

CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014



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 Officials	10
Organizational Chart	11
Map of Craven County, North Carolina	12

FINANCIAL SECTION

Independent Auditor's Report.....	13 – 15
Management's Discussion and Analysis (Unaudited)	17 – 30
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	38 - 40
Statement of Net Position – Proprietary Funds.....	41
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	42
Statement of Cash Flows – Proprietary Funds	43
Statement of Fiduciary Net Position – Fiduciary Funds	44
Notes to Financial Statements	45 - 90
Required Supplementary Information:	
Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance	93
Schedule of Employer Contributions for Law Enforcement Officers' Special Separation Allowance	93
Schedule of Funding Progress for Other Postemployment Benefits	94
Schedule of Employer Contributions for Other Postemployment Benefits	94
Notes to the Required Schedules for Other Postemployment Benefits.....	94
Other Supplementary Information:	
Schedule of Ad Valorem Taxes Receivable.....	95
Analysis of Current Tax Levy	96
Combining Schedules of Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	97
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	98
Combining Balance Sheet – Nonmajor Capital Project Funds.....	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds.....	102
<i>Special Revenue Funds:</i>	
Detailed Balance Sheet – All Fire District Funds	103
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balances- All Fire District Funds	104
Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual – All Fire District Funds	105 - 115

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
Emergency Telephone System E-911 Fund	116
Occupancy Tax Fund	117
CDBG FY12 Scattered Sites	118
CDBG FY 12 Small Business and Entrepreneurial Assistance Program	119
Pamlico Sound Regional Hazard Mitigation Program	120
CDBG FY 12 Water & Sewer Infrastructure	121
Hazard Mitigation Grant Program Project 4019-0028	122
Hazard Mitigation Grant Program Project 4019-0027	123
<i>Debt Service Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual	125
<i>Capital Project Funds:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
County Reserve Capital Project Fund	126
EOC 911 Renovation Fund	127
<i>Enterprise Funds:</i>	
Combining Statement of Net Position – Nonmajor Enterprise Funds	131
Schedule of Net Position – Craven County Water Fund	132
Detailed Schedule of Revenues, Expenses and Changes in Net Position – Craven County Water Fund	133
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Craven County Water Operating Fund	134 -135
Castle Hayne Aquifer Capital Project Fund	136
Blended Component Unit, Northwest Craven Water and Sewer District	137
<i>Internal Service Fund:</i>	
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis	139
<i>Agency Funds:</i>	
Combining Balance Sheet – All Agency Funds	140
Schedule of Changes in Assets and Liabilities – All Agency Funds	141
<i>Component Units:</i>	
Tourism Development Authority Fund (A Component Unit)	
Detailed Statement of Net Position	142
Schedule of Revenues, Expenditures and Changes in Net Position Budget and Actual	143
Craven County Regional Airport Authority (A Component Unit)	
Combining Statement of Net Position	144
Combining Schedule of Revenues, Expenses and Changes in Net Position	145
Combining Schedule of Cash Flows	146
Detailed Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Operating Fund	147-148
Terminal Area Development Site No. 30 Capital Project Fund	149
Terminal Area Development Site No. 33 Capital Project Fund	150
Terminal Area Development Site No. 34 Capital Project Fund	151
Terminal Area Development Site No. 35 Capital Project Fund	152
Terminal Area Development Site No. 36 Capital Project Fund	153
Airport Reserve Fund	154
<i>Capital Assets Used in the Operation of Governmental Funds</i>	
Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source	155
Capital Assets Used in the Operation of Governmental Funds Schedule by Function & Activity	156
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function & Activity	157

STATISTICAL SECTION (Unaudited)

Net Position by Component – Last Ten Fiscal Years (Schedule 1)..... 159
Changes in Net Position – Last Ten Fiscal Years (Schedule 2)..... 160 - 161
Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 3)..... 162
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 4)..... 163
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years (Schedule 5)..... 164
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years (Schedule 6)..... 165
Principal Property Taxpayers – Current Year and Nine Years Ago (Schedule 7) 166
Property Tax Levies and Collections – Last Ten Fiscal Years (Schedule 8)..... 167
Ratios of Outstanding Debt by Type – Last Ten Fiscal years (Schedule 9)..... 168
Ratio of Net General Bonded Debt Outstanding – Last Ten Fiscal Years (Schedule 10) 169
Legal Debt Margin Information – Last Ten Fiscal Years (Schedule 11)..... 170
Demographic and Economic Statistics – Last Ten Fiscal Years (Schedule 12)..... 171
Principal Employers – Current Year and Nine Years Ago (Schedule 13)..... 172
Full-time Equivalent County Government Employees by Function – Last Ten Fiscal Years (Schedule 14) 173
Operating Indicators by Function – Last Ten Fiscal Years (Schedule 15) 174
Capital Asset Statistics by Function – Last Ten Fiscal Years (Schedule 16)..... 175

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
Government Auditing Standards 177 - 178
Compliance for Each Major Federal Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133 and the State Single Audit Implementation Act 179 - 180
Compliance for Each Major State Program and on Internal Control Over Compliance in
Accordance with the Applicable Sections of OMB Circular A-133 and the State Single
Audit Implementation Act 181 - 182
Schedule of Findings and Questioned Costs 183 - 186
Corrective Action Plan 187
Status of Prior Audit Findings..... 188
Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges 189 - 193
Notes to Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges..... 194

Craven County



INTRODUCTORY SECTION

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

Craven County





December 10, 2014

The Board of County Commissioners
Citizens of Craven County

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2014 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 LLP, 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, 2014, 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, 2014, 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 5,194 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 tour-

ing 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 LOCAL ECONOMY

Craven County's economy is experiencing much of the same impacts as other areas in the State. The growth of residential development aimed at retirees has slowed significantly with the current economic conditions and overall poor housing market. Housing prices appear that they may be levelling out. The sales/assessment ratio calculated by the N.C. Department of Revenue is based on a sample of sales of homes each year. Craven County's last revaluation was in January 2010 at which time the ratio was 100 (that is, market was equal to assessed value). In 2011 it was 1.0123, in 2012 it was 1.0679, and in 2013 it was 1.1302. In January 2014 it was 1.1314, a very slight increase over 2013, indicating a levelling out of house prices. Simply stated, the selling price of the sample of sales used was valued 13 percent higher than the market value. The next revaluation for the County is in 2016 which allows time for the market to continue to improve and house prices to increase to a level closer to the market value on the tax records. Recent numbers show an uptick in the number of home sales in the \$100,000 to \$500,000 range. There is a year of inventory on the market based on the current rate of sale.

Per capita personal income in Craven County increased by 4.4 percent in calendar 2012 (the latest information available), to \$39,078. The change for the state of North Carolina in 2012 was a 3.8 percent increase and nationally the change was a 3.4 percent increase. The County's per capita income level is 103 percent of the state average and 89 percent of the national average, up from 88 percent. The County ranked sixteenth out of one hundred counties in the state in per capita income, up from seventeenth. The 2002-2012 average annual growth rate of per capita personal income for the County was 3.6 percent, while the average annual growth rate for the state was 2.9 percent and 3.2 percent for the nation. In the year 2002, the County ranked twenty-fourth out of 100 counties in the state.

The number of building inspections performed by the Craven County Inspection Department was down over eight percent in fiscal 2014 compared to 2013, a further indication of a slow housing market. The number of inspections performed in 2014 is still only 60 percent of 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 sector of employment in the County with 32.4 percent of all jobs, a slight decrease for calendar 2013 compared to a year ago. This decrease was due to a decline in federal, state, and local government employment. Total number of people employed in the County was down 2.5 percent from 2012 to 2013 (using annual average figures). Both the government sector and the private sector experienced the same 2.5 percent decline in number of employees. The private sectors with the greatest change in employment for the year include trade, transportation and utilities (down 8.3 percent), natural resources and mining (up 6.0 percent), professional and business services (down 5.7 percent), and education and health services (up 4.9 percent).

The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 14,520 personnel, including 5,194 civilian jobs. The same numbers a year ago were 14,693 and 5,274. The number of civilian jobs at the Fleet Readiness Center East (the single largest industrial employer east of I-95) located at Cherry Point Marine Corps Air Station was down 3.0 percent from the previous year. The total payroll for the base in calendar 2013, including Fleet Readiness Center East, was \$1.22 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$2.16 billion. The military and the local community

have developed a strong relationship from which both have benefited. The County continues its efforts to ensure that decision makers in Washington and Raleigh understand the significance and importance of the military presence in the County and all of eastern North Carolina.

The annual average unemployment rate in Craven County fell from 9.7 percent in calendar 2012 to 9.0 percent for calendar 2013. The rate in the County fell each month in 2013 to a low of 7.6 percent in the month of December. The statewide average for calendar year 2013 was 8.0 percent, down a full percent and a half from 9.5 percent in 2012. Employment at major manufacturing employers in the County was stable or slightly up for the year. Employment was up slightly at Craven County, flat at the City of New Bern, CarolinaEast Health Systems, and the Craven County Schools. The unemployment rate for July 2014 in the County was 8.0 percent, down a full percentage point from the calendar 2013 average but up slightly from the December 2013 low.

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 Doubletree (formerly the Hilton Hotel), near the Convention Center. The County contributed over a million dollars to the interactive museum/education center project. The 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 \$120.75 million in calendar year 2013, an increase of 1.2 percent from 2012. State and local tax revenues from travel to Craven County amounted to \$9.07 million which represents an \$86.85 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2013 there were 1,030 jobs in Craven County related to tourism with an annual payroll of \$22.3 million.

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 remained level at \$781,000 in fiscal 2014 compared to \$779,000 in fiscal 2013. The Center incurred an operating deficit of \$183,000 in fiscal 2014 compared to a budgeted deficit of \$219,000. The Center was not built with the expectation that it would generate a direct profit, but was intended to provide an economic stimulus for the County. The Center hosted 211 events in fiscal 2014 and generated approximately \$9.2 million of economic impact to the community during the fiscal year ended June 30, 2014. 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 all local governments. During fiscal 2014 the County's General Fund balance increased \$1,810,252. The County's unassigned General Fund balance at June 30, 2014, represents 26.4 percent of actual expenditures and transfers out for fiscal year 2014. The tax rate for fiscal 2014 was lowered to \$.4675 per hundred dollars of valuation, down from \$.4700. The County last conducted a reappraisal of all County real property as of January 1, 2010 and the next one will be done effective January 1, 2016. Property values increased from \$9.74 billion to \$10.01 billion, or 2.7 percent. This increase was due to increases in residential and personal property. Personal property increased in value due to a change in the billing and collection of property tax on motor vehicles. The taxes are now billed in conjunction with the motor vehicle registration rather than after the fact. This resulted in a one-time windfall of an additional four months of motor vehicle property tax revenue. Rather than applying this windfall to the general operating budget, the County chose to transfer it to the Debt Service Fund. There, it was used to make up a shortage in revenues of the Debt Service Fund caused by the State reducing the lottery proceeds distributed to counties. Commercial, industrial, and utility property values decreased slightly from the previous year. The breakdown of these amounts is available in the Statistical Section of this report on Schedule 5.

The estimate of property values for fiscal 2015 is \$9.80 billion and reflects the continuation of slow growth in the tax base due to the economy. The decrease from the \$10.01 billion is entirely due to the one-time occurrence in fiscal 2014 mentioned in the previous paragraph relating to motor vehicles. The budget for fiscal 2015 was adopted with a tax rate of \$.4675 per hundred dollars of valuation, the same rate as fiscal 2014. Budgeted expenditures of the General Fund are \$97,121,000 for fiscal 2015 and compare to \$98,019,000 of expenditures in the 2014 original budget. Budgeted revenues are the same as expenditures and include an appropriation of the County's fund balance in the amount of \$186,000. The most significant item causing the decrease in the budget is the one-time occurrence relating to the collection of motor vehicle property taxes mentioned previously. This item increased the revenue budget in fiscal 2014 by \$1.1 million, as well as the expenditure budget since the money was budgeted as a transfer (expenditure) to the Debt Service Fund to fund school debt. One item offsetting this reduction in the budget was a \$483,000 increase in the budget for the Board of Education. This increase was the result of cuts to the school budget by both the Federal and State governments. The County provided funding for an additional five teachers, bringing the total to 40 classroom teachers funded through local funds. The appropriation to the community college capital was also increased by approximately \$100,000 for increases needed renovations on the campus.

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. These funds allow the County to pay for future capital needs as they arise. Transfers of \$989,000 were made during 2014 to the General Fund for capital items funded by the Capital Reserve Fund. While there was no budgeted appropriation in the original budget for fiscal 2014 to the Capital Reserve Fund, there was a budget amendment approved during the year to transfer approximately \$1.5 million of funds to the fund from the General Fund. These funds were received from the Eastern Region and were generated in prior years through a \$5 motor vehicle license, held by the Eastern Region in a revolving loan fund on behalf of the County to be used for economic development projects. The Eastern Region was dissolved by the legislature during the past year. The County chose not to participate in the successor organization and requested all funds to be refunded. The Board of Commissioners elected to put this one-time money in the Capital Reserve Fund to be used for future economic development projects of the County. The

County did not make an appropriation to the Capital Reserve Fund in the fiscal 2015 budget but did make a budget amendment in August 2015 to move \$1 million to the Reserve Fund from the General Fund fund balance.

As mentioned in the previous paragraph, the County chose not to join the Eastern Alliance, formed to take the place of the Eastern Region. It is a not-for-profit venture made up of counties and municipalities in the area, formerly comprising the Eastern Region, to coordinate economic development efforts and projects for the region. The County decided to pursue its own economic development effort, formed an economic development department, hired a manager and marketing assistant, and is now working to form a group of private and public partners in the County to collaborate on economic development efforts.

The County has completed the renovation of the former Sheriff Office and jail, to house the Emergency Services offices, a permanent Emergency Operation Center (EOC), renovated E-911 center, and generator supported facilities as the primary location for the County's computer hardware. Previously the County activated an EOC in a courtroom on an as needed basis. This involved physically moving a lot of technology into place and interfered with the Court schedule. The E-911 center was previously located in the building but was housed in a very small, inadequate area. The renovation of the facility provided a significantly larger, state of the art facility for E-911 as well as a full upgrade of the telephone and computer equipment. The primary data processing center was previously located in the County Administration Building and had no permanent generator on site. Bids were awarded for the renovation during fiscal 2013 and construction was completed in fiscal 2014. The office area formerly used by Emergency Services in the Administration Building has now been renovated and is used as offices of the elections department. The former elections office space was recently converted to a training room and permanent one-stop voting facility.

During the year, the County completed a project to remove debris from Swift Creek. This \$130,000 project was funded primarily through a grant obtained from the State by the Soil and Water District. The County contributed approximately \$25,000 to the project. The debris, most of which resulted from Hurricane Irene in 2012, was blocking many areas of the creek and causing spot flooding in those areas. The project was completed on time, within budget, and now provides a more constant flow of water in the stream. The County has recently received notice of an additional grant to be received in fiscal 2015 which will be used to remove debris from Batchelor Creek, another stream comprising the Neuse River basin.

Improvements will continue to be made at County recreation facilities. Plans for next year include lighting an additional soccer/football field at Creekside Park and re-surfacing the tennis courts at West Craven Park. The tennis courts there are used by the West Craven High School tennis team and get lots of playing time. Capital plans of the County for fiscal 2015 also include the purchase of new voting equipment at an estimated cost of \$325,000 in the capital improvement plan. The equipment previously used, which included touch screen machines, are no longer approved for election use.

In the upcoming fiscal year the County plans to undertake an expansion at the Animal Shelter to provide additional space for housing animals. The current facility has reached its maximum capability and additional space is needed for more animals and to provide more time for possible adoption of existing animals before they have to be put down. Plans are to provide housing space through a low cost metal building type structure. At the same time the expansion project is underway, improvements will be made to the existing housing area to provide air conditioning and an epoxy covering on the concrete floor. The County has \$500,000 in the capital improvement plan for this project.

Upcoming plans for the County water system include the continued alternate water source project in response to the Capacity Use Rules imposed by the State limiting the volume of water that users of the Black Creek aquifer may withdraw. All entities 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 remaining 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, alone, did not allow the County to meet the 2013 goal of 50% reduction from the Black Creek aquifer. The County was forced to find another water source to meet this goal. In 2008, the County engaged an engineer to update a plan of future demands on the system to provide methods 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. The flow from these wells exceeded expectations and as a result it was determined that five wells would provide sufficient water for a 2 million gallon per day treatment plant. It was also determined that eight wells would service a 3 million gallon per day plant. The water will require advanced treatment and the need for a treatment plant located on the east side of the Trent River to provide water for all customers on that side of the river. The County acquired a 10 acre site for the plant and one well in 2011 and seven more well sites the following year. In 2012 test wells were completed and the County contracted with the engineer for the design phase of the plant, distribution system and discharge system. The size of the treatment plant and distribution system for raw and processed water were designed to provide a maximum of 5.0 million gallons of water per day but the initial phase will be to construct treatment for only 3.0 million gallons per day. In fiscal 2014 the design of the system was completed, all the necessary permits were acquired, and a bid package was prepared. Bids were solicited and received, in the very early part of fiscal 2015, for the 2.0 million gallons per day plant and an alternate item for an additional million gallons (total of three). The bids were approximately \$665,000 higher than the engineer's estimate for both the 2.0 million gallon per day plant and the 3.0 million gallon per day plant. The County chose to accept the low bid for the base and alternate and is now in the process of contracting the work. The additional cost will be funded with cash on hand in the water fund. The existing Black Creek and Pee Dee wells will serve all customers on the western side of the river for the foreseeable future with the eastern side being served by the new wells and treatment plant.

In September, 2012 the County applied for and received a \$3 million planning loan from the Division of Water Quality (DENR) to provide funds to cover costs up to the bidding phase of the project. These funds have been drawn down completely during fiscal 2013 and 2014. In September, 2013 the County applied for a \$16 million loan from DENR for the construction phase of the project. The County received notification that the full \$16.2 million loan was approved for a term of twenty years and an interest rate of zero. The County will fund the remaining \$16.3 million project costs with funds on hand. These funds have been accumulated over a ten year period that began when the Capacity Use Rules were first announced specifically for the construction of this plant. As a result of this long range planning, the construction and operation of the plant will require no rate increase for the users.

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, 2013,

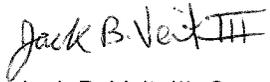
the twenty fourth consecutive year this award was received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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, Craig Warren, and Craig Wilkie. Also of significant assistance in the preparation of the report were Martha Wayne, James Goodman, William Alexander, Patti Dudley, Robbie Bittner, Keith Cannon, and Gary Ridgeway of McGladrey 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



