856
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 5,629	
Net loss, full accrual basis			\$ 5,629	

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

Craven County



**CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 9,958,882	\$ 8,949,802
Buildings	68,185,040	37,340,861
Other Improvements	9,095,848	8,937,365
Equipment & Vehicles	10,168,348	10,707,886
Construction in Progress	801,613	31,873,167
	<u>\$ 98,209,732</u>	<u>\$ 97,809,081</u>
Total governmental funds capital assets		

Investment in governmental funds capital assets by source:

General Fund	\$ 44,373,680	\$ 43,973,029
Capital Projects	43,665,118	43,665,118
Prior to June, 1992*	10,170,934	10,170,934
	<u>\$ 98,209,732</u>	<u>\$ 97,809,081</u>
Total invest.in govermental funds capital assets		

*Assets acquired prior to 1992 were not classified by source

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
General Government:					
010 Commissioners	\$ -	\$ -	\$ -	\$ 10,726	\$ 10,726
020 Administration				-	-
030 Personnel				29,389	29,389
040 Information Technology			2,299,750	1,109,854	3,409,604
040: GIS				95,987	95,987
050 Finance				15,510	15,510
056 Non Department				185,356	185,356
060 Elections				447,102	447,102
080 Tax Assessor			89,304	11,455	100,759
080: Tax Assessor -Mapping				-	-
080: Tax Assessor -Appraisal				116,117	116,117
090 Tax Collections				-	-
090: Tax Assessor -GIS				-	-
100 Register of Deeds				32,875	32,875
120 Public Buildings	4,766,152	5,151,449	143,906	149,167	10,210,673
121: Housekeeping	126,790			28,541	155,331
130 Court Facilities		4,604,270	830,563	21,435	5,456,268
140 Maintenance		57,000	500	115,888	173,388
150 Central Maintenance				104,883	104,883
Total General Government	\$ 4,892,942	\$ 9,812,718	\$ 3,364,023	\$ 2,474,285	\$ 20,543,969
Public Safety:					
200 Sheriff			727,327	2,075,548	2,802,875
200: Jail	1,718,426	34,711,062		139,380	36,568,868
### Communications			14,000	326,841	340,841
230 Emergency Services				500,588	500,588
240 Inspections				81,737	81,737
250 E 911			2,800	7,844	10,644
260 Animal Control		401,288	2,997	76,615	480,900
Total Public Safety	\$ 1,718,426	\$ 35,112,350	\$ 747,124	\$ 3,208,553	\$ 40,786,452
Environmental Protection:					
310 Environmental Health				269,733	269,733
320 Solid Waste	15,640	14,845		396,966	427,451.34
410 Soil Conservation				27,710	27,710
420 Cooperative Extension		765,129	6,344	51,816	823,289
Total Environmental Protection	\$ 15,640	\$ 779,974	\$ 6,344	\$ 746,226	\$ 1,548,184
Economic and Physical Development:					
400 Planning				80,258	80,258
440 Economic Development	162,195		750,780	20,508	933,483
820 Convention Center	1,192,410	10,752,459	26,074	235,023	12,205,966
Total Economic and Physical Development	\$ 1,354,605	\$ 10,752,459	\$ 776,854	\$ 335,789	\$ 13,219,707
Health					
500 Health	\$ -	\$ 6,191,164	\$ 366,151	939,090	\$ 7,496,405
Total Health	\$ -	\$ 6,191,164	\$ 366,151	\$ 939,090	\$ 7,496,405
Social Services:					
700 CARTS				1,239,793	\$ 1,239,793
720 DSS		5,324,840	471,765	852,723	6,649,328
Total Social Services	\$ -	\$ 5,324,840	\$ 471,765	\$ 2,092,516	\$ 7,889,121
Recreation:					
800 Recreation	1,977,269	201,727	3,363,587	371,889	5,914,473
Library- Havelock		9,809		-	9,809
Total Recreation	\$ 1,977,269	\$ 211,535	\$ 3,363,587	\$ 371,889	\$ 5,924,281
Total	\$ 9,958,882	\$ 68,185,040	\$ 9,095,848	\$ 10,168,348	\$ 97,408,119
					801,613
					\$ 98,209,732

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2011**

Function and Activity	Governmental Funds Capital Assets July 1, 2010	Additions	Deductions	Governmental Funds Capital Assets June 30, 2011
General Government:				
0101 Commissioners	30,469	17,626	37,368	10,727
0201 Administration	-	-	-	-
0301 Personnel	29,389	-	-	29,389
0401 Information Technology	3,422,140	83,211	95,746	3,409,605
0404 GIS	95,987	-	-	95,987
0501 Finance	15,510	-	-	15,510
0560 Non Department	149,166	474,485	438,295	185,356
0601 Elections	447,102	-	-	447,102
0801 Tax Assessor	100,759	-	-	100,759
0805 Tax Assessor -Appraisal	153,635	17,510	55,028	116,117
0901 Tax Collections	-	-	-	-
1001 Register of Deeds	39,068	-	6,193	32,875
1201 Public Buildings	10,210,927	16,101	16,355	10,210,673
1212 Housekeeping	28,541	-	-	28,541
1301 Court Facilities	5,576,642	6,416	-	5,583,058
1401 Maintenance	171,847	16,991	15,450	173,388
1501 Central Maintenance	104,883	-	-	104,883
Total General Government	\$ 20,576,065	\$ 632,339	\$ 664,435	\$ 20,543,969
Public Safety:				
2001 Sheriff	\$ 2,763,862	\$ 272,206	\$ 233,194	\$ 2,802,874
2008 Jail	4,725,710	\$ 31,843,158	\$ -	\$ 36,568,868
2315 Communications	88,711	\$ 252,129	\$ -	\$ 340,840
2301 Emergency Services	491,984	\$ 8,605	\$ -	\$ 500,589
2401 Inspections	81,737	\$ -	\$ -	\$ 81,737
2501 E 911	1,049,143	\$ 2,800	1,041,299	\$ 10,644
2601 Animal Control	480,900	\$ -	\$ -	\$ 480,900
Total Public Safety	\$ 9,682,047	\$ 32,378,898	\$ 1,274,493	\$ 40,786,452
Environmental Protection:				
3101 Environmental Health	\$ 258,468	\$ 38,851	\$ 27,586	\$ 269,733
3201 Solid Waste	\$ 377,951	\$ 49,500	\$ -	\$ 427,451
4201 Cooperative Extension	868,509	-	17,510	850,999
Total Environmental Protection	\$ 1,504,928	\$ 88,351	\$ 45,096	\$ 1,548,183
Economic and Physical Development:				
4001 Planning	\$ 106,753	\$ 5,600	\$ 32,095	80,258
4401 Economic Development	933,483	-	-	933,483
8201 Convention Center	12,198,240	\$ 7,726	-	12,205,966
Total Economic and Physical Developme	\$ 13,238,476	\$ 13,326	\$ 32,095	\$ 13,219,707
Health				
5001 Health	\$ 7,308,849	\$ 269,949	\$ 82,393	\$ 7,496,405
Total Health	\$ 7,308,849	\$ 269,949	\$ 82,393	\$ 7,496,405
Social Services:				
7001 CARTS	\$ 1,159,325	\$ 213,247	\$ 132,779	\$ 1,239,793
7201 DSS	6,601,512	\$ 156,821	109,004	6,649,328
Total Social Services	\$ 7,760,837	\$ 370,068	\$ 241,783	\$ 7,889,121
Recreation:				
8001 Recreation	\$ 5,854,899	\$ 64,698	\$ 5,125	\$ 5,914,472
Library- Havelock	9,809	-	-	9,809
Total Recreation	\$ 5,864,708	\$ 64,698	\$ 5,125	\$ 5,924,281
Construction In Progress	\$ 31,873,166	\$ 769,355	\$ 31,840,908	\$ 801,613
Total governmental funds capital assets	\$ 97,809,076	\$ 34,586,984	\$ 34,186,328	\$ 98,209,732

Craven County



STATISTICAL SECTION (Unaudited)

This part of the County of Craven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Contents

Financial Trends

Schedules one through four contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

Schedules five through eight contain information to help the reader assess the factors affecting the county's ability to generate its property taxes.