Government Finance Officers Association

**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, 2013

Executive Director/CEO

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2014

**BOARD OF
COMMISSIONERS**

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Vice-Chairman

STEVE TYSON

LEE K. ALLEN

THERON MCCABE

JOHNNIE SAMPSON, JR

SCOTT C. DACEY

COUNTY OFFICIALS

JACK B. VEIT III
County Manager

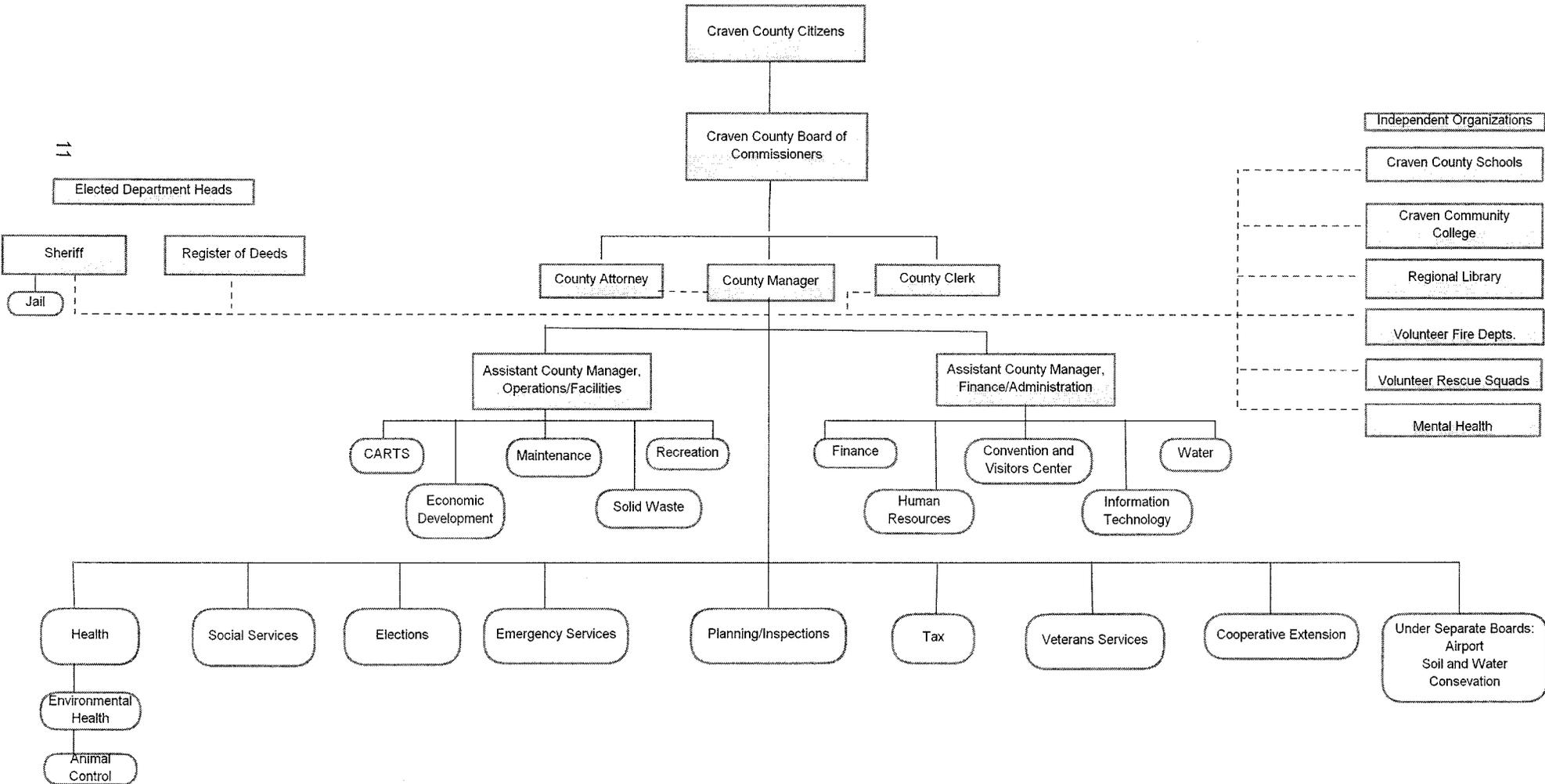
RICHARD F. HEMPHILL
Finance Officer

GENE HODGES
Assistant County Manager

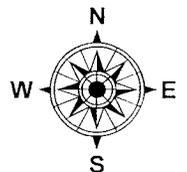
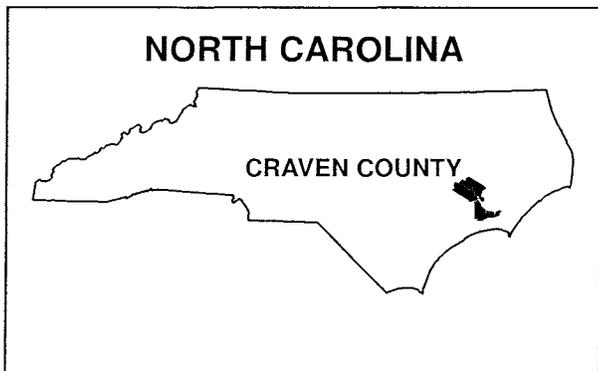
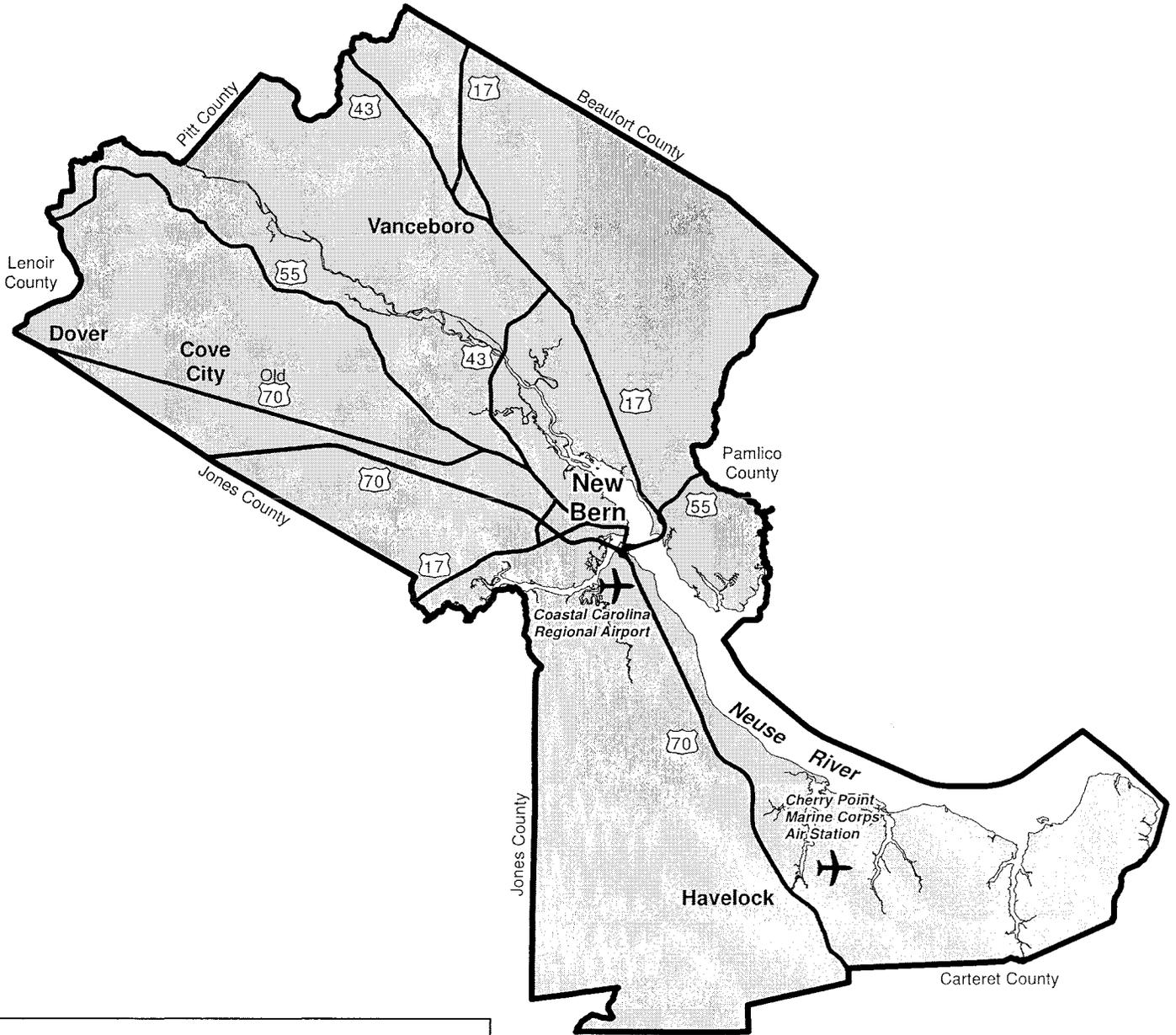
SHERRI B. RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

CRAVEN COUNTY ORGANIZATIONAL CHART



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





Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of County Commissioners
Craven County, North Carolina

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Craven County Alcoholic Beverage Control ("ABC") Board or CarolinaEast Health System ("Health System"), which represented 93%, 93% and 99%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ABC and Health System, is based solely on the reports 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 from material misstatement. The financial statements of Craven County Alcoholic Beverage Control Board and CarolinaEast Health System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2014, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 30, and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and the Other Postemployment Benefits' Schedules of Funding Progress and the Employer Contributions on pages 93 through 94, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Craven County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other schedules listed in the table of contents as Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and other schedules listed as other supplementary information, and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables of the Comprehensive Annual Financial Report are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of Craven 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Craven County's internal control over financial reporting and compliance.

McGladrey LLP

Morehead City, North Carolina
December 10, 2014

Crauen County



MANAGEMENT'S DISCUSSION & ANALYSIS

Crauen County



Craven County, North Carolina
Management's Discussion and Analysis (Unaudited)
June 30, 2014

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, 2014. 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 and deferred outflows of resources of Craven County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$76,925,944 (net position).
- The government's total net position increased by \$6,787,505 in fiscal 2014. Of this amount, \$1,351,031 was due to an increase in the net position of the Water Fund from normal operations of this enterprise fund. The remaining \$5,436,474 increase in net position was in governmental activities and was a result of a special item in the amount of \$1,516,317 and from under spending appropriations by more than \$4 million. The special item was money received from the Eastern Region upon its dissolution by the legislature and represented the County's portion of the revolving loan fund they previously administered.
- The net position of the governmental activities is 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, 2014, the outstanding balance of school related debt was \$41,050,950, excluding unamortized premium.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined fund balances of \$41,608,733 an increase of \$1,275,229 for the year. This increase was created in two of the governmental funds, the General Fund and the County Reserve Fund. The fund balance of the General Fund increased by \$1,810,252 due to actual expenditures being approximately \$4.0 million less than budget. Expenditures were below budget in all departments of the County with the most significant variances in the Health (\$1.1 million) and Social Services (\$1.7 million) functions. Expenditures in all programs of the health department were below budget for the fiscal year with the home health program having the largest savings due to lower than expected salary and contractual labor costs. This resulted from a decision to sell the County's home health program and consequently no new patients were enrolled in the program. This allowed for positions to be left vacant and personnel moved to other health department areas as the number of clients was reduced. Expenditures for salaries in all of the social services programs were less than budget due to lapsed salaries of vacant positions. Also in the social services function, capital expenditures were less than budget in the transportation program due to a delay in vehicle replacement and fuel costs were lower than were anticipated in the budget. The most significant social service expenditures below budget were in the public assistance payments and TANF areas. Energy assistance payments were \$165,000 less than budget and child care subsidies were \$200,000 less than budget.

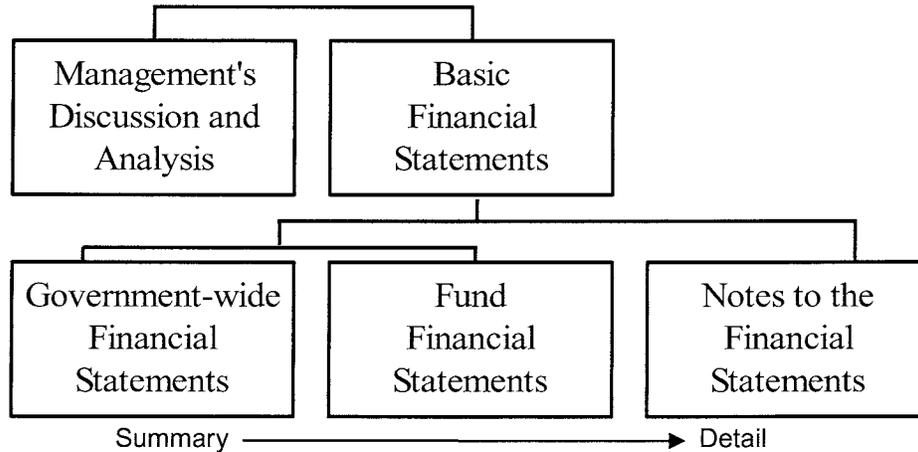
Both of these also resulted in lower revenues as these are federal funds which flow through the Department of Social Services. SAA (Special Assistance for Adults) was \$175,000 less than budget which did not have any offsetting revenue impact and resulted in true savings to the County. These funds are designed for assisting adults who are at risk of entering a residential facility to allow them to stay in their home setting as long as possible. These funds are 50% State and 50% County. The amount budgeted as expenditures in the County budget represents the County share. In the TANF area of social services, the transportation cost for clients, adoption and foster care costs were less than anticipated. The fund balance of the County Reserve Fund was the other governmental fund which increased during the year. The \$506,679 increase was the result of the \$1.5 million received from the Eastern Region mentioned previously. The County chose to transfer these funds from the General Fund to the reserve fund to hold for future economic development projects. The increase in these two governmental funds was offset by decreases in others, primarily the Emergency Telephone System Fund which used fund balance of \$582,038 during fiscal 2014 to fund the upgrade of the E-911 equipment. Another fund balance decrease was in the EOC Capital Project Fund where \$889,582 was expended to complete the renovation project.

- Revenues in the General Fund were approximately \$1.4 million below budget. The shortage can be attributed to sales tax revenue being \$484,700 below budget, and charges for services being \$1,268,800 under budget. Sales tax was 3.6 percent below budget due to continued poor economic market conditions. Charges for services were below budget due primarily to the decision to sell the County's home health program. When this decision was made services were ramped down and resulted in charges for these services to be approximately \$900,000 less than the budgeted amount. Approximately 80.7 percent of the total General Fund balance, or \$25,743,810, is unassigned at June 30, 2014. This amount represents 26.4 percent of total General Fund expenditures (including transfer outs). In 2013, unassigned General Fund balance was \$23,440,262 approximately 77.9 percent of the total fund balance. There was an appropriation of \$186,000 of General Fund balance in the 2015 original budget.
- The County made up the projected future shortage in the Debt Service Fund caused by the continued "taking" of the County's lottery proceeds by the State. According to the original lottery legislation, forty percent of net lottery proceeds were to go to counties for school capital needs. The State has seen fit for the past three years to take a portion of those funds to be used to balance their budget. Counties are receiving 40 percent less than the original legislation stated and in addition the State has withheld the growth of the lottery proceeds from the counties. Debt was issued based on the projected continued receipt of these funds and the "taking" impacted the County's ability to service the school debt without subsidizing the normal sources (dedicated sales tax and lottery receipts) from the General Fund. The windfall received by the County as a result of the change in motor vehicle property tax collection was transferred into the Debt Service Fund and made up the anticipated shortage. This extra four months of motor vehicle property tax allowed the County to transfer \$1.15 million from the General Fund to compensate for the shortage caused by the money taken by the State.

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-term and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position 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-type activity.

The final category is component units. CarolinaEast Health System (formerly Craven Regional Medical Center) is a public hospital operated by the CarolinaEast Health System authority. The County Commissioners appoint the governing board of the Health System and own the buildings and land of the main hospital site. The facility 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 follow this analysis.

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 Position 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 Position 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 three 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 immediately following the basic financial statements.

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

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$76,925,944 as of June 30, 2014. The County's net position increased by \$6,787,505 for the fiscal year ended June 30, 2014. By far, the largest category of net position, totaling \$57,006,390 or 74% of the total net position, is the County's net 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, as the capital assets cannot be used to liquidate these liabilities. An additional portion of Craven County's net position \$9,303,705 (12.1%) represents resources that are subject to external restrictions on how they may be used. Most of this amount is a result of North Carolina statutes requiring restriction of assets not readily converted into cash. The remaining balance is unrestricted. At June 30, 2014, the unrestricted balance of \$10,615,849 would be significantly larger were it not for the method used to finance public school and community college (schools) debt in North Carolina. 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

position rather than as part of the category invested in capital assets, net of related debt. The unrestricted net position balance is made up of the following:

School system debt	\$ (41,050,950)
All other	<u>51,666,799</u>
Total unrestricted net position	<u>\$ 10,615,849</u>

Craven County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 50,330,717	\$ 49,091,448	\$ 19,516,839	\$ 17,236,984	\$ 69,847,556	\$ 66,328,432
Capital assets, net	63,434,549	64,427,109	19,799,476	19,909,780	83,234,025	84,336,889
Total assets	113,765,266	113,518,557	39,316,315	37,146,764	153,081,581	150,665,321
Total deferred outflows of resources	5,789,816	6,387,811	-	-	5,789,816	6,387,811
Long-term liabilities/schools	41,050,950	45,394,750	-	-	41,050,950	45,394,750
Long-term liabilities/other	33,430,294	35,554,114	3,860,157	2,827,963	37,290,451	38,382,077
Other liabilities	3,019,663	2,286,356	424,351	638,025	3,444,014	2,924,381
Total liabilities	77,500,907	83,235,220	4,284,508	3,465,988	81,785,415	86,701,208
Total deferred inflows of resources	160,038	213,485	-	-	160,038	213,485
Net position:						
Invested in capital assets, net of related debt	40,967,813	38,519,516	16,063,577	17,043,921	57,031,390	55,563,437
Restricted	9,303,705	9,316,938	-	-	9,303,705	9,316,938
Unrestricted (deficit)	(8,377,381)	(11,378,791)	18,968,230	16,636,855	10,590,849	5,258,064
Total net position	\$ 41,894,137	\$ 36,457,663	\$ 35,031,807	\$ 33,680,776	\$ 76,925,944	\$ 70,138,439

The impact on unrestricted net position, 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 increasing the collection percentage to 98.80, up from 98.03 the previous year and higher than the statewide average of 97.3 percent for the previous year.
- General Fund expenditures were less than budgeted expenditures by \$3.97 million. This was due to continuing the steps put in place several years ago, including a soft hiring freeze, restricting travel and capital outlay to only those items that are absolutely necessary. The actions taken to control expenditures successfully offset revenues of \$1.4 million below budget and resulted in an addition to the General Fund balance in the amount of \$1.8 million.

Craven County Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013 (as reclassified)	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 14,131,563	\$ 14,719,890	\$ 3,828,806	\$ 3,733,491	\$ 17,960,369	\$ 18,453,381
Operating grants and contributions	19,851,390	19,774,750	-	-	19,851,390	19,774,750
Capital grants and contributions	1,490,011	1,645,370	-	-	1,490,011	1,645,370
General revenues:						
Property taxes	48,512,236	47,503,351	-	-	48,512,236	47,503,351
Sales and use taxes	13,394,720	13,594,555	-	-	13,394,720	13,594,555
Other	2,025,543	2,575,802	164,894	181,601	2,190,437	2,757,403
Total revenues	99,405,463	99,813,718	3,993,700	3,915,092	103,399,163	103,728,810
Expenses:						
General government	9,529,776	10,453,419	-	-	9,529,776	10,453,419
Public safety	18,273,896	16,970,296	-	-	18,273,896	16,970,296
Environmental protection	5,200,967	4,949,064	-	-	5,200,967	4,949,064
Economic and physical development	3,244,680	2,818,906	-	-	3,244,680	2,818,906
Human services	30,574,070	31,450,010	-	-	30,574,070	31,450,010
Cultural and recreation	2,435,885	2,334,287	-	-	2,435,885	2,334,287
Education	23,691,968	23,743,790	-	-	23,691,968	23,743,790
Interest on long term debt	2,617,304	2,739,303	21,310	27,350	2,638,614	2,766,653
Water and sewer districts	-	-	2,538,119	2,401,626	2,538,119	2,401,626
Total expenses	95,568,546	95,459,075	2,559,429	2,428,976	98,127,975	97,888,051
Increase in net position						
before transfers	3,836,917	4,354,643	1,434,271	1,486,116	5,271,188	5,840,759
Special Item	1,516,317	-	-	-	1,516,317	-
Transfers	83,240	102,620	(83,240)	(102,620)	-	-
Increase in net position after transfers and special item						
	5,436,474	4,457,263	1,351,031	1,383,496	6,787,505	5,840,759
Net position beginning of year	36,457,663	32,967,352	33,680,776	32,297,280	70,138,439	65,264,632
Restatement for						
accounting change	-	(966,952)	-	-	-	(966,952)
Net position, beginning, restated	36,457,663	32,000,400	33,680,776	32,297,280	70,138,439	64,297,680
Net position ending	\$ 41,894,137	\$ 36,457,663	\$ 35,031,807	\$ 33,680,776	\$ 76,925,944	\$ 70,138,439

Governmental activities. Governmental activities increased the County's net position by \$5,436,474, an increase of approximately \$980,000 over last year. Changes of significance in the revenues and expenses are outlined below.

Revenues declined by approximately \$400,000 due to:

- Charge for services was lower by approximately \$600,000 from the prior year due to the decision to sell the home health certificate of need and no longer provide this service.
- Sales tax collections were also down approximately \$200,000 due to lower retail sales in the County.
- Other revenue declined over \$500,000 due to two items in 2013 which did not recur in 2014: a significant distribution of profits from the ABC Board, and a large payment from the State for the hold harmless relating to the Medicaid/sales tax swap of prior years.
- These declines were partially offset by an increase in property taxes of approximately \$1 million as a result of the change in motor vehicle tax collection mentioned previously.

Expenses increased by approximately \$110,000 due to:

- An increase in the public safety function (up \$1.3 million) due to capital expenditures for the emergency operations center project of approximately \$370,000 and an increase of approximately \$650,000 in the Emergency Telephone System 911 Fund due to the relocation and upgrade of the 911 center. Financial support for the volunteer rescue squads also increased in 2014 as a result of continuing increases for paid staff due to the shortage of volunteers.
- The increase in public safety was largely offset by a \$900,000 reduction of expenses in the human services function. This was due primarily to a reduction of approximately \$400,000 of expenses in the home health program as a result of the decision to sell the certificate of need. Also expenses for TANF and Special Assistance for Adults payments in the social services department decreased as mentioned earlier in this analysis.

A special revenue item of \$1,516,000 was the primary reason for the increase in overall net position this year. The County received the funds held by the Eastern Region for the County's behalf in a revolving loan fund upon dissolution of the Eastern Region by the legislature.

Business-type activities. Business-type activities, the County's water utility, increased Craven County's net position by \$1,351,031, slightly less than the increase last year of \$1,383,000.

- Total revenue increased by \$79,000 over the prior year due to increased billings for water. There was no change in water rates in 2014. The last rate increase was implemented in October 2011 to provide funds for the water treatment plant construction project. That rate increase is expected to provide the funds needed for additional operating expenses and higher debt service when the new treatment plant comes on line in 2016.
- Expenses increased by \$130,000 due to higher utility and personnel costs in fiscal 2014. Maintenance cost for the system was also higher in fiscal 2014. The increase in operating expenses resulted in operating income as a percentage of revenue decreasing in 2014 to 35.5% compared to 37.5% in 2013.

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, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2014, the governmental funds of Craven County reported a combined fund balance of \$41,608,733, which represents a 3.2 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2014, the County's unassigned fund balance in the General Fund was \$25,743,810, an increase of \$2,303,548 (9.8 percent), while total fund balance increased by \$1,810,252 (6.0 percent) to \$31,903,851. 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 fund balance of the County's General Fund represents 26.4 percent of total General Fund expenditures (including transfers out), while total fund balance represents 32.8 percent of the total General Fund expenditures. The County has no formal fund balance policy but has a goal of maintaining an available fund balance of 18 to 25 percent of expenditures. The County transferred \$1 million of the available fund balance to the County Reserve Fund in early 2015.

The other major governmental fund, County Reserve for Capital Projects, had an increase in fund balance of approximately \$500,000 as a result of a transfer in from the General Fund of \$1.5 million. This was the money received from the Eastern Region and set aside in reserve for future economic development projects. The transfer in was partially offset by funding capital expenditures as programmed in the County's capital improvement plan in the amount of \$988,000 through a transfer out to the General Fund.

Fund balances of the non-major governmental funds decreased by \$1,041,000. All of this decrease was due to expenditures for the EOC and 911 projects which decreased fund balance in the capital project fund for the EOC and the special revenue fund for E911.

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 budgeted revenues by \$2.8 million including the following:

Sales tax revenue was increased by \$250,000 to account for higher than anticipated sales tax receipts designated for school capital which are transferred to the Debt Service Fund.

Intergovernmental revenues increased by approximately \$.6 million from the original budget and consisted of the following items:

- Department of social services (DSS) received additional energy assistance grants from the State after the original budget was adopted totaling \$76,100 and an increase in subsidized daycare assistance of \$198,500. Additionally DSS received increases of \$23,600 in their revenue for administering various Federal and State programs.
- CARTS accounted for \$121,000 increase in the budget due to capital funds becoming available this year that were originally expected in the previous year.
- The remaining amount was due to additional grants and funding received after the original budget was prepared in the health department of \$93,000, recreation of \$20,000, and the convention center of \$31,000.