Debt Capacity

Schedules nine through eleven present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

Demographic and Economic Information

Schedules twelve and thirteen offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

Schedules fourteen through sixteen contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.

Schedule 1
 Craven County
 Net Assets by Component,
 Last Nine Fiscal Years
 (accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 22,674,229	\$ 23,254,067	\$ 24,089,182	\$ 26,036,499	\$ 29,183,692	\$ 31,120,067	\$ 33,675,755	\$ 34,254,404	\$ 37,674,722
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518
Unrestricted (deficit)	(27,951,015)	(25,230,973)	(18,939,009)	(12,381,079)	(16,368,150)	(17,948,088)	(17,350,746)	(13,245,067)	(14,757,288)
Total governmental activities net assets	\$ 6,422,240	\$ 6,336,593	\$ 9,981,105	\$ 16,734,078	\$ 17,691,742	\$ 18,251,702	\$ 20,674,091	\$ 25,038,663	\$ 31,217,952
Business-type activities									
Invested in capital assets, net of related debt	\$ 14,081,588	\$ 16,869,221	\$ 17,299,771	\$ 17,289,167	\$ 17,836,280	\$ 19,542,861	\$ 18,330,655	\$ 18,280,499	\$ 17,797,133
Unrestricted	6,895,720	5,088,075	5,711,338	6,890,711	7,822,174	7,651,538	9,909,504	11,522,108	13,198,583
Total business-type activities	\$ 20,977,308	\$ 21,957,296	\$ 23,011,109	\$ 24,179,878	\$ 25,658,454	\$ 27,194,399	\$ 28,240,159	\$ 29,802,607	\$ 30,995,716
Primary government									
Invested in capital assets, net of related debt	\$ 36,755,817	\$ 40,123,288	\$ 41,388,953	\$ 43,325,666	\$ 47,019,972	\$ 50,662,928	\$ 52,006,410	\$ 52,534,903	\$ 55,471,855
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518
Unrestricted (deficit)	(21,055,295)	(20,142,898)	(13,227,671)	(5,490,368)	(8,545,976)	(10,296,550)	(7,441,242)	(1,722,959)	(1,558,705)
Total primary government net assets	\$ 27,399,548	\$ 28,293,889	\$ 32,992,214	\$ 40,913,956	\$ 43,350,196	\$ 45,446,101	\$ 48,914,250	\$ 54,841,270	\$ 62,213,668

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 2
 Craven County
 Changes in Net Assets,
 Last Nine Fiscal Years
 (accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 5,896,630	\$ 6,802,230	\$ 6,557,817	\$ 7,391,683	\$ 7,679,876	\$ 8,568,743	\$ 7,785,402	\$ 7,963,893	\$ 8,577,883
Public safety	10,732,195	11,584,190	11,895,790	12,643,653	12,792,549	13,475,510	14,166,850	14,754,169	16,218,231
Social services	19,841,710	20,695,194	21,364,472	22,822,110	23,686,006	24,491,355	23,190,078	22,338,223	23,268,931
Economic and physical development	5,360,444	3,292,424	3,873,381	2,658,847	2,629,063	3,447,939	3,138,650	3,020,353	3,820,355
Environmental protection	3,850,575	5,083,596	4,943,086	5,105,286	5,448,188	5,369,403	5,576,352	5,191,327	5,234,597
Health	6,479,067	6,981,725	6,915,059	7,419,050	7,381,812	8,053,103	8,245,927	8,537,699	8,467,161
Cultural and recreation	1,490,297	1,801,012	1,898,961	2,077,212	2,307,962	2,070,824	3,201,411	2,305,497	2,357,440
Education	35,104,248	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200
Interest on long term debt	3,183,668	2,715,170	2,593,134	2,414,904	3,042,742	3,716,568	4,457,642	3,971,610	3,772,400
Total governmental activities	91,738,834	79,555,914	78,433,379	82,751,640	94,866,009	100,194,198	94,508,713	90,182,147	93,961,218
Business-type activities:									
Water	2,294,785	2,092,799	2,212,566	2,452,231	2,350,421	2,378,268	2,814,711	2,259,291	2,533,584
Total primary government expenses	\$ 94,033,619	\$ 81,648,713	\$ 80,645,945	\$ 85,203,871	\$ 97,216,430	\$ 102,572,466	\$ 97,323,424	\$ 92,441,438	\$ 96,494,802
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 1,666,826	\$ 1,657,142	\$ 1,838,261	\$ 2,406,806	\$ 2,116,173	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684
Public safety	1,500,193	1,597,259	1,697,240	2,148,811	1,957,081	2,076,961	2,375,313	1,715,207	1,998,438
Social services	451,043	650,102	690,235	626,859	600,994	708,758	905,238	895,360	705,484
Economic and physical development	683,866	809,529	920,675	916,702	990,517	1,072,446	1,009,269	1,048,298	1,040,227
Environmental protection	2,214,990	2,178,704	2,212,444	2,462,004	2,639,579	2,821,666	2,720,503	2,442,846	2,462,442
Health	3,754,021	4,225,968	4,283,919	4,436,213	4,288,785	4,603,742	4,872,707	5,158,491	5,808,276
Cultural and recreation	43,438	51,000	45,745	38,948	50,690	43,309	58,393	70,223	72,418
Education	0	503,596	0	0	0	0	0	0	0
Operating grants and contributions:									
General government	1,578,967	1,660,038	1,202,220	1,147,799	1,078,615	1,533,601	1,355,699	1,097,706	1,298,151
Public safety	707,552	669,885	912,191	651,655	612,213	634,277	551,977	858,361	928,821
Social services	10,066,157	10,854,794	10,662,434	11,834,461	12,228,544	12,805,213	13,472,526	14,754,004	15,687,981
Economic and physical development	2,187,801	837,866	1,195,959	50,750	219,000	499,293	24,755	44,816	0
Environmental protection	436,921	613,754	210,007	168,890	138,582	183,584	169,132	196,072	130,108
Health	1,590,116	1,592,510	1,520,835	1,473,080	1,407,566	1,495,242	1,627,356	2,069,631	1,821,323
Cultural and recreation	0	1,000	0	9,250	35,300	75,233	45,000	18,000	61,500
Capital grants and contributions:									
General government	0	0	0	417,447	0	0	104,129	43,609	0
Public safety	51,897	324,304	0	34,526	0	0	0	99,999	10,698
Social services	91,638	117,050	0	228,739	112,514	185,910	193,612	103,938	109,337
Economic and physical development	0	0	0	0	0	0	106,721	184,344	766,166
Cultural and recreation	0	0	0	65,625	106,185	343,815	50,000	56,875	395,394
Education	0	0	859,450	1,182,900	1,150,405	1,969,220	1,560,478	1,438,000	2,136,870
Total governmental activities program revenues	27,025,426	28,144,501	28,251,415	30,301,465	29,732,743	32,789,345	32,498,355	33,578,832	36,904,316

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charge for services - Water	3,001,287	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217
Capital grants and contributions - Water	145,830	0	0	0	0	0	0	0	0
Total business-type activities program revenues	3,147,117	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217
Total primary government program revenues	\$ 30,172,543	\$ 31,070,448	\$ 31,255,077	\$ 33,598,323	\$ 33,083,404	\$ 36,177,182	\$ 36,108,024	\$ 37,267,395	\$ 40,556,533
<u>Net (Expense)/Revenue</u>									
Governmental activities	\$ (64,713,408)	\$ (51,411,413)	\$ (50,181,964)	\$ (52,450,175)	\$ (65,133,266)	\$ (67,404,853)	\$ (62,010,358)	\$ (56,603,315)	\$ (57,056,902)
Business-type activities	852,332	833,148	791,096	844,627	1,000,240	1,009,569	794,958	1,423,540	1,118,633
Total primary government net (expense)/revenue	\$ (63,861,076)	\$ (50,578,265)	\$ (49,390,868)	\$ (51,605,548)	\$ (64,133,026)	\$ (66,395,284)	\$ (61,215,400)	\$ (55,179,775)	\$ (55,938,269)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	\$ 32,399,791	\$ 32,409,695	\$ 33,462,209	\$ 37,864,384	\$ 40,057,692	\$ 42,236,411	\$ 43,814,430	\$ 44,076,129	\$ 47,482,900
Local option sales tax	13,998,546	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,176	12,415,520
Other taxes and licenses	551,086	580,312	631,352	716,807	730,206	798,930	766,861	790,980	857,817
Investment earnings	643,283	311,727	622,429	1,250,704	2,452,049	3,500,775	1,375,589	544,629	282,690
Miscellaneous	623,341	999,012	1,631,320	1,224,762	3,036,095	1,226,841	1,582,642	2,406,773	2,091,064
Transfers	61,998	61,999	45,799	45,799	45,799	70,150	96,800	96,200	106,200
Total governmental activities:	48,278,045	51,325,766	53,826,476	59,203,148	66,090,930	67,964,813	64,432,747	60,967,887	63,236,191
Business-type activities:									
Investment earnings	87,816	57,500	102,105	246,435	370,366	429,842	239,026	127,572	72,310
Miscellaneous	206,032	151,339	206,411	123,506	153,769	166,684	108,576	101,804	114,098
Transfers	(61,998)	(61,999)	(45,799)	(45,799)	(45,799)	(70,150)	(96,800)	(96,200)	(106,200)
Total business-type activities	231,850	146,840	262,717	324,142	478,336	526,376	250,802	133,176	80,208
Total primary government	\$ 48,509,895	\$ 51,472,606	\$ 54,089,193	\$ 59,527,290	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549	\$ 61,101,063	\$ 63,316,399
<u>Change in Net Assets</u>									
Governmental activities	\$ (16,435,363)	\$ (85,647)	\$ 3,644,512	\$ 6,752,973	\$ 957,664	\$ 559,960	\$ 2,422,389	\$ 4,364,572	\$ 6,179,289
Business-type activities	1,084,182	979,988	1,053,813	1,168,769	1,478,576	1,535,945	1,045,760	1,556,716	1,198,841
Total primary government	\$ (15,351,181)	\$ 894,341	\$ 4,698,325	\$ 7,921,742	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149	\$ 5,921,288	\$ 7,378,130

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 3
 Craven County
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Restricted:										
Stabilization by state statute	\$ 6,047,088	\$ 6,316,488	\$ 6,584,888	\$ 6,224,153	\$ 5,689,161	\$ 6,434,080	\$ 7,920,769	\$ 5,268,842	\$ 5,719,134	\$ 4,839,673
Public Safety	275,839	705,448	415,403	556,964	683,951	501,980	915	80,589	82,367	86,034
Register of Deeds	33,646	26,212	67,142	89,380	0	8,840	46,557	21,750	55,348	58,208
Assigned										
Subsequent year's expenditures	1,308,653	1,106,513	1,512,962	805,563	1,112,286	278,250	1,057,114	979,722	1,562,592	0
Unassigned	9,939,144	10,745,164	10,916,933	11,461,312	14,627,823	17,382,258	16,723,785	20,371,199	19,141,577	22,190,181
Total General Fund	\$ 17,604,370	\$ 18,899,825	\$ 19,497,328	\$ 19,137,372	\$ 22,113,221	\$ 24,605,408	\$ 25,749,140	\$ 26,712,102	\$ 26,561,038	\$ 27,174,096
All Other Governmental Funds										
Restricted:										
Stabilization by state statute	\$ 133,352	\$ 169,610	\$ 177,452	\$ 204,407	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699	\$ 288,406
Public Schools	4,529,563	3,339,171	2,805,486	2,640,065	1,785,304	3,704,012	4,328,413	3,317,971	2,773,462	3,868,232
Public Safety	254,586	251,002	291,374	317,610	417,160	456,779	469,202	742,288	954,430	1,237,435
Committed										
Capital projects	24,602,809	7,232,191	4,556,643	4,679,025	4,751,947	14,206,542	33,071,988	10,995,371	7,552,472	8,447,983
Unassigned	(662,973)	(925,740)	(820,436)	(500,000)	0	0	0	0	0	(141,851)
Total all other governmental funds	\$ 28,857,337	\$ 10,066,234	\$ 7,010,519	\$ 7,341,107	\$ 7,154,259	\$ 18,804,299	\$ 38,267,757	\$ 15,579,342	\$ 11,444,063	\$ 13,700,205

Amounts shown for Fiscal Years 2010 and prior have been reclassified to conform with GASB Statement 54.

Schedule 4
 Craven County
 Changes in fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes:										
Property	\$ 28,037,623	\$ 32,218,477	\$ 32,549,745	\$ 33,595,023	\$ 37,876,551	\$ 40,031,721	\$ 42,261,507	\$ 43,716,305	\$ 43,929,823	\$ 47,123,346
Sales	12,582,248	13,998,546	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,171	12,415,519
Other	512,536	551,086	580,312	631,352	716,807	730,206	798,930	766,861	790,980	857,817
Total taxes	41,132,407	46,768,109	50,093,078	51,649,742	56,694,050	60,531,016	63,192,143	61,279,591	57,773,974	60,396,682
Intergovernmental	23,448,484	16,711,049	16,974,797	16,562,896	17,265,122	17,088,924	19,725,368	19,261,385	20,965,355	23,346,347
Charges for Services	9,252,065	10,473,891	11,606,329	12,118,416	13,470,741	13,072,951	13,496,839	13,530,854	12,913,153	13,775,506
Interest	647,287	629,045	298,455	588,241	1,190,972	2,370,690	3,403,401	1,321,851	506,334	262,321
Miscellaneous	802,006	848,382	999,009	872,030	998,896	1,225,277	1,263,264	1,592,941	1,299,699	2,415,734
Total Revenues	75,282,249	75,430,476	79,971,668	81,801,325	89,619,781	94,288,858	101,081,015	96,986,622	93,458,515	100,196,590
Expenditures										
General Government	5,084,859	5,667,050	7,434,198	6,875,991	8,193,210	7,514,048	8,539,207	8,693,318	8,224,937	8,580,077
Public Safety	9,685,860	9,807,768	11,271,380	11,391,656	13,151,735	13,960,441	23,556,676	31,541,868	16,627,081	15,442,372
Environmental Protection	4,114,223	4,554,577	5,046,646	5,006,185	5,103,095	5,444,288	5,413,220	5,478,700	5,099,920	5,169,741
Economic Development	6,178,676	4,122,872	2,989,088	3,505,260	2,194,383	2,241,260	3,043,309	2,720,535	2,603,966	3,412,474
Health	6,297,018	6,195,238	6,626,527	7,007,312	7,072,213	7,169,879	8,064,577	7,983,542	8,366,853	8,408,079
Social Services	18,614,048	19,501,613	20,761,999	21,367,549	22,624,569	23,790,287	24,829,156	23,149,487	21,983,411	23,294,245
Culture and Recreation	2,202,975	1,521,415	1,684,669	1,904,814	2,136,565	2,261,117	2,878,542	3,583,707	2,258,013	2,644,812
Education	21,816,342	35,104,248	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200
Capital Outlay	1,449,640	239,123	91,517	95,980	0	0	0	0	0	0
Debt Service:										
Principal	3,085,162	3,163,277	3,435,146	3,816,917	3,846,504	3,854,145	6,050,858	6,422,014	6,516,291	6,696,780
Interest	2,105,047	3,110,941	2,582,109	2,513,158	2,335,441	2,959,154	4,207,889	4,489,303	4,061,210	3,703,810
Bond issuance costs			163,087						490,800	
Total Expenditures	80,633,850	92,988,122	82,786,739	81,876,491	86,876,580	99,092,430	119,584,187	118,808,875	98,331,858	99,596,590
Excess of revenues over (under) expenditures	(5,351,601)	(17,557,646)	(2,815,071)	(75,166)	2,743,201	(4,803,572)	(18,503,172)	(21,822,253)	(4,873,343)	600,000
Other Financing Sources (Uses)										
Transfers in	7,929,366	5,690,306	7,215,800	8,507,419	9,082,318	10,057,944	11,611,636	6,443,078	5,493,731	8,592,538
Transfers out	(7,891,367)	(5,628,308)	(7,153,801)	(8,461,620)	(9,036,519)	(10,012,145)	(11,514,837)	(6,346,278)	(5,397,531)	(8,486,338)
Bonds issued	28,000,000	0	0	0	0	0	0	0	21,800,000	0
Refunding bonds issued	0	0	13,855,000	0	0	0	0	0	1,037,279	0
Refunding bond premium	0	0	20,194	0	0	0	0	0	(22,346,479)	0
Payment to refunding escrow agent	0	0	(13,712,107)	0	0	0	0	0	0	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	2,163,000
Proceeds from installment note/COPS	0	0	131,773	0	0	18,900,000	39,013,563	0	0	0
Total other financing sources (uses)	28,037,999	61,998	356,859	45,799	45,799	18,945,799	39,110,362	96,800	587,000	2,269,200
Net change in fund balances	\$ 22,686,398	\$ (17,495,648)	\$ (2,458,212)	\$ (29,367)	\$ 2,789,000	\$ 14,142,227	\$ 20,607,190	\$ (21,725,453)	\$ (4,286,343)	\$ 2,869,200
Debt service as a percentage of noncapital expenditures	6.55%	6.82%	7.57%	7.94%	7.37%	7.06%	9.75%	11.02%	11.16%	10.64%