The budget for charges for service was increased by \$413,000 during the year due to the following:

- The budget for fees collected by the Register of Deeds for excise taxes was increased by \$40,000 during the year.
- Collections for rescue service were higher than originally budgeted and a budget amendment for \$84,000 was required to allow for the payment of these funds to the volunteer rescue squads with whom the County contracts to provide ambulance service.
- Health department fees were increased by \$102,000 during the year to reflect increased demand for services and fees collected by CARTS for services provided were also increased by \$87,000. All of these increases in budgeted revenues were offset by increased expenditures.

Miscellaneous or other revenue was increased by \$1.5 million representing the money received from the Eastern Region and transferred to the County Reserve Fund.

Amendments to the budget of approximately \$536,800 were made during the year by appropriating fund balance of the General Fund and included:

- \$151,000 was appropriated for the schools due to increases in their retirement and insurance costs which became known after the State passed their budget;
- \$8,900 was appropriated as a transfer to the capital reserve for half of the dental program profit for the prior year. This reserve is being accumulated to replace the dental trailer when the need arises.
- \$200,000 was appropriated for inmate medical care which has been extremely high this year.
- \$56,000 was appropriated for the housing of juvenile offenders at facilities throughout the state. Craven County jail cannot house juvenile offenders in the same facility as adult inmates.
- \$24,000 was appropriated for postage for the elections department for mailing new voter cards due to the re-districting of commissioner districts.
- \$22,000 was appropriated for a consultant to prepare an application for FQHC status at the health department. If this designation is obtained reimbursements would be higher for services provided. Some services will have to be expanded.

Expenditures in the final budget were increased by approximately \$1.5 million from the original budget. The increases in expenditures were a result of the amendments to revenues previously mentioned.

Net transfer outs were increased in the budget by approximately \$1.8 million and primarily were the funds received from the Eastern Region and transferred to the Capital Reserve Fund as previously mentioned.

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 position of the Water Fund increased during the fiscal year by \$2.4 million to \$19.0 million. This was a result of operating income remaining at the \$1.4 million level and a reduction in the investment in capital assets, net of related debt in the amount of \$1.0 million. This reduction was caused by capital assets continuing to depreciate and an additional borrowing of \$1.0 million for the planning loan relating to the water treatment plant project discussed in the upcoming debt section.

Capital Asset and Debt Administration

Capital assets. Craven County's capital assets for its governmental and business-type activities as of June 30, 2014, totaled approximately \$83,234,000 (net of accumulated depreciation), a decrease of \$1.1 million from the prior year. These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions totaling approximately \$4.1 million during the year included:

- New vehicles for the Sheriff department and CARTS
- Replacement of boiler at the New Bern Library
- Renovation of the former Sheriff department and jail building for an emergency operations center, new main computer/data center, and expansion of E-911 center
- New audio visual equipment at the convention center
- Acquisition of new hardware and software by the information technology department much of which relates to the upgrade of E-911 system and the relocation of the primary data center
- Continued expenditures for the design and permitting of the water treatment plant

Craven County's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$10,010,344	\$9,984,681	\$947,354	\$947,354	\$10,957,698	\$10,932,035
Buildings	67,243,237	67,236,147	563,318	563,318	67,806,555	67,799,465
Improvements	11,547,252	11,146,457	29,774,102	29,708,174	41,321,354	40,854,631
Machinery and equipment	5,631,263	4,497,526	186,971	196,401	5,818,234	4,693,927
Vehicles	5,858,589	5,488,604	194,806	186,966	6,053,395	5,675,570
Construction in progress	1,321,802	595,990	3,029,641	2,324,343	4,351,443	2,920,333
Total	101,612,487	98,949,405	34,696,192	33,926,556	136,308,679	132,875,961
Less accumulated depreciation	38,177,938	34,522,296	14,896,716	14,016,776	53,074,654	48,539,072
Total net of depreciation	\$63,434,549	\$64,427,109	\$19,799,476	\$19,909,780	\$83,234,025	\$84,336,889

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, 2014, Craven County had total bonded general obligation debt outstanding with a principal amount of \$21,055,000. Of this amount, \$21,030,000 is debt backed by the full faith and credit of the County. Of the total bonded general obligation debt, \$25,000 is debt backed by the full faith and credit of Neuse River Water and Sewer Districts, a blended component unit of the County.

Craven County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
G. O. bonds	\$21,030,000	\$23,640,000	\$25,000	\$45,000	\$21,055,000	\$23,685,000
Installment debt	46,285,949	50,487,250	3,735,899	2,820,859	50,021,848	53,308,109
Capital lease	20,145	41,651	-	-	20,145	41,652
Total long debt	\$67,336,094	\$74,168,901	\$3,760,899	\$2,865,859	\$71,096,993	\$77,034,761

Craven County's total bonded and installment debt decreased by \$5,916,261 (7.7 percent) during the past fiscal year. This decrease was the result of two items: First there was an increase in total debt relating to the water treatment plant project. A planning loan obtained in the previous year was increased by \$995,000 in fiscal 2014. A permanent loan in the amount of \$16.2 million has been approved for the construction which will begin in 2015. The planning loan will be rolled into this permanent loan. The increase resulting from the new debt was offset by the regular debt service principal payments of \$6.9 million.

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 \$733,230,794.

The debt incurred by the County on behalf of the Coastal Carolina Regional Airport in 1998 was fully paid this past year. The debt consisted of \$1,930,000 of general obligation bonds and a \$4,500,000 installment loan and was used to finance the new airport terminal. This debt was issued in the name of the County but repaid by the Airport Authority.

Additional information regarding Craven County's long-term debt can be found in Note 4 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The County's average unemployment rate for calendar year 2013 was 9.0 percent, down from the 9.7 percent amount for the previous calendar year. The comparable rate for the entire State for 2013 was 8.0 percent. The County's rate decreased to 8.0 percent at the end of July 2014.
- Per capita income for the years 2002-2012 for Craven County show an average annual growth rate of 3.6 percent, while the average annual growth rate for the State, during the same period, was 2.9 percent and 3.2 percent for the nation. The County's per capita income increased 1.6 percent in calendar 2012 (the latest year information is available) while the State increased by 2.5 percent and the nation increased by 4.4 percent. The County's per capita income level is 103 percent of the state average and 89 percent of the national average.
- Total personal income for Craven County in calendar 2012 was \$4.1 billion, ranked 24th in the state, and accounted for 1.1 percent of the State total. The change for 2012 was an increase of 7.9 percent over 2011. The ten year compounded annual growth rate for the County for 2002-2012 was 3.6 percent, 2.9 percent for the State and 3.2 percent for the nation.
- The number of building inspections performed by the County Inspections Department in fiscal 2014 was down 8 percent from fiscal 2013 and was only 60 percent of 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. Housing prices have fallen as demand continues to be weak and are showing very little recovery.
- Actual 2014 property values were .98 percent below the estimate used for ad valorem taxes in the 2014 budget of \$10.097 billion. Property tax revenue collected was slightly higher than the budgeted amount for the year.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The County has approved a \$97.1 million General Fund budget for fiscal year 2015. This is down \$.7 million from the budget originally adopted for fiscal 2014 but is \$4.2 million less than the final budget for 2014. Estimates of property values for fiscal 2015 are \$9.80 billion, a decrease from the 2014 actual valuation of \$9.92 billion. One reason for the decrease is the change in the method of collecting motor vehicle tax which resulted in a one-time windfall of extra taxes being collected in fiscal 2014. As well, the County continues to see a decline in motor vehicle values and a slow-down of new construction. The 2015 budget was adopted with a tax rate of \$.4675 per \$100 of property valuation, the same rate as 2014. Fund balance of \$186,000 was appropriated to balance the budget.

Property tax revenues in the 2015 budget are \$1.3 million less than 2014 due to the one-time windfall in 2014 of motor vehicle property tax. The collection of the tax is now done at the time of vehicle registration with Department of Motor Vehicles (DMV) rather than four months later, as it was. This reduction in property tax revenue had no effect on the tax rate in 2015 as the entire amount of excess taxes received was budgeted as a transfer out in 2014 to the Debt Service Fund.

The budget for fiscal 2015 included three new full time positions. An additional deputy to serve as a resource officer at the Havelock campus of the community college was added in the Sheriff Department at the request of the college. A marketing analyst was added in the Economic Development Department to assist the director with the economic development efforts. The third was a nutritionist in the WIC program due to increased demand for this program, particularly in the Havelock area due to the air station personnel. The County did not provide a salary increase for full time employees in the 2015 budget. Total salaries budgeted for 2015 were \$208,000 less than the original budget for fiscal 2014. The County continues to look at any vacant position to determine the necessity of filling the vacancy prior to doing so.

Health and dental insurance premiums were increased by 5 percent across the board for the employee and the employer portion. The County pays 100 percent of the employee premium and the employee pays 100 percent of any elective dependent coverage. This increase resulted in a net cost to the County of \$120,000.

Capital outlay in the amount of \$1.9 million is included in the 2015 budget. Major capital acquisitions in the budget include:

- Lighting field at Creekside Park and resurface tennis courts at West Craven Park for a total cost of \$153,000
- Improvements at the Industrial Park \$160,000
- Sheriff vehicles \$320,000
- Purchase of new election voting equipment \$325,000
- IT projects and improvements \$269,000
- Camera system at Human Services building \$78,000
- Vehicle replacement at CARTS \$161,000
- Expansion at the animal shelter \$500,000

Funding for the public libraries increased slightly in the budget and funding for the public schools funding increased by approximately \$483,000. The additional amount for the schools is to fund five additional teachers, cover other revenue shortages, and payments required to be made to charter schools based on their enrollment. Additional funding will be provided to the public schools from fund balance once the effects of the State budget are analyzed and impacts of teacher salary increases calculated. Funding for the Craven Community College was increased by \$28,000 to provide for additional staff supplement compensation.

In order to balance their own budget, the State, again in 2015, negatively impacted counties' budgets. Once again county revenue sources with the most significant cuts were the ADM funds (used for school debt service) which are now officially gone due to legislation and the lottery funding, also used for school debt service. The County had to begin supplementing the historic revenue sources (dedicated sales tax, ADM, and lottery funds) in 2013 to offset the cuts from the State. The County transferred \$880,000 to the Debt Service Fund in fiscal 2013 and \$441,000 in fiscal 2014. Additionally the County chose to transfer the windfall due from extra motor vehicle property taxes of \$1.15 million to the Debt Service Fund to make up the projected shortage and potentially prevent the need for future subsidies from the General Fund. When this debt was incurred it was projected that the historic revenue sources would prevent the County from having to use general County revenues to meet debt service requirements. This would have been the case had the State not taken the County funds.

Business-type Activities: There was no change in water rates in the fiscal 2015 budget. As previously mentioned, a rate increase was implemented October 1, 2011 which was designed to provide funds needed for the new water treatment plant project debt service and operating costs. Even with the rate increase the average County customer pays considerably less than customers of surrounding systems. Construction will begin on the alternate water supply project in fiscal 2015 as the project has been bid, the financing arranged and contracts to be signed in the very near future. Construction is estimated to take approximately 16 months.

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. You may also call 252-636-6603 or visit our website www.cravencountync.gov.

BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
June 30, 2014

	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	\$ 34,709,045	\$ 18,618,882	\$ 53,327,927	\$ 238,429	\$ 2,529,462	\$ 6,924,972	\$ 1,888,902
Short-term investments	-	-	-	-	-	53,078,100	-
Accounts receivables (net)	2,279,257	872,957	3,152,214	-	159,803	46,832,966	-
Taxes receivables (net)	5,198,715	-	5,198,715	-	-	-	-
Accrued interest receivable	695,845	-	695,845	-	-	-	-
Due from other government	-	25,000	25,000	-	-	-	-
Inventories	-	-	-	-	-	6,492,196	887,162
Prepaid items	5,000	-	5,000	-	-	7,822,585	21,181
Long-term cash and investments	7,442,855	-	7,442,855	-	-	207,440,426	-
Other assets	-	-	-	-	-	173,006	-
Capital assets:							
Land and construction in progress	11,332,146	3,976,995	15,309,141	-	11,941,205	16,292,965	189,501
Other capital assets, net of depreciation/amortization	52,102,403	15,822,481	67,924,884	-	17,832,742	105,805,681	876,873
Total capital assets	63,434,549	19,799,476	83,234,025	-	29,773,947	122,098,646	1,066,374
Total assets	113,765,266	39,316,315	153,081,581	238,429	32,463,212	450,862,897	3,863,619
DEFERRED OUTFLOWS OF RESOURCES	5,789,816	-	5,789,816	-	-	-	-
LIABILITIES							
Accounts payable	2,815,460	104,746	2,920,206	-	101,994	33,709,366	1,090,249
Accrued salaries and benefits	-	21,776	21,776	-	68,805	11,014,141	22,465
Accrued interest payable	204,203	3,907	208,110	-	-	53,783	-
Customer deposits	-	293,922	293,922	-	-	-	-
Long-term liabilities:							
Due within one year	8,232,526	688,679	8,921,205	-	-	782,322	-
Due in more than one year	66,248,718	3,171,478	69,420,196	-	33,232	-	-
Total liabilities	77,500,907	4,284,508	81,785,415	-	204,031	45,559,612	1,112,714
DEFERRED INFLOWS OF RESOURCES	160,038	-	160,038	-	-	-	-
NET POSITION							
Net investment in capital assets	40,967,813	16,063,577	57,031,390	-	29,773,947	121,316,324	1,066,374
Restricted for:							
Stabilization by State statute	6,028,272	-	6,028,272	-	-	-	-
Education	1,097,060	-	1,097,060	-	-	-	-
Register of deeds	3,030	-	3,030	-	-	-	-
Public safety	699,543	-	699,543	-	-	-	-
Economic and physical development	1,475,800	-	1,475,800	-	-	-	-
Other purposes	-	-	-	-	-	-	255,900
Unrestricted (deficit)	(8,377,381)	18,968,230	10,590,849	238,429	2,485,234	283,986,961	1,428,631
Total net position	\$ 41,894,137	\$ 35,031,807	\$ 76,925,944	\$ 238,429	\$ 32,259,181	\$ 405,303,285	\$ 2,750,905

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, 2014

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	\$ 9,529,776	\$ 2,194,205	\$ 2,337,535	\$ -	\$ (4,998,036)	\$ -	\$ (4,998,036)				
Public safety	18,273,896	2,584,019	645,226	-	(15,044,651)	-	(15,044,651)				
Social Services	22,078,158	597,505	14,917,957	255,086	(6,307,610)	-	(6,307,610)				
Economic and physical development	3,244,680	1,244,763	-	204,085	(1,795,832)	-	(1,795,832)				
Environmental protection	5,200,967	2,417,794	253,420	-	(2,529,753)	-	(2,529,753)				
Health	8,495,912	5,003,765	1,645,752	-	(1,846,395)	-	(1,846,395)				
Cultural and recreation	2,435,885	89,512	51,500	-	(2,294,873)	-	(2,294,873)				
Education	23,691,968	-	-	1,030,840	(22,661,128)	-	(22,661,128)				
Interest on long-term debt	2,617,304	-	-	-	(2,617,304)	-	(2,617,304)				
Total governmental activities	95,568,546	14,131,563	19,851,390	1,490,011	(60,095,582)	-	(60,095,582)				
Business-type:											
Water	2,559,429	3,828,806	-	-	-	1,269,377	1,269,377				
Total business-type activities	2,559,429	3,828,806	-	-	-	1,269,377	1,269,377				
Total primary government	\$ 98,127,975	\$ 17,960,369	\$ 19,851,390	\$ 1,490,011	(60,095,582)	1,269,377	(58,826,205)				
Component units:											
Tourism Development Authority	\$ 522,520	\$ 467,733	\$ -	\$ -				\$ (54,787)	\$ -	\$ -	\$ -
Airport Authority	2,373,265	2,194,724	-	1,303,649				-	1,125,108	-	-
Health System	295,117,879	295,881,876	-	-				-	-	763,997	-
ABC Board	6,690,190	6,653,397	-	-				-	-	-	(36,793)
Total component units	\$ 304,703,854	\$ 305,197,730	\$ -	\$ 1,303,649				(54,787)	1,125,108	763,997	(36,793)
General revenues:											
Taxes:											
Property taxes, levied for general purposes					48,512,236	-	48,512,236	-	-	-	-
Local option sales tax					13,394,720	-	13,394,720	-	-	-	-
Other taxes					862,997	-	862,997	-	-	-	-
Investment earnings, unrestricted					156,285	57,122	213,407	767	7,965	22,532,658	1,333
Miscellaneous, unrestricted					1,006,261	107,772	1,114,033	8,068	-	5,507,258	-
Transfers					83,240	(83,240)	-	-	-	-	-
Special item					1,516,317	-	1,516,317	-	-	-	-
Total general revenues, transfers, and extraordinary item					65,532,056	81,654	65,613,710	8,835	7,965	28,039,916	1,333
Change in net position					5,436,474	1,351,031	6,787,505	(45,952)	1,133,073	28,803,913	(35,460)
Net position, beginning					36,457,663	33,680,776	70,138,439	284,381	31,126,108	376,499,372	2,786,365
Net position, ending					\$ 41,894,137	\$ 35,031,807	\$ 76,925,944	\$ 238,429	\$ 32,259,181	\$ 405,303,285	\$ 2,750,905

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 21,645,915	\$ 8,102,873	\$ 754,735	\$ 30,503,523
Taxes receivable	5,163,831	-	34,884	5,198,715
Accounts receivable	2,117,288	-	161,969	2,279,257
Due from other funds	-	-	957,448	957,448
Long-term investments	7,442,855	-	-	7,442,855
Total assets	<u>\$ 36,369,889</u>	<u>\$ 8,102,873</u>	<u>\$ 1,909,036</u>	<u>\$ 46,381,798</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,070,230	\$ -	\$ 272,143	\$ 1,342,373
Accrued salaries and benefits	1,023,915	-	-	1,023,915
Due to other funds	957,448	-	-	957,448
Total liabilities	<u>3,051,593</u>	<u>-</u>	<u>272,143</u>	<u>3,323,736</u>
Deferred inflows of resources	1,414,445	-	34,884	1,449,329
Fund balances:				
Restricted				
Stabilization by state statute	5,866,674	-	161,598	6,028,272
Public safety	104,005	-	595,537	699,542
Economic and physical development	-	1,459,817	15,983	1,475,800
Register of deeds	3,030	-	-	3,030
Education, schools	-	-	1,097,060	1,097,060
Committed:				
Capital projects	-	6,643,056	-	6,643,056
Assigned:				
Subsequent years expenditures	186,332	-	-	186,332
Unassigned	25,743,810	-	(268,169)	25,475,641
Total fund balances	<u>31,903,851</u>	<u>8,102,873</u>	<u>1,602,009</u>	<u>41,608,733</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,369,889</u>	<u>\$ 8,102,873</u>	<u>\$ 1,909,036</u>	<u>\$ 46,381,798</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 Position
June 30, 2014**

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

Fund Balance, governmental funds	\$ 41,608,733
Deferred outflows of resources relating to advance refunding debt issue	5,789,816
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	63,434,549
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	695,844
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.	3,761,351
Deferred inflows of resources for tax and fee receivables.	1,289,291
Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(74,685,447)</u>
Net position of governmental activities (page 32)	<u>\$ 41,894,137</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, 2014**

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 46,969,673	\$ -	\$ 1,853,777	\$ 48,823,450
Sales	12,868,693	-	526,027	13,394,720
Tourism Room	-	-	862,997	862,997
Intergovernmental	19,903,270	-	1,438,131	21,341,401
Charges for services	14,490,392	-	-	14,490,392
Interest	112,423	26,507	3,186	142,116
Miscellaneous	1,432,328	-	-	1,432,328
Total revenues	95,776,779	26,507	4,684,118	100,487,404
EXPENDITURES				
Current:				
General government	9,446,475	-	-	9,446,475
Public safety	13,947,105	-	4,108,939	18,056,044
Environmental protection	5,121,996	-	-	5,121,996
Economic and physical development	2,201,763	-	562,849	2,764,612
Health	8,200,004	-	-	8,200,004
Social services	22,150,591	-	-	22,150,591
Culture and recreation	2,314,351	-	-	2,314,351
Education	23,691,968	-	-	23,691,968
Debt service:				
Principal	2,599,806	-	4,233,000	6,832,806
Interest	883,619	-	1,349,266	2,232,885
Total expenditures	90,557,678	-	10,254,054	100,811,732
Excess of revenues over (under) expenditures	5,219,101	26,507	(5,569,936)	(324,328)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,908,738	1,468,762	5,325,382	8,702,882
Transfers out	(6,833,904)	(988,590)	(797,148)	(8,619,642)
Special item: NC Eastern Region				
Development Commission distribution	1,516,317	-	-	1,516,317
Total other financing sources (uses)	(3,408,849)	480,172	4,528,234	1,599,557
Net change in fund balances	1,810,252	506,679	(1,041,702)	1,275,229
FUND BALANCES:				
Beginning	30,093,599	7,596,194	2,643,711	40,333,504
Ending	\$ 31,903,851	\$ 8,102,873	\$ 1,602,009	\$ 41,608,733

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, 2014**

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

Net change in fund balances - total governmental funds	\$ 1,275,229
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 depreciation exceeded capital outlays in the current period.	(943,930)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(48,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(300,636)
The issuance of long-term debt 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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,897,939
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>(443,498)</u>
Change in net position of governmental activities (page 33)	<u>\$ 5,436,474</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, 2014

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 46,933,643	\$ 46,933,643	\$ 46,969,673	\$ 36,030
Sales	13,103,353	13,353,353	12,868,693	(484,660)
Intergovernmental	19,079,591	19,700,978	19,903,270	202,292
Charges for services	15,346,378	15,759,230	14,490,392	(1,268,838)
Interest	181,138	181,138	112,423	(68,715)
Miscellaneous	1,272,389	1,297,611	1,432,328	134,717
Total revenues	95,916,492	97,225,953	95,776,779	(1,449,174)
EXPENDITURES				
General government:				
Commissioners	575,333	580,146	576,874	3,272
Administration	623,144	513,327	495,127	18,200
Human resources	346,951	350,662	345,173	5,489
Information technology	1,154,292	1,160,766	1,119,185	41,581
Finance	907,877	910,695	902,167	8,528
Elections	459,272	484,721	418,480	66,241
Tax assessor	1,061,284	1,048,200	836,198	212,002
Tax collections	731,623	745,233	690,625	54,608
Register of deeds	708,706	752,305	715,033	37,272
Public buildings	617,013	635,615	628,708	6,907
Housekeeping	258,093	257,140	255,720	1,420
Court facilities	467,955	495,706	473,187	22,519
GIS/Mapping	344,363	346,618	345,940	678
Maintenance	635,072	635,089	631,799	3,290
Non-departmental	1,128,974	1,070,054	1,012,259	57,795
Total general government	10,019,952	9,986,277	9,446,475	539,802
Public safety:				
Animal control	357,981	353,659	323,222	30,437
Medical examiner	65,000	67,150	67,150	-
Sheriff	5,727,744	5,792,821	5,754,124	38,697
Jail	3,809,872	4,069,432	4,000,068	69,364
Fire marshal/ Emergency management	963,402	968,102	942,822	25,280
Inspections	501,305	503,302	502,721	581
Other - Professional Services	-	10,000	9,000	1,000
Volunteer rescue squads	2,344,850	2,438,894	2,347,998	90,896
Total public safety	13,770,154	14,203,360	13,947,105	256,255

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, 2014

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Environmental protection:				
Solid waste	\$ 3,667,407	\$ 3,674,362	\$ 3,515,859	\$ 158,503
Environmental health	1,283,898	1,280,919	1,227,448	53,471
Soil conservation	136,864	138,938	134,357	4,581
Cooperative extension	255,010	258,958	244,332	14,626
Total environmental protection	5,343,179	5,353,177	5,121,996	231,181
Economic and physical development:				
Planning	565,649	566,338	558,996	7,342
Economic Development Commission	22,837	217,440	195,244	22,196
Convention Center	1,633,944	1,528,759	1,447,523	81,236
Total economic and physical development	2,222,430	2,312,537	2,201,763	110,774
Health:				
Dental	361,410	361,410	342,062	19,348
Maternity	1,355,638	1,355,638	1,235,077	120,561
Child health	1,322,961	1,322,583	1,215,399	107,184
Risk Reduction	180,405	194,717	189,701	5,016
WIC	671,310	671,310	617,639	53,671
Adult Health Services	325,546	325,724	267,754	57,970
Communicable Disease	179,159	209,159	194,785	14,374
Bio-Terrorism	39,524	65,524	47,700	17,824
Family planning	712,624	747,810	728,238	19,572
Home health	2,227,977	2,286,977	1,655,021	631,956
Mental health	276,827	277,827	277,481	346
Other - unclassified	1,444,231	1,498,343	1,429,147	69,196
Total health	9,097,612	9,317,022	8,200,004	1,117,018
Social services:				
Transportation	1,705,638	2,035,139	1,835,030	200,109
Administration	2,540,979	2,573,274	2,431,721	141,553
Employment assistance	3,473,254	3,423,003	3,270,291	152,712
Adult/child services	1,307,373	1,208,833	1,152,515	56,318
Veterans services	149,708	150,531	143,830	6,701
Senior services	510,688	572,025	510,530	61,495
Public assistance payments	6,859,850	7,177,277	6,529,773	647,504
TANF	5,382,599	5,433,742	5,165,075	268,667
Child support enforcement	1,238,067	1,238,067	1,111,826	126,241
Total social services	23,168,156	23,811,891	22,150,591	1,661,300

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, 2014

(Page 3 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Culture and recreation				
Recreation	\$ 861,547	\$ 882,515	\$ 855,373	\$ 27,142
Libraries	1,347,307	1,364,080	1,364,037	43
Special appropriation	143,962	118,962	94,941	24,021
Total culture and recreation	<u>2,352,816</u>	<u>2,365,557</u>	<u>2,314,351</u>	<u>51,206</u>
Education, schools				
Public schools - current expenditures	18,911,584	19,067,949	19,067,949	-
Public schools - fines and forfeitures	52,000	46,305	43,889	2,416
Public schools - capital outlay	700,000	700,000	700,000	-
Community college	3,880,130	3,880,130	3,880,130	-
Total education	<u>23,543,714</u>	<u>23,694,384</u>	<u>23,691,968</u>	<u>2,416</u>
Debt service:				
Principal	2,599,807	2,599,807	2,599,806	1
Interest	883,786	883,786	883,619	167
Total debt service	<u>3,483,593</u>	<u>3,483,593</u>	<u>3,483,425</u>	<u>168</u>
Total expenditures	<u>93,001,606</u>	<u>94,527,798</u>	<u>90,557,678</u>	<u>3,970,120</u>
Excess of revenues over expenditures	<u>2,914,886</u>	<u>2,698,155</u>	<u>5,219,101</u>	<u>2,520,946</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,001,158	2,001,158	1,908,738	(92,420)
Transfers out	(5,017,524)	(6,853,898)	(6,833,904)	19,994
Special item: NC Eastern Region				
Development Commission distribution	-	1,516,317	1,516,317	-
Total other financing sources (uses)	<u>(3,016,366)</u>	<u>(3,336,423)</u>	<u>(3,408,849)</u>	<u>(72,426)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(101,480)	(638,268)	1,810,252	2,448,520
Appropriated fund balance	101,480	638,268	-	(638,268)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,810,252	<u>\$ 1,810,252</u>
FUND BALANCE				
Beginning			<u>30,093,599</u>	
Ending			<u>\$ 31,903,851</u>	

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

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2014

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Eliminations		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 18,618,882	\$ -	\$ -	\$ -	\$ 18,618,882	\$ 4,205,522
Accounts receivable, net of allowance for doubtful accounts	872,957	-	-	-	872,957	-
Prepaid expenses	-	-	-	-	-	5,000
Capital lease receivable-current	-	84,021	-	(84,021)	-	-
Due from other government-current	-	-	20,000	-	20,000	-
Total current assets	19,491,839	84,021	20,000	(84,021)	19,511,839	4,210,522
Noncurrent Assets:						
Due from other government-noncurrent	-	-	5,000	-	5,000	-
Capital lease receivable-noncurrent	-	801,142	-	(801,142)	-	-
Capital assets:						
Land	947,354	-	-	-	947,354	-
Improvements other than buildings	29,774,102	-	-	-	29,774,102	-
Buildings	563,318	-	-	-	563,318	-
Machinery and equipment	381,777	-	-	-	381,777	-
Construction in progress	3,029,641	-	-	-	3,029,641	-
Less accumulated depreciation	(14,896,716)	-	-	-	(14,896,716)	-
Total capital assets (net of accumulated depreciation)	19,799,476	-	-	-	19,799,476	-
Total noncurrent assets	19,799,476	801,142	5,000	(801,142)	19,804,476	-
Total assets	39,291,315	885,163	25,000	(885,163)	39,316,315	4,210,522
LIABILITIES						
Current liabilities:						
Accounts payable	104,746	-	-	-	104,746	449,171
Accrued salaries and benefits	21,776	-	-	-	21,776	-
Accrued interest payable	-	3,907	-	-	3,907	-
Customer deposits payable	293,922	-	-	-	293,922	-
Compensated absences liability - current	17,636	-	-	-	17,636	-
Installment notes payable-current	570,929	80,114	-	-	651,043	-
General obligation bonds payable-current	-	-	20,000	-	20,000	-
Obligations under capital lease-current	80,114	-	-	(80,114)	-	-
Total current liabilities	1,089,123	84,021	20,000	(80,114)	1,113,030	449,171
Noncurrent liabilities:						
Compensated absences liability	35,631	-	-	-	35,631	-
Other postemployment benefit liability	45,991	-	-	-	45,991	-
Installment notes payable	2,283,714	801,142	-	-	3,084,856	-
General obligation bonds payable	-	-	5,000	-	5,000	-
Obligations under capital lease	805,049	-	-	(805,049)	-	-
Total noncurrent liabilities	3,170,385	801,142	5,000	(805,049)	3,171,478	-
Total liabilities	4,259,508	885,163	25,000	(885,163)	4,284,508	449,171
NET POSITION						
Net investment in capital assets	16,063,577	-	-	-	16,063,577	-
Unrestricted	18,968,230	-	-	-	18,968,230	3,761,351
Total net position	\$ 35,031,807	\$ -	\$ -	\$ -	\$ 35,031,807	\$ 3,761,351

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Craven Water and Sewer District	Total	
OPERATING REVENUES				
Charges for services	\$ 3,828,806	\$ -	\$ 3,828,806	\$ 4,438,554
Miscellaneous	107,772	-	107,772	28,997
Total operating revenues	3,936,578	-	3,936,578	4,467,551
OPERATING EXPENSES				
Cost of services	1,633,697	-	1,633,697	4,925,218
Depreciation and amortization	900,515	-	900,515	-
Total operating expenses	2,534,212	-	2,534,212	4,925,218
Operating income (loss)	1,402,366	-	1,402,366	(457,667)
NONOPERATING REVENUES (EXPENSES)				
Interest income	57,122	-	57,122	14,169
Interest expense	-	(25,217)	(25,217)	-
Total net nonoperating revenues (expenses)	57,122	(25,217)	31,905	14,169
Income (loss) before transfers	1,459,488	(25,217)	1,434,271	(443,498)
Transfers in	39,760	25,217	64,977	-
Transfers out	(148,217)	-	(148,217)	-
Total transfers in (out)	(108,457)	25,217	(83,240)	-
Change in net position	1,351,031	-	1,351,031	(443,498)
Net position, beginning	33,680,776	-	33,680,776	4,204,849
Net position, ending	\$ 35,031,807	\$ -	\$ 35,031,807	\$ 3,761,351

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, 2014**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest		Total	
		Craven Water and Sewer District	Aggregate Nonmajor Fund		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,848,247	\$ -	\$ -	\$ 3,848,247	\$ 4,467,551
Payments to customers and suppliers	(1,012,460)	-	-	(1,012,460)	(4,759,699)
Payments to employees	(688,770)	-	-	(688,770)	-
Net cash provided by (used in) operating activities	2,147,017	-	-	2,147,017	(292,148)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(790,213)	-	-	(790,213)	-
Repayment of installment notes and bonds	-	(80,115)	-	(80,115)	-
Proceeds from installment notes payable	995,156	-	-	995,156	-
Payments on obligations under capital lease payable	(80,115)	-	-	(80,115)	-
Proceeds from investments	1,990,449	-	-	1,990,449	-
Proceeds from investment in direct finance leasing	-	80,115	-	80,115	-
Interest paid	-	(25,217)	-	(25,217)	-
Net cash provided by (used in) capital and related financing activities	2,115,277	(25,217)	-	2,090,060	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(108,457)	25,217	-	(83,240)	-
Net cash provided by (used in) noncapital financing activities	(108,457)	25,217	-	(83,240)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and investments	57,122	-	-	57,122	14,169
Net cash provided by investing activities	57,122	-	-	57,122	14,169
Net increase (decrease) in cash and cash equivalents	4,210,959	-	-	4,210,959	(277,979)
CASH AND CASH EQUIVALENTS					
Beginning	14,407,923	-	-	14,407,923	4,483,501
Ending	\$ 18,618,882	\$ -	\$ -	\$ 18,618,882	\$ 4,205,522
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,402,366	\$ -	\$ -	\$ 1,402,366	\$ (457,667)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	900,515	-	-	900,515	-
Change in assets and liabilities:					
Accounts receivable	(79,699)	-	-	(79,699)	-
Accounts payable and accrued expenses	(67,533)	-	-	(67,533)	165,519
Customer deposits payable	(8,632)	-	-	(8,632)	-
Net cash provided by (used in) operating activities	\$ 2,147,017	\$ -	\$ -	\$ 2,147,017	\$ (292,148)
SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES					
Repayment of installment notes and bonds by other governments	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014**

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 108,818
Total assets	<u>\$ 108,818</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 108,818
Total liabilities	<u>\$ 108,818</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..... 45 - 57
Note 2.	Cash on Deposit and Investments 58 - 62
Note 3.	Capital Assets..... 63 - 66
Note 4.	Long-Term Obligations 67 - 71
Note 5.	Interfund Assets/Liabilities and Transfers 72
Note 6.	Deferred Compensation Plan 73
Note 7.	Joint Ventures..... 73 - 74
Note 8.	Jointly Governed Organizations 74 - 75
Note 9.	Related Organization..... 75
Note 10.	Additional Social Welfare Expenditures 75
Note 11.	Risk Management..... 76 - 79
Note 12.	Retirement Systems 79 - 84
Note 13.	Death Benefits 84
Note 14.	Other Postemployment Benefits..... 85 - 89
Note 15.	Contingent Liabilities 89
Note 16.	Commitments..... 90
Note 17.	Subsequent Events 90
Note 18.	Special Item..... 90
Note 19.	Pronouncements Issued Not Yet Implemented or Fully Implemented..... 90

Craven County, North Carolina

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, 2013 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, 2014 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	Northwest Craven Water and Sewer District
Township 6 Water and Sewer District	Tuscarora Rhems Water and Sewer District
Pembroke 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, East Craven Water and Sewer District, Township 6 Water and Sewer District, or Pembroke Water and Sewer District. The County has exercised its option to purchase the real and personal property of Tuscarora Rhems Water and Sewer District and East Craven Water and Sewer District.

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 position and the statement of activities display information about the primary government net position (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 the different business-type activities of the County and 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 major enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor governmental and nonmajor enterprise 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 Capital Projects Fund. This capital projects fund is used to reserve funds and provide financial resources for future capital projects.

Craven County, North Carolina

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 Municipal Property Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; and the Deed of Trust Fund, which 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.

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 fund, 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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 law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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 position 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.

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, 2013, and the budget as amended at June 30, 2014.

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, 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.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, 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. Fair value of investments other than those of the NCCMT and the First American Prime Obligation Fund are determined by quoted market prices. Amounts in the NCCMT (an SEC registered 2a-7 money market fund) and the First American Prime Obligation Fund are valued at the fair values as determined by the share prices. Debt securities consist primarily 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.

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 GASB, they are recognized when levied.

Craven County, North Carolina

Notes to Financial Statements

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

Ad valorem taxes receivable at June 30 are reported in the financial statements net of an allowance for uncollectible accounts of \$700,000 in the General Fund. The allowance approximates, based on past experience, the percentage of the original levy which has normally been uncollectible. Net ad valorem taxes receivable are offset by deferred inflows of resources 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, 2014:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2013)	\$ 14,415,657

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, 2014, 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.

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.

Craven County, North Carolina

Notes to Financial Statements

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

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 consist 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.

Long-term obligations

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

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.

Craven County, North Carolina

Notes to Financial Statements

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion in its statement of net position - a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of net position and/or balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category - prepaid taxes and prepaid fees, and receivables that do not meet the availability criterion.

The balance in unavailable revenue on the governmental fund balance sheet and unearned revenues on the government-wide statement of net position for governmental activities and on the governmental fund balance sheet at year-end is composed of the following elements:

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 119,398
Prepaid fees (General)	-	40,640
Property taxes receivable, net (General)	1,092,756	-
Property taxes receivable, net (Special Revenue)	34,884	-
Recycling fees receivable (General)	161,651	-
Total	<u>\$ 1,289,291</u>	<u>\$ 160,038</u>

As part of implementing GASB Statement 65, the County has reclassified previously recorded deferred charges related to refunding of debt to Deferred Outflows of Resources which will be amortized and recorded as part of interest expense over the remaining life of the refunded debt. These reclassifications are reflected in the government-wide statement of net position as follows:

	Balance at June 30, 2014	Balance at June 30, 2013
Deferred Outflows of Resources	<u>\$ 5,789,816</u>	<u>\$ 6,387,811</u>

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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.

Craven County, North Carolina

Notes to Financial Statements

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

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:

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)].

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

Restricted for economic and physical development – portion of fund balance that is restricted by revenue source for economic and physical development.

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: The 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.

Craven County, North Carolina

Notes to Financial Statements

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

Craven County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

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 position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$285,404 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	\$ 101,612,487
Less accumulated depreciation	<u>(38,177,938)</u>
Net capital assets	63,434,549
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the governmental funds	695,844
Deferred outflows of resources related to refunding-included on government-wide statement of net position but are not current financial resources	5,789,816
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,289,291
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 position for the governmental activities	3,761,351
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	(46,285,949)
Bonds financing	(21,030,000)
Capital lease	(20,145)
Deferred bonds premium	(993,085)
Accrued interest payable	(204,203)
Other postemployment benefits	(2,869,940)
Compensated absences	(2,751,583)
Net pension obligation	<u>(530,542)</u>
Total adjustment	<u>\$ 285,404</u>

Craven County, North Carolina

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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,161,245 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,159,763
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	(4,103,693)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(48,630)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	6,832,806
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	(221,793)
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.	(328,655)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	28,313
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	(412,732)
Reduction of revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	(300,636)
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	(443,498)
Total adjustment	<u>\$ 4,161,245</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments

At June 30, 2014, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$	15,690
Carrying value of deposits		53,312,237
Investments		7,442,855
	\$	<u>60,770,782</u>

Statement of net position reconciliation:

Cash and cash equivalents	\$	53,327,927
Short-term investments (restricted and unrestricted)		7,442,855
	\$	<u>60,770,782</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.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

At June 30, 2014, the County's (primary government) deposits had a carrying amount of \$53,312,237 and a bank balance of \$53,994,571. Of the bank balance, \$310,000 was covered by federal depository insurance and \$53,684,571 was covered by collateral held under the pooling method. The County is required to maintain a certificate of deposit totaling \$60,000 at a bank.

At June 30, 2014, the County's agency fund deposits had a carrying amount of \$108,818 and a bank balance of \$108,821. The bank balance was covered by collateral held under the pooling method.

Component Unit Information

At June 30, 2014, both the carrying amount and bank balance of deposits for the Tourism Development Authority were \$238,429. The bank balance was covered by collateral held under the pooling method.

At June 30, 2014, the Airport Authority's deposits had a carrying amount of \$2,529,462 and a bank balance of \$2,536,189. The bank balance was covered by collateral held under the pooling method.

At June 30, 2014, the ABC Board had \$12,900 in cash on hand, and deposits in financial institutions with a carrying amount of \$1,876,002 and a bank balance of \$1,937,804. Of the bank balance, \$303,608 was covered by federal depository insurance and \$1,634,196 was covered by collateral held under the pooling method.

At September 30, 2013, the carrying amount of deposits for the Health System was \$6,924,972 and the bank balance was \$9,413,621. Of the bank balance, \$500,000 was covered by federal depository insurance and \$8,913,621 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, 2014 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	\$ 2,442,115	\$ 2,442,115	\$ -	\$ -	\$ -
Commercial paper: Federal Home Loan Bank Note	5,000,740	-	-	5,000,740	-
Total investments	\$ 7,442,855	\$ 2,442,115	\$ -	\$ 5,000,740	\$ -

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting this exposure, 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, 2014, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's and the County's investment in commercial paper is rated P-1 by Moody's and A-1 by Standard & Poor's.

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, 2013, 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	\$ 19,404	\$ 7,818	\$ 7,951	\$ 3,635	\$ -	\$ -
US Government Agencies	14,357	-	7,779	2,622	3,930	26
Corporate Bonds	37,066	1,391	26,898	4,501	930	3,346
Templeton Global Bond Fund	9,103	-	9,103	-	-	-
Equity Securities	120,589	N/A	N/A	N/A	N/A	N/A
Hedge Funds	38,809	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents	8,718	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust	11,632	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	\$ 260,519	\$ 9,209	\$ 51,731	\$ 10,758	\$ 4,860	\$ 3,372

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 1.75 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 Standard & Poor's and bond rating in the "BBB" category or better by Standard & Poor's, 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.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2013, 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%
Corporate Bonds	17.05%	14.69%	58.24%	10.02%			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, 2014 was as follows:

	Capital Assets			Capital Assets
	June 30, 2013	Additions	Retirements	June 30, 2014
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 9,984,681	\$ 74,293	\$ (48,630)	\$ 10,010,344
Construction in progress	595,990	889,582	(163,770)	1,321,802
Total capital assets not being depreciated	<u>\$ 10,580,671</u>	<u>\$ 963,875</u>	<u>\$ (212,400)</u>	<u>\$ 11,332,146</u>
Capital assets, being depreciated:				
Buildings	\$ 67,236,147	\$ 7,090	\$ -	\$ 67,243,237
Vehicles	5,488,604	712,798	(342,813)	5,858,589
Equipment	4,497,526	1,238,975	(105,238)	5,631,263
Other improvements	11,146,457	400,795	-	11,547,252
Total capital assets being depreciated	<u>88,368,734</u>	<u>2,359,658</u>	<u>(448,051)</u>	<u>90,280,341</u>
Less accumulated depreciation for:				
Buildings	22,860,186	2,218,803	-	25,078,989
Vehicles	4,419,643	570,090	(342,813)	4,646,920
Equipment	3,149,308	430,185	(105,238)	3,474,255
Other improvements	4,093,159	884,615	-	4,977,774
Total accumulated depreciation	<u>34,522,296</u>	<u>4,103,693</u>	<u>(448,051)</u>	<u>38,177,938</u>
Total capital assets, being depreciated, net	<u>\$ 53,846,438</u>			<u>\$ 52,102,403</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	-	-	\$ 947,354
Construction in progress	2,324,343	705,298	-	3,029,641
Total capital assets not being depreciated	<u>\$ 3,271,697</u>	<u>\$ 705,298</u>	<u>\$ -</u>	<u>\$ 3,976,995</u>
Capital assets, being depreciated:				
Buildings & other improvements	\$ 30,271,492	\$ 65,928	\$ -	\$ 30,337,420
Vehicles	186,966	18,987	(11,147)	194,806
Equipment	196,401	-	(9,430)	186,971
Total capital assets being depreciated	<u>30,654,859</u>	<u>84,915</u>	<u>(20,577)</u>	<u>30,719,197</u>
Less accumulated depreciation for:				
Buildings & other improvements	13,676,640	885,666	-	14,562,306
Vehicles	175,109	14,849	(11,147)	178,811
Equipment	165,029	-	(9,430)	155,599
Total accumulated depreciation	<u>14,016,778</u>	<u>900,515</u>	<u>(20,577)</u>	<u>14,896,716</u>
Total capital assets, being depreciated, net	<u>\$ 16,638,081</u>			<u>\$ 15,822,481</u>

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	\$ 1,057,658
Public safety	1,582,202
Social Services	421,771
Economic and physical development	493,721
Health	317,972
Environmental protection	63,187
Culture and recreation	167,182
Total depreciation expense, governmental activities	<u>\$ 4,103,693</u>
Business-type activities:	
Water Fund	<u>\$ 900,515</u>
Total depreciation expense-business-type activities	<u>\$ 900,515</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2014:

Capital assets, not being depreciated:	
Land	\$ 9,616,306
Construction in Progress	2,324,899
Total capital assets, not being depreciated	<u>11,941,205</u>
Capital assets, being depreciated:	
Buildings	9,450,092
Improvements other than buildings	21,907,326
Machinery, equipment, and vehicles	1,750,650
Total capital assets being depreciated	<u>33,108,068</u>
Less accumulated depreciation	<u>15,275,326</u>
Total capital assets being depreciated, net	<u>17,832,742</u>
Capital assets, net	<u>\$ 29,773,947</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. In addition, the lease contains an option for an automatic 20 year renewal unless either party gives notice, thus by operation of the lease terms, it has now been extended through 2033.