Note: Amounts shown above for years prior to fiscal 2003 have been restated to show transfers in/out with component units as revenue and expenditures.

Schedule 5
 Craven County
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)					
2002	\$ 2,311,595,479	\$ 832,814,818	\$ 44,873,530	\$ 52,983,046	\$ 1,222,690,633	\$ 91,167,094	\$ 4,556,124,600	0.6000	\$ 5,717,310,328
2003 (5)	2,821,662,545	1,117,828,280	44,671,630	71,251,398	1,236,739,839	104,322,120	5,396,475,812	0.5800	5,396,475,812
2004	2,929,225,703	1,144,525,817	44,679,730	67,315,000	1,273,712,947	105,752,076	5,565,211,273	0.5600	5,710,251,665
2005	3,048,945,696	1,183,144,808	44,584,740	72,290,740	1,316,591,615	105,008,267	5,770,565,866	0.5600	6,115,478,875
2006	3,215,295,945	1,211,684,688	43,244,210	67,076,256	1,366,718,652	117,580,795	6,021,600,546	0.6100	7,323,766,171
2007	3,344,659,741	1,346,918,941	42,427,600	67,623,321	1,430,699,795	108,576,827	6,340,906,231	0.6100	9,241,956,320
2008	3,558,507,233	1,436,304,943	42,626,400	66,670,292	1,477,929,350	111,440,333	6,693,478,551	0.6100	10,118,637,265
2009	3,746,691,834	1,472,798,220	42,798,900	65,636,627	1,487,848,193	121,393,796	6,937,167,570	0.6100	10,403,670,621
2010	3,845,443,208	1,504,956,646	43,707,956	65,391,567	1,413,620,078	104,636,993	6,977,756,448	0.6100	10,464,541,764
2011 (5)	5,721,630,715	2,133,969,998	46,058,910	113,839,891	1,425,520,814	141,105,952	9,582,126,280	0.4728	9,591,717,998

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place in the calendar year ending during the fiscal year. (The 2011 figure is based on property sales which took place in calendar 2010.)
- (5) Property in Craven County is reassessed every eight years. The last reassessment was on January 1, 2010 and was the basis for fiscal 2011 taxes.

Schedule 6
 Craven County
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years

	Fiscal Year Taxes Are Payable									
	2002	2003(1)	2004	2005	2006	2007	2008	2009	2010	2011(1)
Craven County	\$.6000	\$.5800	\$.5600	\$.5600	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.4728
Municipality Rates:										
Bridgeton	.4700	.4700	.4700	.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000
Cove City	.1500	.1500	.1500	.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Dover	.3000	.3000	.3000	.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	.4200	.4200	.4200	.4500	0.4500	0.4900	0.4900	0.5300	0.5300	0.4650
New Bern	.4700	.4700	.4700	.4700	0.4700	0.4700	0.5050	0.5050	0.5050	0.4100
River Bend	.1900	.1900	.1900	.2200	0.2200	0.2200	0.2500	0.2800	0.2800	0.2650
Trent Woods	.0930	.1300	.2700	.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.1900
Vanceboro	.5000	.4800	.4800	.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600
Fire Districts:										
Rhems	.0375	.0375	.0375	.0375	0.0375	0.0375	0.0425	0.0425	0.0475	0.0314
Township #1	.0238	.0238	.0238	.0238	0.0238	0.0238	0.0238	0.0263	0.0263	0.0250
Tri Community	.0297	.0297	.0350	.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0277
Little Swift Creek	.0590	.0590	.0590	.0590	0.0590	0.0590	0.0590	0.0590	0.0590	0.0499
Township #3	.0681	.0681	.0681	.0681	0.0681	0.0681	0.0681	0.0781	0.0781	0.0624
Township #5	.0661	.0600	.0570	.0570	0.0570	0.0570	0.0620	0.0620	0.0620	0.0453
Township #6	.0350	.0375	.0475	.0675	0.0675	0.0675	0.0675	0.0600	0.0600	0.0516
Township #7	.0365	.0270	.0270	.0270	0.0270	0.0270	0.0270	0.0240	0.0240	0.0177
West New Bern	.0356	.0312	.0312	.0312	0.0362	0.0362	0.0362	0.0422	0.0422	0.0324
Township #9	.0713	.0713	.0713	.0713	0.0713	0.0713	0.0713	0.0713	0.0713	0.0582
Sandy Point	.0619	.0567	.0567	.0567	0.0567	0.0567	0.0567	0.0567	0.0567	0.0352

Source: Craven County Tax Department

Note: (1) Real property was revalued on January 1, 2002 and January 1, 2010

Schedule 7
 Craven County
 Principal Property Tax Payers,
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2011			Fiscal Year 2002		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 193,319,487	1	2.02%	\$ 183,008,788	1	4.02%
BSH Home Appliances Corp	Home appliance manufacturer	88,714,247	2	0.93%	16,625,355	6	0.36%
Weyerhaeuser Company	Real estate investment trust	64,344,540	3	0.67%			
Progress Energy Carolinas	Electric utility	45,496,273	4	0.47%	27,118,846	4	0.60%
Carolina Telephone & Telegraph Co.	Communications utility	44,585,095	5	0.47%	34,298,340	3	0.75%
Atlantic Marine Corps Communities, LLC	Real estate development	33,026,305	6	0.34%			
New Bern Riverfront Development LLC	Real estate development	29,920,263	7	0.31%			
Hatteras Yachts	Yacht builder	24,398,155	8	0.25%	17,853,014	5	0.39%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development	23,820,773	9	0.25%			
Carolina Creek LLC	Real estate development	23,061,480	10	0.24%			
Craven Wood Energy LTD	Electricity manufacturer				48,644,039	2	1.07%
Amital Spinning Corp	Yarn manufacturer				15,553,548	7	0.34%
Developers Diversified Realty Cor	Real estate development				11,085,930	8	
Moen Incorporated	Plumbing products mfr.				10,982,809	9	0.24%
Trent Neuse Hotel, LLC	Real estate development				10,353,860	10	0.23%
Totals		\$ 570,686,618		5.96%	\$ 375,524,529		8.24%

Source: Craven County Tax Department

Schedule 8
 Craven County
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2002	\$ 27,527,244	\$ (225,539)	\$ 27,301,705	\$ 26,493,834	97.04%	\$ 726,873	\$ 27,220,707	99.70%
2003	32,173,298	(785,503)	31,387,795	30,482,909	97.12%	815,835	31,298,744	99.72%
2004	31,563,099	(221,056)	31,342,043	30,570,553	97.54%	680,355	31,250,908	99.71%
2005	32,468,045	(133,839)	32,334,206	31,690,897	98.01%	565,157	32,256,054	99.76%
2006	36,919,653	(321,980)	36,597,673	35,915,565	98.14%	585,622	36,501,187	99.74%
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	584,855	38,616,152	99.70%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	572,364	40,740,065	99.63%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	626,919	42,221,799	99.58%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	512,859	42,258,484	99.19%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	0	44,809,274	97.92%

Source: Craven County Tax Department

Schedule 9
 Craven County
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2002	\$ 46,930,000	\$ 1,595,000	\$ 15,238,459	\$ 212,813	\$ 5,124,600	\$ 570,500	\$ 319,330	\$ 69,990,702	\$ 754	2.85%
2003	45,680,000	820,000	14,258,760	144,972	4,229,600	564,000	1,037,789	66,735,121	720	2.70%
2004	45,755,000	0	13,248,452	71,907	2,067,800	0	1,118,743	62,261,902	664	2.41%
2005	43,185,000	0	12,073,442	0	1,690,800	0	1,824,045	58,773,287	627	2.11%
2006	40,560,000	0	10,851,937	0	1,282,500	0	1,711,408	54,405,845	574	1.82%
2007	37,930,000	0	28,527,792	0	839,500	0	1,598,771	68,896,063	716	2.20%
2008	35,335,000	0	62,006,933	0	377,000	0	1,486,135	99,205,068	1,028	2.93%
2009	32,775,000	0	58,144,920	0	245,000	0	1,373,498	92,538,418	947	2.60%
2010	31,700,000	0	54,303,629	0	195,000	0	1,260,861	87,459,490	872	2.41%
2011	28,990,000	0	52,479,850	0	145,000	0	1,148,224	82,763,074	796	

*Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year ended during the fiscal year.
 Calendar 2010 personal income not available to calculate fiscal year 2011.

Schedule 10
 Craven County
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts				
		Restricted to Repaying Principal	Total			
2002	52,054,600	4,529,563	47,525,037	1.93%	0.83%	512
2003	49,909,600	3,339,171	46,570,429	1.89%	0.86%	502
2004	47,822,800	2,805,486	45,017,314	1.74%	0.79%	480
2005	44,875,800	2,640,065	42,235,735	1.51%	0.69%	451
2006	41,842,500	1,785,303	40,057,197	1.34%	0.55%	422
2007	38,769,500	3,901,084	34,868,416	1.11%	0.38%	362
2008	35,712,000	4,420,993	31,291,007	0.92%	0.31%	324
2009	33,020,000	3,298,769	29,721,231	0.84%	0.29%	304
2010	31,700,000	2,773,461	28,926,539	0.80%	0.28%	289
2011	28,990,000	1,790,762	27,199,238	*	0.28%	262

*Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2010 personal income not available to calculate fiscal year 2011.

(2) See schedule 5 for estimated actual taxable value data.

Schedule 11
 Craven County
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value of Property	\$ 4,556,125	\$ 5,396,476	\$ 5,565,211	\$ 5,770,566	\$ 6,021,601	\$ 6,340,906	\$ 6,693,479	\$ 6,937,168	\$ 6,977,756	\$ 9,582,126
Debt Limit, 8% of Assessed Value (Statutory Limitation)	364,490	431,718	445,217	461,645	481,728	507,272	535,478	554,973	558,221	766,570
Amount of Debt Applicable to Limit										
Gross debt	69,991	66,735	62,262	58,773	54,406	68,896	99,205	92,538	87,459	82,763
Less: Amount available for repayment of g.o.bonds	4,530	3,339	2,805	2,640	1,785	3,901	4,421	3,318	2,773	1,791
Debt outstanding for water and sewer purposes	5,125	5,267	3,187	3,515	2,994	2,438	1,863	1,618	1,456	1,293
Revenue bonds	2,166	1,384	0	0	0	0	0	0	0	0
Total net debt applicable to limit	58,171	56,745	56,270	52,618	49,627	62,557	92,921	87,602	83,231	79,679
Legal Debt Margin	\$ <u>306,319</u>	\$ <u>374,974</u>	\$ <u>388,947</u>	\$ <u>409,027</u>	\$ <u>432,101</u>	\$ <u>444,715</u>	\$ <u>442,557</u>	\$ <u>467,371</u>	\$ <u>474,990</u>	\$ <u>686,891</u>
Total net debt applicable to the limit as a % of debt limit	15.96%	13.14%	12.64%	11.40%	10.30%	12.33%	17.35%	15.78%	14.91%	10.39%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
 Craven County
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2002	92,879	\$ 2,456,647	\$ 26,647	14,465	5.70%	7,124
2003	92,728	2,469,183	26,624	14,362	6.00%	6,767
2004	93,779	2,585,999	27,475	14,388	5.70%	8,744
2005	93,704	2,787,842	29,647	14,523	4.80%	10,426
2006	94,848	2,982,972	31,358	14,609	4.70%	12,633
2007	96,278	3,127,571	32,470	14,632	4.40%	13,000
2008	96,471	3,390,907	35,113	14,538	4.30%	9,682
2009	97,757	3,553,493	36,483	14,597	6.00%	7,123
2010	100,261	3,625,636	36,798	14,513	10.50%	7,262
2011	103,951	*	*	14,817	10.50%	9,537

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year (July 1)
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are as of the end of the calendar year ended during the fiscal year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) N. C. Employment Security Commission, Annual Average as of the end of the calendar year ended during the fiscal year.
- (5) Total number of inspections performed by Craven County Inspections Department. Does not include inspections by municipalities.