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, 2013:

	Year Ended September 30, 2013			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 7,254,900	\$ 1,781,524	\$ -	\$ 9,036,424
Construction in progress	4,707,637	12,691,608	(10,142,704)	7,256,541
Total capital assets, not being depreciated	<u>11,962,537</u>	<u>14,473,132</u>	<u>(10,142,704)</u>	<u>16,292,965</u>
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	3,963,432	177,227	-	4,140,659
Building and fixtures	143,437,478	6,796,343	(363,430)	149,870,391
Equipment	155,439,775	13,007,678	(2,112,720)	166,334,733
Total capital assets being depreciated	<u>318,568,398</u>	<u>19,981,248</u>	<u>(2,476,150)</u>	<u>336,073,496</u>
Less accumulated depreciation/amortization for:				
Intangible assets	(10,017,355)	(518,424)	-	(10,535,779)
Land improvements, building and fixtures, and equipment	(202,123,070)	(20,048,290)	2,439,324	(219,732,036)
	<u>(212,140,425)</u>	<u>(20,566,714)</u>	<u>2,439,324</u>	<u>(230,267,815)</u>
Total capital assets being depreciated/amortized, net	<u>106,427,973</u>			<u>105,805,681</u>
Health System capital assets, net	<u>\$ 118,390,510</u>			<u>\$ 122,098,646</u>

All depreciation is directly or indirectly in relation to the provision of healthcare services. The Health System has various renovation projects in progress at September 30, 2013. The estimated cost to complete the projects is approximately \$8,549,000.

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.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Health System's net assets invested in capital assets, net of related debt, as of September 30, 2013 is as follows:

Capital assets, as above	\$ 122,098,646
Capital related debt (Note 4)	<u>782,322</u>
	<u>\$ 121,316,324</u>

The following is a summary of the capital assets of the ABC Board at June 30, 2014:

Capital assets, not being depreciated:

Land	\$ 189,501
Total capital assets not being depreciated	<u>\$ 189,501</u>

Capital assets, being depreciated:

Buildings	\$ 1,113,333
Furniture & equipment	533,781
Leasehold improvements	4,907
Automobile	<u>70,315</u>
Total capital assets being depreciated	1,722,336
Less accumulated depreciation	<u>845,463</u>
Total capital assets being depreciated, net	<u>\$ 876,873</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	<u>Stated</u> <u>Interest Rates</u>	<u>Amounts</u>
General government bonds:		
The County's general obligation bonds payable at June 30, 2014 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%	\$ 17,521,000
\$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, 2019	2.0% - 4.0%	804,000
\$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%	<u>2,705,000</u>
		<u>21,030,000</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%	<u>25,000</u>
		<u>25,000</u>
		<u>\$ 21,055,000</u>

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type activities</u>	
	Principal	Interest	Principal	Interest
2015	\$ 2,570,000	\$ 740,138	\$ 20,000	\$ 1,375
2016	2,530,000	657,038	5,000	275
2017	2,560,000	585,425	-	-
2018	2,620,000	483,850	-	-
2019	2,475,000	405,250	-	-
2020 – 2023	8,275,000	769,200	-	-
Total	<u>\$ 21,030,000</u>	<u>\$ 3,640,901</u>	<u>\$ 25,000</u>	<u>\$ 1,650</u>

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%	\$ 3,505,000
Qualified School Construction Bond	4.72%	1,405,949
New School/School Projects/Fiber Optic	4.5%-5.0%	3,810,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	4,665,000
2013 LOB Refunded School Projects/Fiber Optic	2.07%	14,805,000
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	18,095,000
Total General Government		<u>46,285,949</u>
Enterprise:		
Water line expansion project-		
Northwest Craven Water and		
Sewer District	2.66% - Drinking Water Revolving Loan	881,256
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	2,854,643
Total Enterprise		<u>3,735,899</u>
Total loans and installment notes payable		<u>\$ 50,021,848</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 \$300,000 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 of \$1,555,000. Interest with respect to the 2007 Certificates is payable on each June 1 and December 1 at rates ranging from 4.5%-5%.

On April 10, 2013, the County issued \$33,950,000 of limited obligation refunding bonds, Series 2013, for the purpose of advance refunding a portion of the County's outstanding Certificates of Participation, Series 2007. The Series 2013 Limited Obligation Refunding Bond was issued for the purpose of locking in a lower interest rate thus reducing overall bond debt service costs. The bonds issued are to provide resources to purchase US Government Securities that were placed in an irrevocable trust to be used for all future debt service payments of \$28,225,000 of limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,665,117. This amount is being reported in deferred outflows of resources and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,514,071 and resulted in an economic gain of \$1,975,318.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

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.

On June 5, 2013, a planning loan was obtained from the Department of Natural Resources through the Drinking Water Revolving Loan Fund in the amount of \$3,014,530 at a zero percent interest rate for a term of five years for the purpose of providing funding for the planning, design and permitting of the treatment plant. The first principal payment is due May 1, 2015. As of June 30, 2014, only \$2,854,643 had been drawn down against the loan.

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
2015	\$ 4,241,300	\$ 1,226,934	\$ 651,043	\$ 23,441
2016	4,286,300	1,057,684	651,043	21,310
2017	4,331,300	880,336	651,043	19,179
2018	4,401,300	671,764	651,043	17,048
2019	4,371,300	566,042	651,041	14,917
2020 – 2024	16,124,449	1,684,567	400,570	42,620
2025 – 2027	8,530,000	261,440	80,116	2,134
Total	<u>\$ 46,285,949</u>	<u>\$ 6,348,767</u>	<u>\$ 3,735,899</u>	<u>\$ 140,649</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, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 23,640,000	\$ -	\$ 2,610,000	\$ 21,030,000	\$ 2,570,000
Deferred premium on debt	1,178,346	-	185,261	993,085	-
Loans and installment notes	50,487,250	-	4,201,301	46,285,949	4,241,300
Capital lease	41,651	-	21,506	20,145	20,145
Law enforcement pension obligation	505,150	25,392	-	530,542	-
Other postemployment benefit obligation	2,566,677	703,586	400,323	2,869,940	-
Compensated absences	2,529,790	1,622,875	1,401,082	2,751,583	1,401,081
Governmental activity Long-term liabilities	<u>\$ 80,948,864</u>	<u>\$ 2,351,853</u>	<u>\$ 8,819,473</u>	<u>\$ 74,481,244</u>	<u>\$ 8,232,526</u>
Due within one year					\$ 8,232,526
Due in more than one year					66,248,718
Total Governmental Activities					<u>\$ 74,481,244</u>
Business-type activities:					
General obligation bonds	\$ 45,000	\$ -	\$ 20,000	\$ 25,000	\$ 20,000
Other postemployment benefit obligation	38,072	13,377	5,458	45,991	-
Compensated absences	46,901	24,003	17,637	53,267	17,636
Loans and installment notes	2,820,859	995,156	80,116	3,735,899	651,043
	<u>\$ 2,950,832</u>	<u>\$ 1,032,536</u>	<u>\$ 123,211</u>	<u>\$ 3,860,157</u>	<u>\$ 688,679</u>
Due within one year					\$ 688,679
Due in more than one year					3,171,478
Total Business-type Activities					<u>\$ 3,860,157</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Compensated absences have been liquidated in the general fund and water fund and are accounted for on a last-in, first-out 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 \$67,224,576 of its legal debt limitation of \$800,455,370, leaving a legal debt margin of \$733,230,794 at June 30, 2014.

Component Unit Information:

General obligation bonds and bond anticipation notes:

The Airport Authority does not have any general obligation bond outstanding at June 30, 2014.

Long-term liabilities for the Airport Authority include \$33,232 of liabilities accrued for other postemployment benefits. See note 14 for more information regarding other postemployment benefits.

The Health System had the following bonds payable at September 30, 2013:

Health Care Facilities Revenue Notes, Series 1993:

7.5% interest payable annually on November 1, maturing through 2013 \$ 782,322

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, 2013 are as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 782,322	58,673	\$ 840,995
	<u>\$ 782,322</u>	<u>58,673</u>	<u>\$ 840,995</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2014 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 957,448
		<u>\$ 957,448</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Some examples of those are: additional funding requirements based on actuarial information, sanitation services provided, and health and life insurance premium refunds.

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, 2014:

	Transfers In:					Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	
Transfers out:						
General Fund	\$ -	\$ 1,468,762	\$ 5,325,382	\$ 39,760	\$ -	\$ 6,833,904
Non-Major Governmental Funds	797,148	-	-	-	-	797,148
County Reserve Fund	988,590	-	-	-	-	988,590
Water Fund	123,000	-	-	-	25,217	148,217
Total Transfers out	<u>\$ 1,908,738</u>	<u>\$ 1,468,762</u>	<u>\$ 5,325,382</u>	<u>\$ 39,760</u>	<u>\$ 25,217</u>	<u>\$ 8,767,859</u>

Transfers consist primarily of the following:

\$5,270,804 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

Notes to Financial Statements

Note 6. Deferred Compensation Plan

The County offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457. One plan is administered by the National Association of Counties (NACO), with Nationwide 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 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, 2014. During the year ended June 30, 2014, the County appropriated \$1,364,080 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 \$268,139. 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, 2014. 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, 2014. 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.

Craven County, North Carolina

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, 2014. The County appropriated \$277,827 to the ECBH during the fiscal year ended June 30, 2014, 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, \$804,000 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 \$3,580,130 and \$300,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. In addition, the County made debt service principal payments of \$110,800 during the fiscal year ended June 30, 2014. 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, 2014. 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, 2014.

Craven County, North Carolina

Notes to Financial Statements

Note 8. Jointly Governed Organizations (Continued)

The County was formerly a member of the North Carolina Eastern Region Development Commission. For the fiscal year ended June 30, 2014, the State Legislature dissolved this organization in order to re-organize the economic development efforts in a different manner. The County received a distribution of \$1,516,317 during the fiscal year ended June 30, 2014, which represented their portion of the motor vehicle tax collected in previous years and formerly used as a loan fund for the County. The County has chosen not to join the successor not-for-profit organization, The Eastern Alliance, but to pursue economic development efforts in conjunction with entities located within the County.

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.

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	\$ 108,583,005
Temporary Assistance to Needy Families	564,712
Special Assistance	524,965
WIC	2,496,746
Health Choice	2,805,909
Other programs	678,620
	<u>\$ 115,653,957</u>

Craven County, North Carolina

Notes to Financial Statements

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 and dental 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 \$135,000. A total of \$4,457,250 in claims was incurred for benefits during fiscal year 2014. Payments received from the insurer for claims over the limit of \$27,952 and \$36,613 during fiscal 2014 and fiscal 2013, have been netted against the claims shown below. A payable of \$2,797 at June 30, 2013 was recorded to account for additional claims owed during the year for which payment or reimbursement from the insurer had not yet been made. 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
2013-2014	\$ 200,000	\$ 4,457,250	\$ 4,307,250	\$ 350,000
2012-2013	\$ 235,075	\$ 3,666,788	\$ 3,701,863	\$ 200,000

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 \$500,000. A total of \$97,267 in claims was incurred for benefits during fiscal year 2014. 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
2013-2014	\$ 83,651	\$ 97,267	\$ 82,512	\$ 98,406
2012-2013	\$ 48,486	\$ 150,883	\$ 115,718	\$ 83,651

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 \$112 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.

Craven County, North Carolina

Notes to Financial Statements

Note 11. Risk Management (Continued)

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 \$6,400,000 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. The County also has liquor legal liability coverage for the Convention Center.

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.

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 2013 and 2012 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012-2013	\$ 1,000,000	\$ 17,683,482	\$ 17,483,482	\$ 1,200,000
2011-2012	1,000,000	15,052,244	15,052,244	1,000,000

Total claims expense is partially offset by employee contributions.

Craven County, North Carolina

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 \$18,433 during the fiscal year 2013.

Craven County, North Carolina

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 \$1,023,902 for General, Professional, and Umbrella coverage in fiscal year 2013. 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	7.07%	7.28%
Airport Authority	7.48%	
ABC Board	7.28%	

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

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, 2014, 2013, and 2012 were as follows:

	2014	2013	2012
Craven County	\$ 1,718,740	\$ 1,648,677	\$ 1,697,639
Airport Authority	23,551	18,575	26,595
ABC Board	33,900	31,678	33,690

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, 2013 the System's membership consisted of:

Retirees receiving benefits	6
Active plan members	75
Total	81

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, which is maintained on the modified accrual basis of accounting.

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.

Craven County, North Carolina

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, 2013 actuarial valuation using the projected unit credit actuarial cost method, the level percent of pay closed amortization method over a remaining amortization period of 17 years, and market value asset valuation method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases or cost of living adjustments.

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	\$ 131,543
Interest on Net Pension Obligation	25,258
Adjustment to Annual Required Contribution	<u>(41,156)</u>
Annual Pension Cost	115,645
Employer Contributions made for fiscal year ending June 30, 2014	<u>90,253</u>
Increase in Net Pension Obligation	25,392
Net Pension Obligation, beginning of fiscal year	505,150
Net Pension Obligation, end of fiscal year	<u><u>\$ 530,542</u></u>

Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/2012	\$ 116,588	72.24%	\$ 456,704
6/30/2013	121,540	60.14%	505,150
6/30/2014	115,645	78.04%	530,542

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,255,069, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,255,069. The covered payroll (annual payroll of active employees covered by the plan) was \$2,956,898, and the ratio of the UAAL to the covered payroll was 42.45 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.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

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.

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, 2014 were \$243,163 which consisted of \$150,772 (required and actual) from the County and \$92,391 from the law enforcement officers.

Supplemental Retirement Income Plan for Non-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. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. All non-law enforcement employees employed by the County participate in the Plan after a six-month probationary period with the County. The County has no requirement or obligation under State statutes to contribute to this Plan.

Funding Policy. The County contributes each month an amount equal to two percent of each covered non-law enforcement employees' compensation and also contributes up to an additional two percent match of employees contributions dollar for dollar, and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$1,412,239, \$34,099, and \$25,538 which consisted of \$750,153, \$19,924, and \$12,176 from the governmental activities, business activities, and Airport Authority, respectively, and \$662,086, \$14,175, and \$13,362 from the non-law enforcement employees for the governmental activities, business-type activities, and Airport Authority, respectively.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

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.

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, 2014, the County's required and actual contributions were \$9,049.

Health System Plans:

CarolinaEast Health System sponsors and has a fiduciary responsibility for CarolinaEast Medical Center Money Purchase Pension Plan (primary retirement plan), a noncontributory defined contribution plan covering all employees of CarolinaEast Health System who meet the eligibility requirements. An employee is eligible to participate in the plan following four consecutive full-time years of service with the Health System. Full-time employees are those that customarily work at least 36 hours per week. Employer contributions are based on a fixed percentage of base earnings for each employee. The benefit to the employee under the plan is the Health System's contribution plus investment earnings. Employees are fully vested after ten years of continuous employment.

The Health System's contributions to the primary retirement plan were calculated using a covered payroll amount of \$52,850,208 for the year ended September 30, 2013. Total contributions were \$5,285,021 for the year ended September 30, 2013, which represents 10 percent of covered payroll.

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. The Plan was created by act of the Trustees of CarolinaEast Medical Center, who have the ability to amend or terminate the Plan.

The Health System also maintains supplementary retirement plans under IRS Code Sections 403(b) and 457(b) which are administered by the Lincoln National Life Insurance Company and the Variable Annuity Life Insurance Company (VALIC). The 403(b) plan is a contributory plan with the Health System matching contributions; eligible employees must contribute a minimum of 3 percent of their eligible salary, and have completed 1 year of continuous service. Contributions by eligible employees are matched by the Health System at a rate of 2% of the employee's eligible salary. Employees contributing a portion of the eligible salary to the 457(b) plan do not receive a matching employer contribution. All employees are eligible to participate in both plans at the date of hiring. The employee contributions are made on a tax-deferred basis. The benefit to the employee under each plan is the amount contributed plus investment earnings. Employees are fully vested after one year of continuous employment.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$64,762,149 for the year ended September 30, 2013. The Health System's contributions were \$1,295,243 or 2 percent of covered payroll for the year ended September 30, 2013. Employee contributions to the plan totaled \$5,521,264 or 8.53% of covered payroll for the year ended September 30, 2013. Employee contributions to the 457(b) plan totaled \$1,090,003 for the year ended September 30, 2013. These plans are not included in the Health System's reporting entity and do not issue separate, stand alone financial reports.

Note 13. Death Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' 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, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% covered payroll, respectively.

Due to a surplus in the Death Benefit Plan, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on number of years an employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Craven County will have three years reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

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

Notes to Financial Statements

Note 14. 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 Governmental 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.

Membership of the OPEB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees(*)	Law Enforcement Officers;
Retirees and dependents receiving benefits	27	6
Active plan members	492	75
Total	519	81

*The General employees group above includes active plan members for governmental activities, business-type activities, and the Airport Authority totaling 549, 13 and 5, respectively. The breakdown of retirees and dependents receiving benefits in the governmental activities, business-type activities and Airport Authority is 31, 1 and 1, respectively.

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 Annual Required Contribution (ARC) rate is 3.27% of annual covered payroll. For the current year, the County contributed \$408,529 or 1.8% 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.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

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.

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)	\$ 722,292
Interest on net OPEB obligation	105,228
Adjustment to annual required contribution	<u>(100,525)</u>
Annual OPEB cost (expense)	726,995
Contributions made (1)	<u>(408,529)</u>
Increase (decrease) in net OPEB obligation	318,466
Net OPEB obligation, beginning of year	<u>2,630,697</u>
Net OPEB obligation, end of year (1)	<u><u>\$ 2,949,163</u></u>

(1) The net OPEB obligation at June 30, 2014 consists of liabilities of \$2,869,940, \$45,991 and \$33,232 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 \$736,422, \$13,966 and \$10,565 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$400,323, \$5,458 and \$2,748 related to governmental activities, business-type activities, and Airport Authority, respectively.

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 726,995	56.2%	\$ 2,949,163
2013	\$ 737,480	21.3%	\$ 2,630,697
2012	\$ 737,480	23.1%	\$ 2,050,242

Funded Status and Funding Progress. As of December 31, 2013, 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 \$8,213,135. The covered payroll (annual payroll of active employees covered by the plan) was \$23,281,204, and the ratio of the UAAL to the covered payroll was 35.3%. 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.

Craven County, North Carolina

Notes to Financial Statements

Note 14. 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, 2013 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 pre-medicare trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 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, 2013, was 30 years.

Health System Plans:

Plan Description. CarolinaEast Health Center sponsors and has fiduciary responsibility for CarolinaEast Medical Center Employee Benefit Trust, a single-employer, defined benefit OPEB plan established and governed by the Health System'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 Health System provides other postemployment benefits (OPEB) comprised of health care and group life insurance benefits to retirees of CarolinaEast 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 Health System pays the full cost of coverage for these benefits until age 65. Also, retirees can purchase coverage for their spouse at the Health System's group rates. The Health System 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, 2013, the Health System's membership consisted of:

Retirees receiving benefits	45
Active plan members	219
Total	<u>264</u>

Funding Policy. Prior to April 1, 2007, the Health System 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.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The Health System's OPEB cost (expense) for the fiscal year ended September 30, 2013 was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with 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. Prior to 2009, the Health System used one year in their determination; however, due to significant losses in plan assets during the plan year ended December 31, 2008, the Health System revised the amortization period to five years. The most recent actuarial valuation is dated January 1, 2013.

The Health System's annual OPEB cost components, the percentage of annual OPEB cost contributed to the trust, and its net OPEB obligation for the years ended September 30, 2013, 2012 and 2011, were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost (APC)</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Obligation</u>
09/30/2011	\$497,939	95.00%	\$0
09/30/2012	\$628,337	100.00%	\$0
09/30/2013	\$574,181	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 initially 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 the 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 14. Other Postemployment Benefits (Continued)

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Total Unfunded Actuarial Accrued Liabilities	Actuarial Value of Assets as Percentage of Actuarial Accrued Liabilities
01/01/2011	\$4,768,499	\$6,149,239	\$1,380,740	78%
01/01/2012	\$5,266,563	\$6,145,115	\$878,552	86%
01/01/2013	\$6,104,475	\$5,515,515	(\$588,960)	111%

Methods and assumptions as of the latest actuarial valuations follow.

Valuation date	January 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	3 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care cost trend rates	9.0% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

Note 15. 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.

Craven County, North Carolina

Notes to Financial Statements

Note 16. 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, 2014, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2015	\$ 11,400
2016	11,400
2017	11,400
2018	11,400
2019	11,400
	<hr/>
	\$ 57,000

Note 17. Subsequent Events

On September 30, 2014, the County sold the Certificate of Need of Craven County's Home Health Agency to PruittHealth Home Health, Inc. for \$850,000.

On October 31, 2014 the County signed a contract with Shook Construction to construct a water treatment plant. The amount of the contract is \$24,756,385. Notice to proceed was given to the contractor on November 17, 2014. The plant is expected to be substantially complete by May 10, 2016.

Note 18. Special Item

State legislature dissolved the North Carolina Eastern Region Development Commission during the fiscal year ended June 30, 2014. This item is reflected in the General Fund and Governmental Activities as a special item because it is unusual in nature but under the control of management as they elected not to join the new organization. This resulted in the County receiving a distribution of \$1,516,317.

Note 19. Pronouncements Issued Not Yet Implemented

The GASB has issued several pronouncements prior to June 30, 2014 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 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" will be effective for the County beginning with its year ending June 30, 2015.

GASB Statement Number 69 – "Government Combinations and Disposals of Government Operations" will be effective for the County beginning with its year ending June 30, 2015.

GASB Statement Number 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement Number 68)" will be effective for the County beginning with its year ending June 30, 2015.

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
- Notes to the Required Schedules for the 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

Crauen County



**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, 2014**

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)
12/31/2008	\$ -	\$ 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%
12/31/2011	-	1,103,347	1,103,347	-	2,869,269	38.45%
12/31/2012	-	1,140,021	1,140,021	-	2,911,198	39.16%
12/31/2013	-	1,255,069	1,255,069	-	2,956,898	42.45%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2014**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 85,509	92.7%
2010	100,874	91.5%
2011	118,390	77.0%
2012	120,685	69.8%
2013	127,126	57.5%
2014	131,543	68.6%

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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
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)
12/31/2009	\$ -	\$ 7,548,893	\$ 7,548,893	0.0%	\$ 23,558,343	32.0%
12/31/2011	\$ -	\$ 7,442,212	\$ 7,442,212	0.0%	\$ 24,818,993	30.0%
12/31/2013	\$ -	\$ 8,213,135	\$ 8,213,135	0.0%	\$ 23,281,204	35.3%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 702,976	24.2%
2013	\$ 729,338	21.5%
2014	\$ 722,292	56.6%

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	12/31/2013
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	4.00%
Pre-medicare trend rate	7.75% - 5.00%
Year of Ultimate trend rate	2019
*Includes inflation at	3.00%

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

Crauen County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2014

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2013	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2014
2014	\$ 903,359	\$ 46,829,051	\$ 46,266,555	\$ 562,496
2013	903,359	-	603,021	300,338
2012	287,788	-	104,850	182,938
2011	165,028	-	28,078	136,950
2010	142,707	-	16,982	125,725
2009	137,166	-	14,867	122,299
2008	126,571	-	7,450	119,121
2007	99,007	-	5,534	93,473
2006	86,362	-	4,164	82,198
2005	70,396	-	3,178	67,218
2004	82,348	-	82,348	-
	<u>\$ 2,100,732</u>	<u>\$ 46,829,051</u>	<u>\$ 47,137,027</u>	<u>\$ 1,792,756</u>

Less allowance for uncollectible
ad valorem taxes receivable

700,000

\$ 1,092,756

Reconciliation with revenues:

Ad valorem taxes- General Fund \$ 46,969,673

Less: Collection of taxes older than ten years 13,883

Plus: Abatements and adjustments of prior
year taxes 181,237

Total collections and credits \$ 47,137,027

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2014

	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	\$9,610,582,439	\$0.4675	\$44,929,682	\$41,470,257	\$3,459,425
Motor vehicles taxed at prior year's rate	301,538,573	0.4700	1,417,180	-	1,417,180
Penalties	-		58,809	58,809	-
	<u>\$9,912,121,012</u>		<u>\$46,405,671</u>	<u>\$41,529,066</u>	<u>\$4,876,605</u>
DISCOVERIES	154,347,882		726,920	726,920	-
	<u>\$10,066,468,894</u>		<u>\$47,132,591</u>	<u>\$42,255,986</u>	<u>\$4,876,605</u>
ABATEMENTS	(60,776,771)		(303,540)	(64,838)	(238,702)
Total property valuation	<u><u>\$10,005,692,123</u></u>				
Net Levy			\$46,829,051	\$42,191,148	\$4,637,903
Uncollected taxes at June 30, 2014			562,496	426,910	135,586
Current year's taxes collected			<u>\$46,266,555</u>	<u>\$41,764,238</u>	<u>\$4,502,317</u>
Current levy collection percentage			<u>98.80%</u>	<u>98.99%</u>	<u>97.08%</u>

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 596,926	\$ 18,197	\$ 139,612	\$ 754,735
Taxes receivable	34,884	-	-	34,884
Accounts receivable	161,969	-	-	161,969
Due from other governments	-	-	957,448	957,448
Total assets	<u>\$ 793,779</u>	<u>\$ 18,197</u>	<u>\$ 1,097,060</u>	<u>\$ 1,909,036</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 272,143	\$ -	\$ -	\$ 272,143
Total liabilities	<u>272,143</u>	<u>-</u>	<u>-</u>	<u>272,143</u>
Deferred inflows of resources:				
Tax receivable	34,884	-	-	34,884
Total deferred inflows of resources	<u>34,884</u>	<u>-</u>	<u>-</u>	<u>34,884</u>
Fund balances:				
Restricted				
Stabilization by state statute	161,598	-	-	161,598
Public safety	577,341	18,197	-	595,538
Economic and physical development	15,983	-	-	15,983
Education, schools	-	-	1,097,060	1,097,060
Unassigned	(268,170)	-	-	(268,170)
Total fund balances	<u>486,752</u>	<u>18,197</u>	<u>1,097,060</u>	<u>1,602,009</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 793,779</u>	<u>\$ 18,197</u>	<u>\$ 1,097,060</u>	<u>\$ 1,909,036</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2014**

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY 12 Scattered Sites	Pamlico Sound Regional Hazard Mitigation Plan	CDBG FY 12 Water and Sewer Infrastructure	Hazard Mitigation Grant Program Project 4019-0028	Totals
ASSETS								
Cash and cash equivalents	\$ 161,943	\$ 419,000	\$ 15,983	\$ -	\$ -	\$ -	\$ -	\$ 596,926
Taxes receivable	34,884	-	-	-	-	-	-	34,884
Accounts receivable	145,035	16,934	-	-	-	-	-	161,969
Total assets	\$ 341,862	\$ 435,934	\$ 15,983	\$ -	\$ -	\$ -	\$ -	\$ 793,779
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,957	\$ 3,603	\$ -	\$ 23,890	\$ 8,217	\$ 215,303	\$ 19,173	\$ 272,143
Total liabilities	1,957	3,603	-	23,890	8,217	215,303	19,173	272,143
Deferred inflows of resources:								
Tax receivable	34,884	-	-	-	-	-	-	34,884
Total deferred inflows of resources	34,884	-	-	-	-	-	-	34,884
Fund balances:								
Restricted								
Stabilization by state statute	144,664	16,934	-	-	-	-	-	161,598
Public safety	161,943	415,397	-	-	-	-	-	577,340
Economic and physical development	-	-	15,983	-	-	-	-	15,983
Unassigned	(1,586)	-	-	(23,890)	(8,217)	(215,303)	(19,173)	(268,169)
Total fund balances	305,021	432,331	15,983	(23,890)	(8,217)	(215,303)	(19,173)	486,752
Total liabilities, deferred inflows of resources and fund balances	\$ 341,862	\$ 435,934	\$ 15,983	\$ -	\$ -	\$ -	\$ -	\$ 793,779

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2014**

	EOC 911 Renovation Fund
ASSETS	
Cash and cash equivalents	\$ 18,197
Total assets	<u>\$ 18,197</u>
 Fund Balances:	
Restricted	
Public safety	<u>\$ 18,197</u>
 Total liabilities and fund balances	<u>\$ 18,197</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, 2014

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 3,242,801	\$ -	\$ -	\$ 3,242,801
Intergovernmental	407,291	-	1,030,840	1,438,131
Interest	2,777	-	409	3,186
Total revenues	<u>3,652,869</u>	<u>-</u>	<u>1,031,249</u>	<u>4,684,118</u>
EXPENDITURES				
Current:				
Public safety	3,219,357	889,582	-	4,108,939
Economic and physical development	562,849	-	-	562,849
Debt service:				
Principal	-	-	4,233,000	4,233,000
Interest	-	-	1,349,266	1,349,266
Total expenditures	<u>3,782,206</u>	<u>889,582</u>	<u>5,582,266</u>	<u>10,254,054</u>
Excess of revenues over (under) expenditures	<u>(129,337)</u>	<u>(889,582)</u>	<u>(4,551,017)</u>	<u>(5,569,936)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	54,578	-	5,270,804	5,325,382
Transfers out	(797,148)	-	-	(797,148)
Total other financing sources (uses)	<u>(742,570)</u>	<u>-</u>	<u>5,270,804</u>	<u>4,528,234</u>
Net change in fund balances	<u>(871,907)</u>	<u>(889,582)</u>	<u>719,787</u>	<u>(1,041,702)</u>
FUND BALANCES:				
Beginning	<u>1,358,659</u>	<u>907,779</u>	<u>377,273</u>	<u>2,643,711</u>
Ending	<u>\$ 486,752</u>	<u>\$ 18,197</u>	<u>\$ 1,097,060</u>	<u>\$ 1,602,009</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, 2014

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY 12 Scattered Sites	CDBG FY 12 SBEA	Pamlico Sound Regional Hazard Mitigation Plan	CDBG FY 12 Water and Sewer Infrastructure	Hazard Mitigation Grant Program Project 4019-0028	Totals
REVENUES									
Taxes	\$ 2,379,804	\$ -	\$ 862,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,242,801
Intergovernmental	-	203,206	-	126,168	-	54,220	-	23,697	407,291
Interest	-	2,589	188	-	-	-	-	-	2,777
Total revenues	2,379,804	205,795	863,185	126,168	-	54,220	-	23,697	3,652,869
EXPENDITURES									
Current:									
Public safety	2,431,524	787,833	-	-	-	-	-	-	3,219,357
Economic and physical development	-	-	97,029	142,492	11,461	53,694	215,303	42,870	562,849
Total expenditures	2,431,524	787,833	97,029	142,492	11,461	53,694	215,303	42,870	3,782,206
Excess of revenues over (under) expenditures	(51,720)	(582,038)	766,156	(16,324)	(11,461)	526	(215,303)	(19,173)	(129,337)
OTHER FINANCING SOURCES (USES)									
Transfers in (out):									
To General Fund	-	-	(797,148)	-	-	-	-	-	(797,148)
From General Fund	39,536	-	-	-	15,042	-	-	-	54,578
Total other financing sources (uses)	39,536	-	(797,148)	-	15,042	-	-	-	(742,570)
Net change in fund balances	(12,184)	(582,038)	(30,992)	(16,324)	3,581	526	(215,303)	(19,173)	(871,907)
FUND BALANCES:									
Beginning	317,205	1,014,369	46,975	(7,566)	(3,581)	(8,743)	-	-	1,358,659
Ending	\$ 305,021	\$ 432,331	\$ 15,983	\$ (23,890)	\$ -	\$ (8,217)	\$ (215,303)	\$ (19,173)	\$ 486,752

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, 2014

	EOC 911 Renovation Fund	Totals
EXPENDITURES		
Public Safety	\$ 889,582	\$ 889,582
Total expenditures	<u>889,582</u>	<u>889,582</u>
Excess of revenues under expenditures	<u>(889,582)</u>	<u>(889,582)</u>
Net change in fund balances	(889,582)	(889,582)
FUND BALANCES		
Beginning	<u>907,779</u>	<u>907,779</u>
Ending	<u>\$ 18,197</u>	<u>\$ 18,197</u>

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 FY 12 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 FY 12 Small Business and Entrepreneurial Assistance Program** - The CDBG Small Business and Entrepreneurial Assistance Project Fund is used to account for funds to allow an existing manufacturing business to construct a new facility in a more affordable location, which will result in business expansion and the creation of new jobs.
- **Pamlico Sound Regional Hazard Mitigation Plan** - Pamlico Sound Regional Hazard Mitigation Plan project fund is used to account for the funds to allow for the update of Craven County's Hazard Mitigation Plan, also included in this update is the counties of Beaufort, Carteret, Hyde and Pamlico.
- **CDBG FY 12 Water & Sewer Infrastructure** – The CDBG FY 12 Water & Sewer Infrastructure Project Fund is used to account for improvements to water lines, sewer lines, and the relocation of various water lines throughout various locations in the County.
- **Hazard Mitigation Grant Plan 4019-0028** – Hazard Mitigation Grant Plan 4019-0028 project fund is used to account for the elevation of four residential flood prone structures.
- **Hazard Mitigation Grant Plan 4019-0027** – Hazard Mitigation Grant Plan 4019-0027 project fund is used to account for the buy-out and replacement of two residential structures that have flooded on multiple locations.

Craven County



Craven County, North Carolina

**DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2014**

	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	\$ 6,230	\$ 19,637	\$ 6,156	\$ 12,519	\$ 10,055	\$ 4,548	\$ 29,118	\$ 26,807	\$ 36,510	\$ 10,363	\$ -	\$ 161,943
Taxes receivable	2,469	4,404	4,677	2,328	3,260	5,163	2,198	4,512	1,459	4,096	318	34,884
Accounts receivable	13,203	12,776	14,885	8,023	11,404	15,361	17,020	20,021	21,118	10,853	371	145,035
Total assets	\$ 21,902	\$ 36,817	\$ 25,718	\$ 22,870	\$ 24,719	\$ 25,072	\$ 48,336	\$ 51,340	\$ 59,087	\$ 25,312	\$ 689	\$ 341,862
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957	\$ 1,957
Total liabilities	-	-	-	-	-	-	-	-	-	-	1,957	1,957
Deferred inflows of resources:												
Tax receivable	2,469	4,404	4,677	2,328	3,260	5,163	2,198	4,512	1,459	4,096	318	34,884
Total deferred inflows of resources	2,469	4,404	4,677	2,328	3,260	5,163	2,198	4,512	1,459	4,096	318	34,884
Fund Balances:												
Restricted:												
Stabilization by state statute	13,203	12,776	14,885	8,023	11,404	15,361	17,020	20,021	21,118	10,853	-	144,664
Public safety	6,230	19,637	6,156	12,519	10,055	4,548	29,118	26,807	36,510	10,363	-	161,943
Unassigned	-	-	-	-	-	-	-	-	-	-	(1,586)	(1,586)
Total fund balances	19,433	32,413	21,041	20,542	21,459	19,909	46,138	46,828	57,628	21,216	(1,586)	305,021
Total liabilities, deferred inflows of resources and fund balances	\$ 21,902	\$ 36,817	\$ 25,718	\$ 22,870	\$ 24,719	\$ 25,072	\$ 48,336	\$ 51,340	\$ 59,087	\$ 25,312	\$ 689	\$ 341,862

GRAVEN COUNTY, NORTH CAROLINA

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL FIRE DISTRICT FUNDS**

For the Fiscal Year Ended June 30, 2014

	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	\$ 180,827	\$ 169,027	\$ 189,992	\$ 101,557	\$ 146,945	\$ 201,942	\$ 206,175	\$ 261,497	\$ 253,249	\$ 137,779	\$ 4,787	\$ 1,853,777
Sales	49,537	46,287	54,365	27,211	40,704	55,640	61,226	72,053	79,577	38,061	1,366	526,027
Total revenues	230,364	215,314	244,357	128,768	187,649	257,582	267,401	333,550	332,826	175,840	6,153	2,379,804
EXPENDITURES												
Remittances to fire districts	209,268	191,922	257,499	139,353	191,957	264,300	256,100	324,749	365,620	180,215	-	2,380,983
Workers' compensation	2,925	4,615	5,720	2,795	4,713	2,340	3,120	4,420	4,550	3,835	-	39,033
Miscellaneous	1,016	1,017	1,016	1,017	2,506	1,018	1,019	1,015	1,017	867	-	11,508
Total expenditures	213,209	197,554	264,235	143,165	199,176	267,658	260,239	330,184	371,187	184,917	-	2,431,524
Excess of revenues over (under) expenditures	17,155	17,760	(19,878)	(14,397)	(11,527)	(10,076)	7,162	3,366	(38,361)	(9,077)	6,153	(51,720)
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	7,570	1,000	-	4,397	3,434	7,901	-	-	10,638	4,596	-	39,536
Between fire districts	(30,854)	(11,799)	8,115	11,799	3,000	2,642	(2,642)	-	30,854	(3,000)	(8,115)	-
Total other financing sources (uses)	(23,284)	(10,799)	8,115	16,196	6,434	10,543	(2,642)	-	41,492	1,596	(8,115)	39,536
Net change in fund balances	(6,129)	6,961	(11,763)	1,799	(5,093)	467	4,520	3,366	3,131	(7,481)	(1,962)	(12,184)
FUND BALANCES												
Beginning	25,562	25,452	32,804	18,743	26,552	19,442	41,618	43,462	54,497	28,697	376	317,205
Ending	\$ 19,433	\$ 32,413	\$ 21,041	\$ 20,542	\$ 21,459	\$ 19,909	\$ 46,138	\$ 46,828	\$ 57,628	\$ 21,216	\$ (1,586)	\$ 305,021