Schedule 13
 Craven County
 Principal Employers
 Current Year and Eight Years Ago (2)

Employer	2011			2003 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,408	1	14.20%	Over 1000	1	N/A
CarolinaEast Health Systems	2,100	2	5.51%	Over 1000	3	N/A
Craven County Schools	1,917	3	5.03%	Over 1000	2	N/A
State of North Carolina	938	4	2.46%	Over 1000	4	N/A
BSH Home Appliances	800	5	2.10%	500-999	7	N/A
Moen Incorporated	630	6	1.65%	500-999	5	N/A
Craven County	626	7	1.64%	500-999	8	N/A
Hatteras Yachts (Brunswick Corp)	540	8	1.42%	500-999	6	N/A
City of New Bern	509	9	1.34%			
Craven Community College	460	10	1.21%			
Wal-Mart	430		1.13%	500-999	10	N/A
Weyerhaeuser Company				500-999	9	N/A
	<u>14,358</u>		<u>37.70%</u>			

165

Source: Craven County Economic Development Commission and N.C. Employment Security Commission

Notes: (1) Excludes 8,724 active military personnel based in Craven County. It includes civilian employment at the Naval Aviation Depot, Naval Health Clinic, 2nd M. The amount shown includes employees from all counties (Of the 5,300 employees, 2,859 are Craven County residents, or 7.4% of the County employment)
 (2) Used 2003 (eight years ago) rather than 2001 (nine years ago) as that is first year information is available

Schedule 14
 Craven County
 Full-time Equivalent County Government Employees by Function,
 Last Ten Fiscal Years

Function/Program	Full Time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	89	98	94	92	87	83	82	81	79	75
Public safety	120	125	128	125	129	134	134	141	148	148
Social services	197	200	201	203	207	204	206	213	213	213
Economic and physical development	19	19	19	18	23	19	21	20	21	23
Environmental protection	32	33	31	30	33	36	33	33	30	32
Health	94	95	97	102	97	111	115	116	117	106
Cultural and recreation	11	11	10	10	7	8	9	16	16	16
Water/Sewer (Business activity)	13	13	13	13	13	13	14	14	11	13
Total	575	594	593	593	596	608	614	634	635	626

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

Schedule 15
 Craven County
 Operating Indicators by Function,
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Fire/Rescue calls to County E911 (A)	6,423	6,591	6,973	7,331	7,517	8,083	8,882	8,002	8,399	9,629
Average daily population in jail (B)			154	158	175	185	200	198	186	236
Health Services (C)										
Food and lodging inspections			1,225	1,424	1,647	1,150	1,615	1,388	1,013	1,280
Home health/hospice visits	16,893	17,986	15,640	17,478	16,573	16,603	16,327	11,760	13,343	12,351
Visits to health department	27,956	27,550	27,546	27,563	27,579	26,199	25,400	27,901	28,422	26,372
Transportation Services (D)										
Number of miles driven (1)		790,262	814,546	843,124	808,771	761,466	782,257	796,036	783,197	810,130
Number of trips provided (1)		108,315	109,225	106,627	101,235	100,754	93,984	98,738	101,664	106,118
Tax/Real Estate Services (E)										
Deed transfers processed	3,702	4,047	4,574	5,446	6,405	6,134	4,677	3,944	2,795	2,770
Number of real estate parcels	48,306	48,600	49,824	50,933	52,163	54,469	55,035	55,739	56,112	56,358
Number of tax bills generated	138,838	142,600	145,735	143,765	147,675	150,126	153,477	152,424	151,915	148,943
Economic and Physical Development										
County tourism revenues (1)(2) (F)	70	72	75	80	87	94	102	105	99	108
Economic impact of convention center (2) (G)	7	7	8	9	9	9	13	10	9	10
Number of registered voters (H)	56,456	57,195	55,749	60,503	60,653	61,668	64,110	65,274	66,624	67,073
Number of enplanements at airport (I) (3)	78,139	70,443	92,516	97,876	90,221	110,882	120,293	120,224	134,863	61,876
Water Services										
Number of service connections (J)	10,400	10,614	10,851	11,570	12,001	12,300	12,697	12,857	13,091	13,027

167

Notes:

- (1) The amounts shown are for calendar year ending December 31 during the fiscal year.
- (2) Amounts shown are millions of dollars
- (3) Amounts shown are by calendar year, therefore the amount shown for the latest year is only six months.

Source of data:

- (A) Craven County Emergency Services
- (B) Craven County Sheriff Department
- (C) Craven County Health Department
- (D) CARTS (Craven County Transportation)
- (E) Craven County Tax Department
- (F) NC Department of Commerce
- (G) Craven County Convention Center
- (H) Craven County Elections Department
- (I) Coastal Carolina Regional Airport
- (J) Craven County Water Department

Schedule 16
 Craven County
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Public Safety (A)</u>										
Correction facility rated capacities	161	161	161	161	161	161	161	161	292	292
<u>Parks and Land Use (B)</u>										
Number of county parks	2	2	2	2	2	2	3	3	4	4
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
<u>Water Service (C)</u>										
Miles of water main	580	595	615	625	645	650	653	660	667	668
Number of elevated water tanks (1)	8	8	8	8	9	9	9	9	9	9
<u>Transportation Services (D)</u>										
Number of CARTS vehicles	31	32	32	32	32	32	32	32	32	32
<u>Economic and Physical Development</u>										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of remaining acres in Industrial Park (E)	303	286	286	224	220	220	220	220	220	219
<u>Airport (F)</u>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

(1) In 2002 an elevated tank in the Industrial Park was sold to the City of New Bern when they began providing the service

Source of data:

- (A) Craven County Sheriff Department
- (B) Craven County Recreation Department
- (C) Craven County Water Department
- (D) CARTS (Craven County Transportation)
- (E) Craven County Finance Department
- (F) Craven County Regional Airport

COMPLIANCE SECTION

Craven County





McGladrey & Pullen, LLP
Certified Public Accountants

3120 Wellons Blvd, New Bern, NC 28562-5247
PO Box 15409, New Bern, NC 28561-5409
O 252.638.5154 F 252.637.5383
www.mcgladrey.com

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

To the Board of County Commissioners
Craven County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise Craven County's basic financial statements, and have issued our report thereon dated November 14, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Craven County Alcoholic Beverage Control Board. The financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Craven County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Craven County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Craven County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to the management of Craven County in a separate letter dated November 14, 2011.

This report is intended solely for the information and use of management, others within the entity, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 14, 2011



McGladrey & Pullen, LLP
Certified Public Accountants

3120 Wellons Blvd, New Bern, NC 28562-5247
PO Box 15409, New Bern, NC 28561-5409
O 252.638.5154 F 252.637.5383
www.mcgladrey.com

**Independent Auditor's Report
on Compliance With Requirements That Could Have a Direct and Material
Effect on Each Major Federal Program and the Passenger Facility Charge
Program and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners
Craven County, North Carolina

Compliance

We have audited Craven County, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Craven County's major federal programs and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration for its passenger facility charge program, for the year ended June 30, 2011. Craven County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and the passenger facility charge program is the responsibility of Craven County's management. Our responsibility is to express an opinion on Craven County's compliance based on our audit.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, OMB Circular A-133 or the State Single Audit Implementation Act.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, the State Single Audit Implementation Act, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards, OMB Circular A-133, the State Single Audit Implementation Act and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Craven County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Craven County's compliance with those requirements.

In our opinion, Craven County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered Craven County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and the passenger facility charge program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of the Board of County Commissioners, federal and State awarding agencies, the Federal Aviation Administration and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 14, 2011



McGladrey & Pullen, LLP
Certified Public Accountants

3120 Wellons Blvd, New Bern, NC 28562-5247
PO Box 15409, New Bern, NC 28561-5409
O 252.638.5154 F 252.637.5383
www.mcgladrey.com

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major State Program and on Internal Control Over Compliance in Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Craven County, North Carolina

Compliance

We have audited Craven County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. Craven County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Craven County's management. Our responsibility is to express an opinion on Craven County's compliance based on our audit.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, applicable sections of OMB Circular A-133 or the State Single Audit Implementation Act.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Craven County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Craven County's compliance with those requirements.

In our opinion, Craven County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Craven County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

New Bern, North Carolina
November 14, 2011

McGladrey & Pullen, LLP

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | | |
|---|-------|-------|---------------|
| • Material weakness(es) identified? | Yes | X | No |
| | _____ | _____ | |
| • Significant deficiency(ies) identified
that are not considered to be
material weaknesses? | Yes | X | None reported |
| | _____ | _____ | |

Noncompliance material to financial
statements noted?

Yes	X	No
_____	_____	

Federal Awards

Internal control over major federal programs:

- | | | | |
|---|-------|-------|---------------|
| • Material weakness(es) identified? | Yes | X | No |
| | _____ | _____ | |
| • Significant deficiency(ies) identified
that are not considered to be
material weaknesses? | Yes | X | None reported |
| | _____ | _____ | |

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2011**

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be

reported in accordance with Section 510(a) of

Circular A-133? Yes X No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance Program	93.778
Temporary Assistance For Needy Families	93.558

Dollar threshold used to distinguish

between Type A and Type B Programs \$ 2,771,105

Auditee qualified as low-risk auditee? X Yes No

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2011**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified
- that are not considered to be
- material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes X No

Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
Special Assistance	N/A
Public School Building Capital Fund	N/A
Part F Assistance	N/A

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2011

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings

None reported

Section IV. State Award Findings

None reported

**CRAVEN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2011**

No corrective action plan is required for the current year.

**CRAVEN COUNTY, NORTH CAROLINA
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011**

None reported in prior year.

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011
(Page 1 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture					
Passed through NC Department of Agriculture:					
Administered by Craven County Sheriff:					
National Forest	10.418	05-LE-11081122-163	\$ 10,558	\$ -	\$ -
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Health Department:					
Special Supplemental Nutrition Program for					
Women, Infants, and Children:					
WIC - Administration	10.557	5405	570,739	-	(13,922)
Direct Benefit Payments:					
Special Supplemental Nutrition Program for					
Women, Infants, & Children					
	10.557	5405	2,574,576	-	-
			3,145,315	-	(13,922)
Passed-through the NC Dept of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
State Administrative Matching Grants for the					
Food Stamp Cluster:					
Food Stamp Admin	10.561		633,648	-	633,648
Food Stamp Issuance	10.561		27,660	-	27,660
FNS Contingency Admin	10.561		110,839	-	-
Food Stamp Fraud Admin	10.561		57,484	-	57,483
Total Food Stamp Cluster			829,631	-	718,791
Total US Department of Agriculture			3,985,504	-	704,869
US Department of Housing and Urban Development					
Pass through NC Department of Commerce					
Administered by Craven county Planning					
Scattered Sites	14.228	09-C-1988	314,577	-	-
James City	14.228	05-D-2055	450,560	-	75,011
James City II	14.228	05-D-2098	16,018	-	-
Total US Department of Housing and Urban Development			781,155	-	75,011
US Department of Justice:					
Passed through Bureaus of Justice Assistance					
Administered by Craven County Sheriff					
Prisoner Transport-ARRA	16.738	2009-SB-B9-1160	400	-	-
SRT Justice Assistance Grant	16.738	2010-DJ-BX-0395	10,696	-	-
Total US Department of Justice			11,096	-	-
US Department of Transportation					
Federal Aviation Administration					
Direct Programs:					
Administered by Craven Regional Airport:					
Airport Improvement Program:					
LEO Staff	20.106	DTSA20-02-P5026	135,619	-	-
Airport Improvement Project No. 30	20.106	3-37-0050-30	9,001	-	-
Airport Improvement Project No. 31	20.106	3-37-0050-31	1,403	-	317
Airport Improvement Project No. 32	20.106	3-37-0050-32	1,173,627	-	1,572
Airport Improvement Project No. 34	20.106	3-37-0050-34	-	-	29,258
			1,319,650	-	31,147
Passed through NC Department of Transportation:					
Administered by Craven Area Rural Transportation System:					
Administration	20.509		265,154	13,955	49,255
Operating	20.509		40,530	-	40,530
	20.509		98,404	10,934	12,149
ARRA-Capital	20.509		93,538	-	-
			497,626	24,889	101,933
Total US Department of Transportation			1,817,276	24,889	133,080
Department of Homeland Security					
Division of Emergency Management:					
Passed through NC Department of Crime Control and					
Public Safety:					
Administered by Craven County Emergency Services:					
Haz Mat Emer Preparedness	97.004	HMEP -2009-2007	9,000	-	-
Emergency Management Assistance	97.042	EM PA 00 025 24	60,663	-	-
Total Department of Homeland Security			69,663	-	-
US Department of Administration					
US Election Assistance Commission:					
Passed through NC Department of Elections:					
HAVA Title II One-Stop Grant	90.401		13,180	-	-
Total US Department of Administration			13,180	-	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011
(Page 2 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
US Department of Health and Human Services					
Administration on Aging					
Passed through NC Department of Health and Human Services:					
Division of Aging, Home, and Community Care Block Grant					
Aging Cluster:					
Passed through Craven County Department of Social Services:					
Administered by Craven Area Rural Transportation	93.044		\$ 57,697	\$ 10,182	\$ 7,542
Administered by Coastal Community Action:					
Senior Companion Program	93.045		29,597	5,223	3,869
Administered by Craven County Department of Social Services:					
Congregate Meals	93.045		70,272	12,401	9,186
USDA Congregate	93.045		9,303	-	-
Home Delivered Meals	93.045		131,232	23,159	17,155
USDA Home Delivered Meals	93.045		21,079	-	-
In Home Level II	93.044		118,291	20,875	15,463
Care Management Administration	93.044		75,501	13,324	9,869
			<u>512,972</u>	<u>85,164</u>	<u>63,084</u>
Administration for Children and Families					
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by Craven County Department of Social Services:					
Work First/TANF Benefit Payments	93.558		646,947	(48)	37
Work First Admin	93.558		298,316	-	232,413
Work First Service	93.558		1,471,650	-	834,037
TANF Domestic Violence Service	93.558		9,583	-	-
			<u>2,426,496</u>	<u>(48)</u>	<u>1,066,487</u>
Family Support Payments	93.560		(187)	(51)	(51)
Family Violence Prevention Services	93.671		2,854	-	-
Refugee Assistance Administration	93.566		21,198	-	3,384
IV-D Child Support Enforcement:					
Administration	93.563		147,360	-	75,913
Coop Agreements	93.563		461,201	-	237,588
Non-AFDC	93.563		(1,429)	-	(736)
	93.563		20,801	-	10,716
			<u>627,933</u>	<u>-</u>	<u>323,481</u>
Low-Income Home Energy Assistance:					
Administration	93.568		63,777	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		542,435	-	-
Crisis Intervention Payments	93.568		505,027	-	-
			<u>1,111,239</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health:					
Child Welfare Services:					
Permanency Planning:					
Permanency Planning - Special	93.645		26,513	-	9,263
Adoption Subsidy	93.645		122,400	298,508	82,974
			<u>148,913</u>	<u>298,508</u>	<u>92,237</u>
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
Administration	93.658		28,379	14,190	14,190
Foster Care - At Risk	93.658		453,574	2,391	443,890
IV-E CPS	93.658		388,624	90,088	298,536
Foster Care - Direct Benefit Payments	93.658		171,128	27,604	27,602
Title IV-E Adoption Subsidy	93.659		350,771	78,754	78,754
Total Foster Care and Adoption Cluster			<u>1,392,476</u>	<u>213,027</u>	<u>862,972</u>
Division of Child Development :					
Administered by Craven County DSS:					
Subsidized Child Care Cluster:					
Child Care & Development Fund - Discretionary	93.575		1,811,704	-	-
Child Care & Development Fund - Mandatory	93.596		798,186	-	-
Child Care & Development Fund - Match	93.596		689,932	374,920	-
Child Care & Development Fund - Administration	93.596		254,313	-	-
Social Services Block Grant	93.667		21,922	-	-
Temporary Assistance for Needy Families	93.558		611,140	-	-
TANF - MOE			-	258,299	-
Smart Start			-	104,362	-
State Appropriation			-	326,089	-
Total Subsidized Child Care Cluster			<u>4,187,197</u>	<u>1,063,670</u>	<u>-</u>