**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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 195,025	\$ 180,827	\$ (14,198)
Sales	50,972	49,537	(1,435)
Total revenues	<u>245,997</u>	<u>230,364</u>	<u>(15,633)</u>
EXPENDITURES			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	2,925	2,925	-
Capital outlay	1,930	-	1,930
Miscellaneous	1,085	1,016	69
Total expenditures	<u>215,208</u>	<u>213,209</u>	<u>1,999</u>
Excess of revenue over (under) expenditures	<u>30,789</u>	<u>17,155</u>	<u>(13,634)</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	(7,570)	7,570	15,140
Transfers out:			
To West New Bern Fire District	(30,854)	(30,854)	-
Total other financing sources	<u>(38,424)</u>	<u>(23,284)</u>	<u>15,140</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(7,635)</u>	<u>(6,129)</u>	<u>1,506</u>
Appropriated fund balance	<u>7,635</u>	<u>-</u>	<u>(7,635)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(6,129)</u>	<u>\$ (6,129)</u>
FUND BALANCE			
Beginning		<u>25,562</u>	
Ending		<u>\$ 19,433</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 163,771	\$ 169,027	\$ 5,256
Sales	47,627	46,287	(1,340)
Total revenues	<u>211,398</u>	<u>215,314</u>	<u>3,916</u>
EXPENDITURES			
Remittances to fire districts	191,922	191,922	-
Workers' compensation	4,615	4,615	-
Capital outlay	2,107	-	2,107
Miscellaneous	1,085	1,017	68
Total expenditures	<u>199,729</u>	<u>197,554</u>	<u>2,175</u>
Excess of revenue over expenditures	<u>11,669</u>	<u>17,760</u>	<u>6,091</u>
OTHER FINANCING USES			
Transfers in:			
From General Fund	(1,000)	1,000	(2,000)
Transfers out:			
To Little Swift Creek Fire District Fund	(11,799)	(11,799)	-
Total other financing uses	<u>(12,799)</u>	<u>(10,799)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(1,130)</u>	<u>6,961</u>	<u>8,091</u>
Appropriated fund balance	<u>1,130</u>	<u>-</u>	<u>(1,130)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>6,961</u>	<u>\$ 6,961</u>
FUND BALANCE			
Beginning		<u>25,452</u>	
Ending		<u>\$ 32,413</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 190,681	\$ 189,992	\$ (689)
Sales	55,943	54,365	(1,578)
Total revenues	<u>246,624</u>	<u>244,357</u>	<u>(2,267)</u>
EXPENDITURES			
Remittances to fire districts	257,499	257,499	-
Workers' compensation	5,720	5,720	-
Miscellaneous	1,085	1,016	69
Total expenditures	<u>264,304</u>	<u>264,235</u>	<u>69</u>
Excess of revenue over (under) expenditures	<u>(17,680)</u>	<u>(19,878)</u>	<u>(2,198)</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Sandy Point	8,115	8,115	-
Total other financing sources	<u>8,115</u>	<u>8,115</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(9,565)</u>	<u>(11,763)</u>	<u>(2,198)</u>
Appropriated fund balance	<u>9,565</u>	<u>-</u>	<u>(9,565)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(11,763)</u>	<u>\$ (11,763)</u>
FUND BALANCE			
Beginning		<u>32,804</u>	
Ending		<u>\$ 21,041</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 97,356	\$ 101,557	\$ 4,201
Sales	27,999	27,211	(788)
Total revenues	<u>125,355</u>	<u>128,768</u>	<u>3,413</u>
EXPENDITURES			
Remittances to fire districts	139,353	139,353	-
Workers' compensation	2,795	2,795	-
Miscellaneous	1,086	1,017	69
Total expenditures	<u>143,234</u>	<u>143,165</u>	<u>69</u>
Excess of revenue over (under) expenditures	<u>(17,879)</u>	<u>(14,397)</u>	<u>3,482</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	4,397	4,397	-
From Township No. 1 Fire District Fund	11,799	11,799	-
Total other financing sources	<u>16,196</u>	<u>16,196</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(1,683)</u>	<u>1,799</u>	<u>3,482</u>
Appropriated fund balance	<u>1,683</u>	<u>-</u>	<u>(1,683)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>1,799</u>	<u>\$ 1,799</u>
FUND BALANCE			
Beginning		<u>18,743</u>	
Ending		<u>\$ 20,542</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 144,506	\$ 146,945	\$ 2,439
Sales	41,886	40,704	(1,182)
Total revenues	<u>186,392</u>	<u>187,649</u>	<u>1,257</u>
EXPENDITURES			
Remittances to fire districts	192,150	191,957	193
Workers' compensation	4,957	4,713	244
Miscellaneous	2,506	2,506	-
Total expenditures	<u>199,613</u>	<u>199,176</u>	<u>437</u>
Excess of revenue over (under) expenditures	<u>(13,221)</u>	<u>(11,527)</u>	<u>1,694</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	(642)	3,434	4,076
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>2,358</u>	<u>6,434</u>	<u>4,076</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(10,863)</u>	<u>(5,093)</u>	<u>5,770</u>
Appropriated fund balance	<u>10,863</u>	<u>-</u>	<u>(10,863)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(5,093)</u>	<u>\$ (5,093)</u>
FUND BALANCE			
Beginning		<u>26,552</u>	
Ending		<u>\$ 21,459</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 196,061	\$ 201,942	\$ 5,881
Sales	57,251	55,640	(1,611)
Total revenues	<u>253,312</u>	<u>257,582</u>	<u>4,270</u>
EXPENDITURES			
Remittances to fire districts	264,300	264,300	-
Workers' compensation	2,470	2,340	130
Miscellaneous	1,085	1,018	67
Total expenditures	<u>267,855</u>	<u>267,658</u>	<u>197</u>
Excess of revenue over (under) expenditures	<u>(14,543)</u>	<u>(10,076)</u>	<u>4,467</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	7,901	7,901	-
From Township No. 6	2,642	2,642	-
Total other financing sources	<u>10,543</u>	<u>10,543</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(4,000)</u>	<u>467</u>	<u>4,467</u>
Appropriated fund balance	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>467</u>	<u>\$ 467</u>
FUND BALANCE			
Beginning		<u>19,442</u>	
Ending		<u>\$ 19,909</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 201,637	\$ 206,175	\$ 4,538
Sales	62,998	61,226	(1,772)
Total revenues	<u>264,635</u>	<u>267,401</u>	<u>2,766</u>
EXPENDITURES			
Remittances to fire districts	256,100	256,100	-
Workers' compensation	3,120	3,120	-
Capital outlay	1,947	-	1,947
Miscellaneous	1,086	1,019	67
Total expenditures	<u>262,253</u>	<u>260,239</u>	<u>2,014</u>
Excess of revenue (under) over expenditures	<u>2,382</u>	<u>7,162</u>	<u>4,780</u>
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,642)	(2,642)	-
Total other financing uses	<u>(2,642)</u>	<u>(2,642)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(260)	4,520	4,780
Appropriated fund balance	<u>260</u>	<u>-</u>	<u>(260)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>4,520</u>	<u>\$ 4,520</u>
FUND BALANCE			
Beginning		<u>41,618</u>	
Ending		<u>\$ 46,138</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 253,392	\$ 261,497	\$ 8,105
Sales	74,142	72,053	(2,089)
Total revenues	<u>327,534</u>	<u>333,550</u>	<u>6,016</u>
EXPENDITURES			
Remittances to fire districts	324,749	324,749	-
Workers' compensation	4,420	4,420	-
Miscellaneous	1,085	1,015	70
Total expenditures	<u>330,254</u>	<u>330,184</u>	<u>70</u>
Excess of revenue over (under) expenditures	<u>(2,720)</u>	<u>3,366</u>	<u>6,086</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>2,720</u>	-	<u>(2,720)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>3,366</u>	<u>\$ 3,366</u>
FUND BALANCE			
Beginning		<u>43,462</u>	
Ending		<u>\$ 46,828</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, 2014**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 252,698	\$ 253,249	\$ 551
Sales	81,882	79,577	(2,305)
Total revenues	<u>334,580</u>	<u>332,826</u>	<u>(1,754)</u>
EXPENDITURES			
Remittances to fire districts	365,620	365,620	-
Workers' compensation	4,550	4,550	-
Miscellaneous	1,085	1,017	68
Total expenditures	<u>371,255</u>	<u>371,187</u>	<u>68</u>
Excess of revenue over (under) expenditures	<u>(36,675)</u>	<u>(38,361)</u>	<u>(1,686)</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	(10,638)	10,638	21,276
From Rhems	30,854	30,854	-
Total other financing uses	<u>20,216</u>	<u>41,492</u>	<u>21,276</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(16,459)</u>	<u>3,131</u>	<u>19,590</u>
Appropriated fund balance	<u>16,459</u>	<u>-</u>	<u>(16,459)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>3,131</u>	<u>\$ 3,131</u>
FUND BALANCE			
Beginning		<u>54,497</u>	
Ending		<u>\$ 57,628</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 135,008	\$ 137,779	\$ 2,771
Sales	39,163	38,061	(1,102)
Total revenues	<u>174,171</u>	<u>175,840</u>	<u>1,669</u>
EXPENDITURES			
Remittances to fire districts	180,215	180,215	-
Workers' compensation	3,835	3,835	-
Miscellaneous	867	867	-
Total expenditures	<u>184,917</u>	<u>184,917</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(10,746)</u>	<u>(9,077)</u>	<u>1,669</u>
OTHER FINANCING USES			
Transfers in:			
From General Fund	4,596	4,596	-
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>1,596</u>	<u>1,596</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(9,150)</u>	<u>(7,481)</u>	<u>1,669</u>
Appropriated fund balance	<u>9,150</u>	<u>-</u>	<u>(9,150)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(7,481)</u>	<u>\$ (7,481)</u>
FUND BALANCE			
Beginning		<u>28,697</u>	
Ending		<u>\$ 21,216</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 4,705	\$ 4,787	\$ 82
Sales	1,410	1,366	(44)
Total revenues	<u>6,115</u>	<u>6,153</u>	<u>38</u>
 OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	(8,115)	(8,115)	-
Total other financing uses	<u>(8,115)</u>	<u>(8,115)</u>	<u>-</u>
 Excess of revenues under expenditures and other financing sources (uses)	(2,000)	(1,962)	38
 Appropriated fund balance	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
 Revenues, other uses, and appropriated fund balance under expenditures	<u>\$ -</u>	<u>(1,962)</u>	<u>\$ (1,962)</u>
 FUND BALANCE			
Beginning		<u>376</u>	
 Ending		<u>\$ (1,586)</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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 203,206	\$ 203,206	\$ -
Interest	4,000	2,589	(1,411)
Total revenues	<u>207,206</u>	<u>205,795</u>	<u>(1,411)</u>
EXPENDITURES			
Public safety	834,091	787,833	46,258
Total expenditures	<u>834,091</u>	<u>787,833</u>	<u>46,258</u>
Excess of revenue over (under) expenditures	(626,885)	(582,038)	44,847
Appropriated fund balance	<u>626,885</u>	-	<u>(626,885)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(582,038)</u>	<u>\$ (582,038)</u>
FUND BALANCE			
Beginning		<u>1,014,369</u>	
Ending		<u>\$ 432,331</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, 2014**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 894,198	\$ 862,997	\$ (31,201)
Interest	-	188	188
Total revenues	<u>894,198</u>	<u>863,185</u>	<u>(31,013)</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	50	29	(21)
Total expenditures	<u>97,050</u>	<u>97,029</u>	<u>21</u>
Excess of revenue over expenditures	<u>797,148</u>	<u>766,156</u>	<u>(30,992)</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(797,148)</u>	<u>(797,148)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>(30,992)</u>	<u>\$ (30,992)</u>
FUND BALANCE			
Beginning		<u>46,975</u>	
Ending		<u>\$ 15,983</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY 12 SCATTERED SITES**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2014**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 225,000	\$ -	\$ 126,168	\$ 126,168
Total revenue	<u>225,000</u>	<u>-</u>	<u>126,168</u>	<u>126,168</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	225,000	7,566	142,492	150,058
Total expenditures	<u>225,000</u>	<u>7,566</u>	<u>142,492</u>	<u>150,058</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (7,566)</u>	<u>(16,324)</u>	<u>\$ (23,890)</u>
FUND BALANCE				
Beginning			<u>(7,566)</u>	
Ending			<u>\$ (23,890)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY12 SMALL BUSINESS AND ENTREPRENEURIAL ASSISTANCE PROGRAM**

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

From Inception and for the Fiscal Year Ended June 30, 2014

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
EXPENDITURES				
Economic and physical development:				
Expenditures	\$ 15,042	\$ 3,581	\$ 11,461	\$ 15,042
Total expenditures	<u>15,042</u>	<u>3,581</u>	<u>11,461</u>	<u>15,042</u>
Excess of revenues under expenditures	(15,042)	(3,581)	(11,461)	(15,042)
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	15,042	-	15,042	15,042
Total other financing sources	<u>-</u>	<u>-</u>	<u>15,042</u>	<u>15,042</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (3,581)</u>	<u>3,581</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>(3,581)</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
PAMLICO SOUND REGIONAL HAZARD MITIGATION PLAN**

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

From Inception and for the Fiscal Year Ended June 30, 2014

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 80,000	\$ -	\$ 54,220	\$ 54,220
Total revenue	<u>80,000</u>	<u>-</u>	<u>54,220</u>	<u>54,220</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	80,000	8,743	53,694	62,437
Total expenditures	<u>80,000</u>	<u>8,743</u>	<u>53,694</u>	<u>62,437</u>
Excess of revenues under expenditures	\$ -	\$ (8,743)	526	\$ (8,217)
FUND BALANCE				
Beginning			(8,743)	
Ending			<u>\$ (8,217)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY 12 WATER & SEWER INFRASTRUCTURE**

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

From Inception and for the Fiscal Year Ended June 30, 2014

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 750,000	\$ -	\$ -	\$ -
Total revenue	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	750,000	-	215,303	215,303
Total expenditures	<u>750,000</u>	<u>-</u>	<u>215,303</u>	<u>215,303</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(215,303)</u>	<u>\$ (215,303)</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ (215,303)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
HAZARD MITIGATION GRANT PROGRAM PROJECT 4019-0028**

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

From Inception and for the Fiscal Year Ended June 30, 2014

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 531,220	\$ -	\$ 23,697	\$ 23,697
Total revenue	<u>531,220</u>	<u>-</u>	<u>23,697</u>	<u>23,697</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	531,220	-	42,870	42,870
Total expenditures	<u>531,220</u>	<u>-</u>	<u>42,870</u>	<u>42,870</u>
Excess of revenues under expenditures	\$ -	\$ -	(19,173)	<u>(19,173)</u>
FUND BALANCE				
Beginning			-	
Ending			<u>\$ (19,173)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
HAZARD MITIGATION GRANT PROGRAM PROJECT 4019-0027**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2014**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 583,060	\$ -	\$ -	\$ -
Total revenue	<u>583,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	583,060	-	-	-
Total expenditures	<u>583,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ -</u>	

Crauen County



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, 2014

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,000,000	\$ 1,030,840	\$ 30,840
Interest	5,000	409	(4,591)
Total revenues	<u>1,005,000</u>	<u>1,031,249</u>	<u>26,249</u>
EXPENDITURES			
Principal	4,233,000	4,233,000	-
Interest and fiscal charges	1,350,124	1,349,266	858
Total expenditures	<u>5,583,124</u>	<u>5,582,266</u>	<u>858</u>
Excess of revenue over (under) expenditures	<u>(4,578,124)</u>	<u>(4,551,017)</u>	<u>27,107</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	4,987,074	5,270,804	283,730
Total other financing sources	<u>4,987,074</u>	<u>5,270,804</u>	<u>283,730</u>
Excess of revenues over (under) expenditures and other financing sources	408,950	719,787	310,837
Appropriated fund balance	<u>(408,950)</u>	<u>-</u>	<u>408,950</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>719,787</u>	<u>\$ 719,787</u>
FUND BALANCE			
Beginning		<u>377,273</u>	
Ending		<u>\$ 1,097,060</u>	

Crauen 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:

- **EOC 911 Renovation Fund** – The EOC 911 Renovation Fund is for renovations of the former Sheriff office to an emergency operations center in addition to the expansion of the current 911 location center.

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, 2014

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ -	\$ 1,021,167	\$ 26,507	\$ 1,047,674
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	-	20,662,951	1,468,762	22,131,713
To Judicial Center Capital Project Fund	-	(2,500,000)	-	(2,500,000)
To General Fund	-	(6,840,455)	(988,590)	(7,829,045)
To EOC/911 Renovation Fund	-	(1,101,477)	-	(1,101,477)
Between closed projects	-	(3,645,992)	-	(3,645,992)
Total other financing sources (uses)	-	6,575,027	480,172	7,055,199
Excess of revenues over other financing sources (uses)	-	7,596,194	506,679	8,102,873
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 7,596,194	506,679	\$ 8,102,873
FUND BALANCE				
Beginning			7,596,194	
Ending			\$ 8,102,873	

**CRAVEN COUNTY, NORTH CAROLINA
EOC 911 RENOVATION FUND**

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

From Inception and for the Fiscal Year Ended June 30, 2014

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 1,507,571	\$ 599,792	\$ 889,582	\$ 1,489,374
Total expenditures	<u>1,507,571</u>	<u>599,792</u>	<u>889,582</u>	<u>1,489,374</u>
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	353,945	353,945	-	353,945
From County Reserve Capital Project Fund	1,101,477	1,101,477	-	1,101,477
From E911 Fund	52,149	52,149	-	52,149
Total other financing sources	<u>1,507,571</u>	<u>1,507,571</u>	<u>-</u>	<u>1,507,571</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 907,779</u>	<u>(889,582)</u>	<u>\$ 18,197</u>
FUND BALANCE				
Beginning			<u>907,779</u>	
Ending			<u>\$ 18,197</u>	

Crauen County



ENTERPRISE FUNDS

Enterprise Funds account for operations that are either financed and operated in a manner similar to a 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:

- Neuse River Water and Sewer District
- Northwest Craven Water and Sewer District

Crauen County



Craven County, North Carolina

**Combining Statement of Net Position
Nonmajor Enterprise Funds**

June 30, 2014

	Neuse River Water and Sewer District	Total Nonmajor Enterprise Funds
ASSETS		
Current assets:		
Due from other government-current	\$ 20,000	\$ 20,000
Total current assets	<u>20,000</u>	<u>20,000</u>
Noncurrent Assets:		
Due from other government-noncurrent	5,000	5,000
Total noncurrent assets	<u>5,000</u>	<u>5,000</u>
Total assets	<u>25,000</u>	<u>25,000</u>
LIABILITIES		
Current liabilities:		
General obligation bonds payable-current	20,000	20,000
Total current liabilities	<u>20,000</u>	<u>20,000</u>
Noncurrent liabilities:		
General obligation bonds payable	5,000	5,000
Total noncurrent liabilities	<u>5,000</u>	<u>5,000</u>
Total liabilities	<u>25,000</u>	<u>25,000</u>
NET POSITION		
Unrestricted	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF NET POSITION-
CRAVEN COUNTY WATER FUND**

June 30, 2014

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,277,099	\$ 1,341,783	\$ 18,618,882
Accounts receivable, net of allowance for doubtful accounts	872,957	-	872,957
Total current assets	18,150,056	1,341,783	19,491,839
Noncurrent assets:			
Capital assets:			
Land	668,101	279,253	947,354
Improvements other than buildings	29,316,429	457,673	29,774,102
Buildings	563,318	-	563,318
Machinery and equipment	381,777	-	381,777
Construction in progress	-	3,029,641	3,029,641
Accumulated depreciation	(14,896,716)	-	(14,896,716)
Total capital assets, net of accumulated depreciation	16,032,909	3,766,567	19,799,476
Total noncurrent assets	16,032,909	3,766,567	19,799,476
Total assets	34,182,965	5,108,350	39,291,315
LIABILITIES			
Current liabilities:			
Accounts payable	96,486	8,260	104,746
Accrued salaries and benefits	21,776	-	21,776
Customer deposits payable	293,922	-	293,922
Compensated absences liability - current	17,636	-	17,636
Debt payable - current	-	570,929	570,929
Obligations under capital lease - current	80,114	-	80,114
Total current liabilities	509,934	579,189	1,089,123
Noncurrent liabilities			
Compensated absences liability	35,631	-	35,631
Other postemployment benefit liability	45,991	-	45,991
Debt payable	-	2,283,714	2,283,714
Obligations under capital lease	805,049	-	805,049
Total noncurrent liabilities	886,671	2,283,714	3,170,385
Total liabilities	1,396,605	2,862,903	4,259,508
NET POSITION			
Net investment in capital assets	15,147,746	911,924	16,059,670
Unrestricted	17,638,614	1,333,523	18,972,137
Total net position	\$ 32,786,360	\$ 2,245,447	\$ 35,031,807

**Craven County, North Carolina
Craven County Water Fund**

**DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,828,806	\$ -	\$ 3,828,806
Miscellaneous	103,706	4,066	107,772
Total operating revenues	<u>3,932,512</u>	<u>4,066</u>	<u>3,936,578</u>
OPERATING EXPENSES			
Cost of services	1,633,697	-	1,633,697
Depreciation	900,515	-	900,515
Total operating expenses	<u>2,534,212</u>	<u>-</u>	<u>2,534,212</u>
Operating income	<u>1,398,300</u>	<u>4,066</u>	<u>1,402,366</u>
NONOPERATING REVENUES			
Interest income	57,122	-	57,122
Total nonoperating revenues	<u>57,122</u>	<u>-</u>	<u>57,122</u>
Income before transfers	<u>1,455,422</u>	<u>4,066</u>	<u>1,459,488</u>
TRANSFERS IN (OUT):			
Between Water and Sewer funds	(25,217)	-	(25,217)
From General Fund	18,000	-	18,000
From Non-Major Governmental Funds	21,760	-	21,760
To General Fund	(123,000)	-	(123,000)
Total transfers in (out)	<u>(108,457)</u>	<u>-</u>	<u>(108,457)</u>
Change in net position	1,346,965	4,066	1,351,031
Net position, beginning	<u>31,439,395</u>	<u>2,241,381</u>	<u>33,680,776</u>
Net position, ending	<u>\$ 32,786,360</u>	<u>\$ 2,245,447</u>	<u>\$ 35,031,807</u>

**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, 2014

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,400,000	\$ 3,678,687	\$ 278,687
Tap and permit fees	179,000	150,119	(28,881)
Miscellaneous	98,700	103,706	5,006
Total operating revenues	3,677,700	3,932,512	254,812
OPERATING EXPENDITURES			
Personnel services:			
Salaries	508,451	508,450	1
Employee benefits	163,004	163,001	3
Retirement	35,010	35,010	-
Professional services:			
Audit and accounting fees	1,243	1,243	-
Legal fees	10,900	10,883	17
Engineering fees	15,000	3,400	11,600
Contractual services	62,021	59,138	2,883
Operating supplies	26,000	17,781	8,219
Utilities	285,000	278,589	6,411
Maintenance and repairs:			
Systems	146,273	146,273	-
Building and grounds	51,081	47,744	3,337
Vehicle expense	87,308	81,927	5,381
Equipment	4,100	2,523	1,577
Insurance	37,503	37,503	-
Tap outlays	27,555	27,555	-
Telephone and postage	21,000	18,981	2,019
Lockbox	101,086	101,086	-
Chemical and lab work	81,714	81,714	-
Capital outlay	1,858,831	84,914	1,773,917
Miscellaneous	21,785	10,896	10,889
Total operating expenditures	3,544,865	1,718,611	1,826,254
Excess of operating revenues over operating expenditures	132,835	2,213,901	2,081,066
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	60,000	57,122	(2,878)
Interest paid	(29,480)	(25,217)	4,263
Principal payments	(80,115)	(80,115)	-
Total nonoperating revenues (expenditures)	(49,595)	(48,210)	1,385
Excess of revenues over expenditures	83,240	2,165,691	2,082,451

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, 2014

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 18,000	\$ 18,000	\$ -
From Non-Major Governmental Fund	21,760	21,760	-
To General Fund	(123,000)	(123,000)	-
Total other financing sources (uses)	<u>(83,240)</u>	<u>(83,240)</u>	-
Excess of revenues over (under) expenditures and other financing sources (uses)	-	2,082,451	2,082,451
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 2,082,451</u>	<u>\$ 2,082,451</u>

Reconciliation of modified accrual basis with full accrual basis:

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 2,082,451
Capital outlay	84,914
Payment on obligation under capital lease payable	80,115
Depreciation	<u>(900,515)</u>
Change in net position, full accrual basis	<u>\$ 1,346,965</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, 2014**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest revenue	\$ 330	\$ 9,800	\$ 4,066	\$ 13,866
EXPENDITURES				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	914,358	902,156	12,201	914,357
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	486,331	472,111	3,000	475,111
Engineering	3,831,604	1,672,854	690,098	2,362,952
Total expenditures	5,246,441	3,061,269	705,299	3,766,568
Excess of revenues under expenditures	(5,246,111)	(3,051,469)	(701,233)	(3,752,702)
OTHER FINANCING SOURCES				
Installment loan proceeds	3,014,530	1,859,487	995,156	2,854,643
Transfers in:				
From Craven County Water Operating Fund	2,231,581	2,231,581	-	2,231,581
Total other financing sources	5,246,111	4,091,068	995,156	5,086,224
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 1,039,599	\$ 293,923	\$ 1,333,522
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 293,923	
Capital outlay			705,299	
Issuance of installment loan			(995,156)	
Change in net position, full accrual basis			\$ 4,066	

**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, 2014**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 25,573	\$ 25,217	\$ (356)
Interest paid	(25,573)	(25,217)	356
Principal payment	(80,115)	(80,115)	-
Total nonoperating revenues (expenditures)	<u>(80,115)</u>	<u>(80,115)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Direct financing lease proceeds	<u>80,115</u>	<u>80,115</u>	<u>-</u>
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		80,115	
Reduction of investment in direct financing lease receivable		<u>(80,115)</u>	
Net position, full accrual basis		<u>\$ -</u>	

Crauen County



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



1712

**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, 2014**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 4,989,000	\$ 4,438,554	\$ (550,446)
Miscellaneous	-	28,997	28,997
Total revenues	<u>4,989,000</u>	<u>4,467,551</u>	<u>(521,449)</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>5,014,000</u>	<u>4,925,218</u>	<u>88,782</u>
Excess of operating revenues under operating expenditures	(25,000)	(457,667)	(432,667)
NONOPERATING REVENUES			
Interest income	<u>25,000</u>	<u>14,169</u>	<u>(10,831)</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (443,498)</u>	<u>\$ (443,498)</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.