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011
(Page 3 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
Adopt FC	93.667		\$ 151,012	\$ -	\$ -
In-Home Services	93.667		62,849	-	8,978
In-Home Services over 60	93.667		42,819	-	6,117
Other Services and Training	93.667		322,150	36,896	119,682
			<u>578,830</u>	<u>36,896</u>	<u>134,777</u>
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Independent Living - Foster Care	93.674		27,993	4,797	-
Health Care Financing Administration					
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administered by County Department of Social Services:					
Medical Assistance Program	93.778		1,356,103	-	1,356,103
Eligibility Workers Administration - MA	93.778		19,429	19,429	-
Medical Transportation Administration	93.778		156,121	-	156,121
Medicaid At-Risk Administration	93.778		49,384	-	2,175
Family Preservation	93.778		9,265	-	-
Other:					
Adult Care Home Case Management	93.778		59,157	17,372	41,785
Transportation Regular	93.778		39,485	-	39,485
NC Health Choice	93.767		69,647	3,020	19,748
Direct Benefit Payments:					
Medical Assistance Program	93.778		72,153,130	28,626,965	61,472
			<u>73,911,721</u>	<u>28,666,786</u>	<u>1,676,889</u>
Health Resources and Services Administration					
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Administered by County Health Department:					
Family Planning	93.218		85,551	4,063	263,747
Immunization Action Plan/ Aid to County Funding	93.268		39,239	-	(2,497)
Centers for Disease Control And Prevention					
Investigations and Technical Assistance	93.283		208,139	57	(6,521)
Emergency Preparedness	93.069		17,058	-	-
Coop Agreement for Breast and Cervical Cancer	93.919		64,797	-	-
Communicable Disease Expansion Budget	93.940		89,828	-	(2,793)
Temporary Assistance for Needy Families	93.558		12,377	-	-
CCDG-Discretionary	93.575		400	-	-
Refugee	93.576		4,499	-	7,588
Statewide Health Promotion Program	93.991		20,443	-	-
Maternal and Child Health Services Block Grant:					
Maternal Health	93.994		55,737	113,235	1,189,975
Womens Preventive Health	93.994		82,149	61,619	-
Child Health	93.994		62,447	46,841	935,743
			<u>742,664</u>	<u>225,815</u>	<u>2,385,242</u>
Total US Department of Health and Human Services			<u>85,692,299</u>	<u>30,594,564</u>	<u>6,608,502</u>
STATE ASSISTANCE					
NC Department of Health and Human Services					
Division of Social Services:					
Administered by County Department of Social Services:					
State/County Special Assistance Benefits Payments			-	708,895	708,895
State/County Special Assistance			-	-	-
Energy Assistance, Carolina Power & Light Project			-	19,738	-
Food Stamp Tax Intercept			-	18,376	-
Medicaid Maximization			-	1,307,593	-
CPS Expansion			-	70,905	-
Family Care Giver			-	20,521	-
State Foster Home			-	76,759	75,692
State Adult Protective Services			-	61,926	-
			-	<u>2,284,713</u>	<u>784,587</u>
Division of Services for the Blind:					
Administered by County Department of Social Services:					
Services for the Blind			-	35,759	5,108

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011
(Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Health Divisions:					
Administered by County Health Department:					
General			\$ -	\$ 131,675	\$ -
Minority Health			-	18,167	-
Public Health Nurse Trainin			-	1,800	-
Communicable Disease			-	6,343	24,528
Tuberculosis			-	32,087	20,892
AIDS - State			-	12,500	31,696
Risk Reduction/Health Promotion			-	10,234	(1,141)
TB Medical Services			-	6,343	-
Breast and Cervical Cancer Control			-	9,122	(3,912)
			-	228,271	72,063
Total NC Department of Health and Human Services			-	2,548,743	861,758
NC Department of Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Passed through County Finance Department:					
Committee for Children		825000	-	1,200	-
Youth Parent Life Skills		825651	-	21,921	-
Structured Day Reporting		825006	-	97,882	-
Juvenile Restitution		825053	-	60,914	-
Resolve		825022	-	56,140	-
Teen Court		825032	-	38,434	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	276,491	-
NC Department of Environment and Natural Resources					
Natural Resources Division:					
Administered by County Soil Conservation Department:					
Soil Conservation State Matching Funds		DSWC-2008-25	-	30,835	-
Division of Parks and Recreation:					
Administered by Craven County Recreation:					
Latam Whitehurst Nature Park		PARTF# 2009-594	-	452,269	-
Adopt A Trail		3521	-	5,000	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program			-	7,221	-
Total NC Department of Environment and Natural Resources			-	495,325	-
NC Department of Transportation:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	98,105	-
General Public Transportation Craven		GPT	-	114,038	-
General Public Transportation Jones		GPT	-	30,011	-
General Public Transportation Pamlico		GPT	-	35,935	-
Work First Jones County		Work First	-	4,068	-
Work First Pamlico County		Work First	-	9,882	-
Work First Craven County		Work First	-	39,692	-
Administered by Craven Regional Airport:					
Annual Appropriation - State Aid to Airports		9.9417010	-	300,000	-
Total NC Department of Transportation			-	631,731	-
NC Department of Corrections:					
Administered by Craven County Day Reporting Center:					
Criminal Justice Partnership Program		025-0700-I-A	-	95,363	-
Department of the State Treasurer:					
Public School Building Capital Fund-Lottery Proceeds			-	2,136,870	-
Total NC Department of Public Instruction			-	2,136,870	-

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011
 (Page 5 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
			\$ -	\$ 2,000	\$ -
Veterans Services					
NC Department of Insurance:					
Administered by Cooperative Extension					
			-	3,710	-
Senior Health Insurance Information Program (SHIP)					
Office of State Controller					
			-	2,483	-
Unauthorized Substance Abuse					
Total Federal Expenditures			\$ 92,370,173		
Total State Expenditures				\$ 36,812,169	
Total Local Expenditures					\$ 8,383,220
Federal Aviation Administration:					
Administered by Craven Regional Airport:					
		96-01-C-00-EWN	\$ 576,219	\$ -	\$ -
Passenger Facility Charges (Note 4)					

CRAVEN COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND
PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2011

Note 1. GENERAL

The accompanying schedule of expenditures of federal and State awards and passenger facility charges represents only the activity of all federal and State financial assistance programs of Craven County, North Carolina, primary government, all blended component units, and the Airport Authority and Tourism Development Authority discretely presented component units. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the State Single Audit Implementation Act, and the Passenger Facility Charges Audit Guide for Public Agencies issued by the Federal Aviation Administration. There, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. BASIS OF ACCOUNTING

The accompanying schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except that direct benefit payments (excluding SNAP direct benefit payments discussed below) made by the State of North Carolina to eligible program beneficiaries and the value of WIC vouchers distributed, which are not included as expenditures in the basic financial statements, are included herein. In accordance with guidance issued by the United States Department of Agriculture, Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$21,136,611 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures Federal and State Awards and Passenger Facility Charges.

Note 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Substantially all federal and State financial assistance programs (other than direct benefit payments - see Note 2) are accounted for in the County's governmental funds.

Note 4. PASSENGER FACILITY CHARGES

Beginning February 1, 1997, and including subsequent revisions, Craven County Regional Airport Authority was authorized to impose a passenger facility charge to a maximum of \$11,160,275. Current year expenditures from these funds are \$576,219 and are included on the schedule of expenditures of federal and State awards. Revenue from passenger facility charges for the year ended June 30, 2011 consists of \$527,205 for passenger facility charges plus \$1,958 of interest earnings from the restricted bank account. Passenger facility charges are administered by the Federal Aviation Administration (FAA) but are not considered federal awards. Their presentation in this schedule is in accordance with FAA requirements.

Note 5. LOAN ACTIVITY

The County had the following loan activity involving State award program dollars during the current fiscal year

Grantor/Program Title	Federal CFDA Number	Loan Balance July 1, 2010	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2011
NC Clean Water Revolving Loan & Grant Program	N/A	\$ 1,201,714	\$ -	\$ 80,114	\$ 1,121,600