Deed of Trust Fund – The Deed of Trust Fund 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, 2014

	<u>Social Services Trust Fund</u>
ASSETS	
Cash	<u>\$ 108,818</u>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 108,818</u>

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Social Services Trust Fund:				
Assets, cash and investments	\$ 95,945	\$ 12,873	\$ -	\$ 108,818
Liabilities, accounts payable and accrued liabilities	\$ 95,945	\$ 12,873	\$ -	\$ 108,818
Deed of Trust Fund:				
Assets, cash and investments	\$ -	\$ 66,904	\$ 66,904	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 66,904	\$ 66,904	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 19,969,058	\$ 19,969,058	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 19,969,058	\$ 19,969,058	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 95,945	\$ 20,048,835	\$ 20,035,962	\$ 108,818
Liabilities, accounts payable and accrued liabilities	\$ 95,945	\$ 20,048,835	\$ 20,035,962	\$ 108,818

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 STATEMENT OF NET POSITION
June 30, 2014**

	<u>2014</u>
ASSETS	
Cash and cash equivalents	<u>\$ 238,429</u>
LIABILITIES AND NET POSITION	
Net position:	
Unrestricted	<u>\$ 238,429</u>
Total net position	<u>238,429</u>
Total liabilities and net position	<u>\$ 238,429</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 468,000	\$ 467,733	\$ (267)
Interest	2,000	767	(1,233)
Total revenues	<u>470,000</u>	<u>468,500</u>	<u>(1,500)</u>
EXPENDITURES			
Economic development	<u>522,537</u>	<u>522,520</u>	17
Change in net position	(52,537)	(54,020)	(1,483)
Fund balance appropriated	<u>52,537</u>	<u>8,068</u>	<u>(44,469)</u>
Net change in net position	-	(45,952)	(45,952)
NET POSITION			
Beginning	<u>160,000</u>	<u>284,381</u>	<u>124,381</u>
Ending	<u>\$ 160,000</u>	<u>\$ 238,429</u>	<u>\$ 78,429</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ (45,952)</u>	
Net position, full accrual basis		<u>\$ (45,952)</u>	

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

**COMBINING STATEMENT OF NET POSITION
June 30, 2014**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 36 Project Fund	Airport Reserve Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 1,903,967	\$ 505	\$ -	\$ 38,457	\$ 586,533	\$ 2,529,462
Accounts receivable	159,803	-	-	-	-	159,803
	<u>2,063,770</u>	<u>505</u>	<u>-</u>	<u>38,457</u>	<u>586,533</u>	<u>2,689,265</u>
Capital assets:						
Land	9,616,306	-	-	-	-	9,616,306
Buildings	9,450,092	-	-	-	-	9,450,092
Improvements other than buildings	21,907,326	-	-	-	-	21,907,326
Machinery and equipment	1,750,650	-	-	-	-	1,750,650
Construction in progress	-	154,907	1,190,401	979,591	-	2,324,899
Accumulated depreciation	(15,275,326)	-	-	-	-	(15,275,326)
Capital assets, net of accumulated depreciation	<u>27,449,048</u>	<u>154,907</u>	<u>1,190,401</u>	<u>979,591</u>	<u>-</u>	<u>29,773,947</u>
Total assets	<u>29,512,818</u>	<u>155,412</u>	<u>1,190,401</u>	<u>1,018,048</u>	<u>586,533</u>	<u>32,463,212</u>
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts payable	33,982	-	7,247	60,765	-	101,994
Accrued salaries and benefits	68,805	-	-	-	-	68,805
Other postemployment benefit obligation	33,232	-	-	-	-	33,232
Total liabilities	<u>136,019</u>	<u>-</u>	<u>7,247</u>	<u>60,765</u>	<u>-</u>	<u>204,031</u>
Net position:						
Net investment in capital assets	27,449,048	154,907	1,190,401	979,591	-	29,773,947
Unrestricted	1,927,751	505	(7,247)	(22,308)	586,533	2,485,234
Total net position	<u>\$ 29,376,799</u>	<u>\$ 155,412</u>	<u>\$ 1,183,154</u>	<u>\$ 957,283</u>	<u>\$ 586,533</u>	<u>\$ 32,259,181</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 35 Project Fund	Airport Improvement Program No. 36 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES								
Charges for services	\$ 2,194,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,724
Total revenues	2,194,724	-	-	-	-	-	-	2,194,724
OPERATING EXPENSES								
Cost of sales and services	1,571,905	-	-	-	-	-	-	1,571,905
Depreciation and amortization	791,353	-	-	-	-	-	-	791,353
Total operating expenses	2,363,258	-	-	-	-	-	-	2,363,258
Operating loss	(168,534)	-	-	-	-	-	-	(168,534)
NONOPERATING REVENUES (EXPENSES)								
Interest income	5,885	-	-	-	-	-	2,080	7,965
Interest expense	(10,007)	-	-	-	-	-	-	(10,007)
Total nonoperating revenues	(4,122)	-	-	-	-	-	2,080	(2,042)
Income (Loss) before transfers	(172,656)	-	-	-	-	-	2,080	(170,576)
Transfers in (out) Airport Funds	5,791,956	-	(53,925)	1,052	(5,880,833)	141,750	-	-
Capital contributions - federal grants	312,320	48	-	18,773	156,975	815,533	-	1,303,649
Change in net position	5,931,620	48	(53,925)	19,825	(5,723,858)	957,283	2,080	1,133,073
Net position, beginning	23,445,179	155,364	53,925	1,163,329	5,723,858	-	584,453	31,126,108
Net position, ending	\$ 29,376,799	\$ 155,412	\$ -	\$ 1,183,154	\$ -	\$ 957,283	\$ 586,533	\$ 32,259,181

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

**COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 35 Project Fund	Airport Improvement Program No. 36 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES							
Receipts from customers and users	\$ 2,188,460	\$ -	\$ 4,644	\$ (12,322)	-	\$ -	\$ 2,180,782
Payments to suppliers	(745,252)	(50)	3,332	-	60,765	-	(681,205)
Payments to employees	(795,863)	-	-	-	-	-	(795,863)
Net cash provided by (used in) operating activities	647,345	(50)	7,976	(12,322)	60,765	-	703,714
CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(241,254)	-	(27,791)	(174,416)	(979,591)	-	(1,423,052)
Repayment of installment notes	(381,381)	-	18,773	-	-	-	(362,608)
Repayment of bonds	(125,000)	-	-	-	-	-	(125,000)
Receipts from capital grants	312,320	48	-	156,975	815,533	-	1,284,876
Interest paid	(14,141)	-	-	-	-	-	(14,141)
Net cash provided by (used in) capital and related financing activities	(449,456)	48	(9,018)	(17,441)	(164,058)	-	(639,925)
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES							
Due to (from) other funds	3,924	-	1,042	-	-	-	4,966
Transfers in	875,091	-	-	-	141,750	-	1,016,841
Transfers out	(983,214)	-	-	-	-	-	(983,214)
Net cash provided by (used in) noncapital financing activities	(104,199)	-	1,042	-	141,750	-	38,593
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on cash and investments	5,885	-	-	-	-	2,080	7,965
Net cash provided by investing activities	5,885	-	-	-	-	2,080	7,965
Net increase (decrease) in cash and cash equivalents	99,575	(2)	-	(29,763)	38,457	2,080	110,347
CASH AND CASH EQUIVALENTS							
Beginning	1,804,392	507	-	29,763	-	584,453	2,419,115
Ending	\$ 1,903,967	\$ 505	\$ -	\$ -	\$ 38,457	\$ 586,533	\$ 2,529,462
Reconciliation of operating loss to net cash provided by (used in) operating activities:							
Operating loss	\$ (168,534)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (168,534)
Adjustments to reconcile operating loss to net cash provided by operating activities:							
Depreciation and amortization	791,353	-	-	-	-	-	791,353
Change in assets and liabilities:							
Accounts receivable	(6,264)	-	4,644	(12,322)	-	-	(13,942)
Accounts payable and accrued expenses	30,790	(50)	3,332	-	60,765	-	94,837
Net cash provided by (used in) operating activities	\$ 647,345	\$ (50)	\$ 7,976	\$ (12,322)	\$ 60,765	\$ -	\$ 703,714

**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, 2014

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,659,822	\$ 2,194,724	\$ (465,098)
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	730,082	660,706	69,376
Employee benefits	124,346	120,008	4,338
Retirement	39,651	35,728	3,923
Professional Services:			
Audit and accounting fees	3,551	3,551	-
Legal fees	40,141	38,505	1,636
Contractual services	102,725	101,127	1,598
Operating supplies	83,900	47,837	36,063
Utilities	236,020	184,810	51,210
Maintenance and repairs:			
Building and grounds	111,500	87,939	23,561
Vehicle expense	32,000	17,370	14,630
Insurance	113,900	106,678	7,222
Telephone and postage	9,100	7,886	1,214
Capital outlay	325,783	241,254	84,529
Board Member fees	14,400	12,000	2,400
Miscellaneous	142,543	41,292	101,251
Travel/Training	23,425	14,314	9,111
Advertising	83,400	82,155	1,245
Dues and subscriptions	12,025	9,999	2,026
Total operating expenditures	2,228,492	1,813,159	415,333
Excess of operating revenues over (under) operating expenditures	431,330	381,565	(80,411)
NONOPERATING EXPENSES			
Interest income	4,000	5,885	1,885
Interest expense	(14,323)	(10,007)	4,316
Principal payments	(506,532)	(506,381)	151
Capital Contributions - intergovernmental grants	328,328	312,320	(16,008)
Total nonoperating expenses	(188,527)	(198,183)	(9,656)
Excess of revenues over expenditures	242,803	183,382	(59,421)

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, 2014

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 740,411	\$ 6,775,170	\$ 6,034,759
To airport project funds	(983,214)	(983,214)	-
Total other financing sources (uses)	<u>(242,803)</u>	<u>5,791,956</u>	<u>6,034,759</u>
Excess revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 5,975,338</u>	<u>\$ 5,975,338</u>

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

Excess revenues over expenditures and other
 financing sources, modified
 accrual basis, above

\$ 5,975,338

Capital outlay

241,254

Depreciation

(791,353)

Principal payments

506,381

Net position, full accrual basis

\$ 5,931,620

**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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 739,503	\$ 729,867	\$ 48	\$ 729,915
Total revenues	739,503	729,867	48	729,915
EXPENDITURES				
Capital outlay:				
Administrative	2,974	2,974	-	2,974
Capital outlay	34,434	28,799	-	28,799
Other	127,592	123,134	-	123,134
Total expenditures	165,000	154,907	-	154,907
Excess of revenues over (under) expenditures	574,503	574,960	48	575,008
OTHER FINANCING 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 uses	(574,503)	(574,503)	-	(574,503)
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 457	\$ 48	\$ 505
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 48	
Net position, full accrual basis			\$ 48	

**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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 44,425	\$ 44,425	\$ -	\$ 44,425
Total revenues	44,425	44,425	-	44,425
EXPENDITURES				
Capital outlay:				
Capital outlay	46,763	46,764	-	46,764
Total expenditures	46,763	46,764	-	46,764
Excess of revenues under expenditures	(2,338)	(2,339)	-	(2,339)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	9,500	9,500	-	9,500
To Airport Operating Fund	(7,162)	-	(53,925)	(53,925)
Total other financing sources	2,338	9,500	(53,925)	(44,425)
Excess of other financing sources over (under) expenditures	\$ -	\$ 7,161	\$ (53,925)	\$ (46,764)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (53,925)	
Net position, full accrual basis			\$ (53,925)	

**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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,143,097	\$ 1,104,218	\$ 18,773	\$ 1,122,991
Total revenues	<u>1,143,097</u>	<u>1,104,218</u>	<u>18,773</u>	<u>1,122,991</u>
EXPENDITURES				
Capital outlay:				
Administrative	10,108	4,698	2,361	7,059
Architect	1,193,152	1,157,913	25,430	1,183,343
Total expenditures	<u>1,203,260</u>	<u>1,162,611</u>	<u>27,791</u>	<u>1,190,402</u>
Excess of revenues under expenditures	<u>(60,163)</u>	<u>(58,393)</u>	<u>(9,018)</u>	<u>(67,411)</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	60,163	59,111	1,052	60,163
Total other financing sources	<u>60,163</u>	<u>59,111</u>	<u>1,052</u>	<u>60,163</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ (7,966)</u>	<u>\$ (7,248)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (7,966)	
Capital outlay			<u>27,791</u>	
Net position, full accrual basis			<u>\$ 19,825</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 35 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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 5,267,983	\$ 5,111,008	\$ 156,975	\$ 5,267,983
Total revenues	<u>5,267,983</u>	<u>5,111,008</u>	<u>156,975</u>	<u>5,267,983</u>
EXPENDITURES				
Capital outlay:				
Administrative	21,453	12,620	8,832	21,452
Architect	5,831,864	5,666,278	165,584	5,831,862
Total expenditures	<u>5,853,317</u>	<u>5,678,898</u>	<u>174,416</u>	<u>5,853,314</u>
Excess of revenues under expenditures	<u>(585,334)</u>	<u>(567,890)</u>	<u>(17,441)</u>	<u>(585,331)</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	612,850	612,850	-	612,850
To Airport Operating Fund	(27,516)	-	(5,880,833)	(5,880,833)
Total other financing sources	<u>585,334</u>	<u>612,850</u>	<u>(5,880,833)</u>	<u>(5,267,983)</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 44,960</u>	<u>\$ (5,898,274)</u>	<u>\$ (5,853,314)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (5,898,274)	
Capital outlay			<u>174,416</u>	
Net position, full accrual basis			<u>\$ (5,723,858)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 36 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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,275,750	\$ -	\$ 815,533	\$ 815,533
Total revenues	1,275,750	-	815,533	815,533
EXPENDITURES				
Capital outlay:				
Administrative	9,228	-	1,819	1,819
Construction	1,257,491	-	853,894	853,894
Architect	150,781	-	123,878	123,878
Total expenditures	1,417,500	-	979,591	979,591
Excess of revenues under expenditures	(141,750)	-	(164,058)	(164,058)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	141,750	-	141,750	141,750
Total other financing sources	141,750	-	141,750	141,750
Excess of other financing sources over expenditures	\$ -	\$ -	\$ (22,308)	\$ (22,308)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (22,308)	
Capital outlay			979,591	
Net position, full accrual basis			\$ 957,283	

**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, 2014**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 35,539	\$ 2,080	\$ 37,619
Total revenues	-	35,539	2,080	37,619
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	(642,287)	-	(642,287)
From Airport Operating Fund	-	1,191,201	-	1,191,201
Total other financing sources (uses)	-	548,914	-	548,914
Excess of revenues and other financing sources (uses) over expenditures	-	584,453	2,080	586,533
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 584,453	\$ 2,080	\$ 586,533
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 2,080	
Net position, full accrual basis			\$ 2,080	

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

Crauen County



**CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2014</u>		<u>2013</u>
Governmental funds capital assets:			
Land	\$ 10,010,344	\$	9,984,681
Buildings	67,243,237		67,236,147
Other Improvements	11,547,252		11,146,457
Equipment & Vehicles	11,489,852		9,986,130
Construction in Progress	1,321,802		595,990
Total governmental funds capital assets	<u>\$ 101,612,487</u>	<u>\$</u>	<u>98,949,405</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 14,077,106	\$	11,577,792
Capital Projects	77,364,447		77,200,679
Prior to June, 1992*	10,170,934		10,170,934
Total investment in governmental funds capital assets	<u>\$ 101,612,487</u>	<u>\$</u>	<u>98,949,405</u>

*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
JUNE 30, 2014**

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvement</u>	<u>Equipment & Vehicles</u>	<u>Total</u>
General Government:					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 10,727	\$ 10,727
0201 Administration	-	-	-	-	-
0301 Personnel	-	-	-	6,797	6,797
0401 Information Technology	-	-	2,362,599	588,833	2,951,432
0404 GIS	-	-	89,304	65,771	155,075
0501 Finance	-	-	-	15,510	15,510
0560 Non Department	-	-	-	129,761	129,761
0601 Elections	-	-	-	447,102	447,102
0801 Tax Assessor	-	-	-	5,995	5,995
0804 Tax Assessor -Mapping	-	-	-	-	-
0805 Tax Assessor -Appraisal	-	-	-	210,305	210,305
0901 Tax Collections	-	-	-	-	-
0904 Tax Assessor -GIS	-	-	-	-	-
1001 Register of Deeds	-	-	-	38,139	38,139
1201 Public Buildings	4,817,614	9,066,226	253,903	196,999	14,334,742
1212 Housekeeping	-	-	-	36,406	36,406
1301 Court Facilities	126,790	4,604,270	1,229,830	31,067	5,991,957
1401 Maintenance	-	57,000	500	156,704	214,204
1501 Central Maintenance	-	-	-	54,657	54,657
Total General Government	4,944,404	13,727,496	3,936,136	1,994,773	24,602,809
Public Safety:					
2001 Sheriff	-	-	727,327	2,183,708	2,911,035
2008 Jail	1,718,426	30,856,746	-	139,380	32,714,552
2315 Communications	-	-	14,000	315,266	329,266
2301 Emergency Services	-	-	-	534,244	534,244
2401 Inspections	-	-	-	72,751	72,751
2501 E 911	-	-	98,800	844,844	943,644
2601 Animal Control	-	401,288	2,997	111,617	515,902
Total Public Safety	1,718,426	31,258,034	843,124	4,201,810	38,021,394
Environmental Protection:					
3101 Environmental Health	-	-	-	314,057	314,057
3201 Solid Waste	15,640	27,852	1,246	398,579	443,317
4101 Soil Conservation	-	-	-	22,308	22,308
4201 Cooperative Extension	-	765,129	85,014	51,816	901,959
Total Environmental Protection	15,640	792,981	86,260	786,760	1,681,641
Economic and Physical Development:					
4001 Planning	-	-	-	47,587	47,587
4401 Economic Development	162,195	-	750,780	26,052	939,027
8201 Convention Center	1,192,410	10,752,459	796,130	408,246	13,149,245
Total Economic and Physical Development	1,354,605	10,752,459	1,546,910	481,885	14,135,859
Health					
5001 Health	-	5,070,283	521,234	1,370,665	6,962,182
Total Health	-	5,070,283	521,234	1,370,665	6,962,182
Social Services:					
7001 CARTS	-	-	-	1,414,990	1,414,990
7201 DSS	-	5,324,840	737,086	914,464	6,976,390
Total Social Services	-	5,324,840	737,086	2,329,454	8,391,380
Recreation:					
8001 Recreation	1,977,269	307,335	3,876,502	324,505	6,485,611
Library- Havelock	-	9,809	-	-	9,809
Total Recreation	1,977,269	317,144	3,876,502	324,505	6,495,420
Total	\$10,010,344	\$ 67,243,237	\$ 11,547,252	\$ 11,489,852	\$ 100,290,685
				Construction in Progress	1,321,802
				Total Government Funds Capital Assets	\$ 101,612,487

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
JUNE 30, 2014**

Function and Activity	Governmental Funds Capital Assets July 1, 2013	Additions	Deductions	Governmental Funds Capital Assets June 30, 2014
General Government:				
0101 Commissioners	\$ 10,727	\$ -	\$ -	\$ 10,727
0201 Administration	-	-	-	-
0301 Personnel	6,797	-	-	6,797
0401 Information Technology	2,837,481	135,305	21,354	2,951,432
0404 GIS	140,195	14,880	-	155,075
0501 Finance	15,510	-	-	15,510
0560 Non Department	117,283	245,228	232,750	129,761
0601 Elections	447,102	-	-	447,102
0801 Tax Assessor	5,995	-	-	5,995
0805 Tax Assessor -Appraisal	166,147	44,158	-	210,305
0901 Tax Collections	-	-	-	-
1001 Register of Deeds	32,875	5,264	-	38,139
1201 Public Buildings	14,175,560	270,372	111,190	14,334,742
1212 Housekeeping	36,406	-	-	36,406
1301 Court Facilities	5,977,607	14,350	-	5,991,957
1401 Maintenance	196,594	21,610	4,000	214,204
1501 Central Maintenance	54,657	-	-	54,657
Total General Government	24,220,936	751,167	369,294	24,602,809
Public Safety:				
2001 Sheriff	2,869,155	343,616	301,736	2,911,035
2008 Jail	32,714,552	-	-	32,714,552
2315 Communications	340,840	-	11,574	329,266
2301 Emergency Services	508,589	37,986	12,331	534,244
2401 Inspections	85,138	-	12,387	72,751
2501 E 911	32,739	918,749	7,844	943,644
2601 Animal Control	515,902	-	-	515,902
Total Public Safety	37,066,915	1,300,351	345,872	38,021,394
Environmental Protection:				
3101 Environmental Health	309,343	17,610	12,896	314,057
3201 Solid Waste	433,368	40,374	30,425	443,317
4101 Soil Conservation	(5,402)	27,710	-	22,308
4201 Cooperative Extension	919,070	10,599	27,710	901,959
Total Environmental Protection	1,656,379	96,293	71,031	1,681,641
Economic and Physical Development:				
4001 Planning	66,034	6,749	25,196	47,587
4401 Economic Development	933,483	5,544	-	939,027
8201 Convention Center	13,099,554	49,691	-	13,149,245
Total Economic and Physical Development	14,099,071	61,984	25,196	14,135,859
Health				
5001 Health	6,815,827	146,355	-	6,962,182
Total Health	6,815,827	146,355	-	6,962,182
Social Services:				
7001 CARTS	1,233,631	278,524	97,165	1,414,990
7201 DSS	6,826,095	156,446	6,151	6,976,390
Total Social Services	8,059,726	434,970	103,316	8,391,380
Recreation:				
8001 Recreation	6,424,752	60,859	-	6,485,611
Library- Havelock	9,809	-	-	9,809
Total Recreation	6,434,561	60,859	-	6,495,420
Construction in Progress				
	595,990	889,582	163,770	1,321,802
Total governmental funds capital assets	\$ 98,949,405	\$ 3,741,561	\$ 1,078,479	\$ 101,612,487

Crauen 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.

Craven County



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 24,089,182	\$ 26,036,499	\$ 29,183,692	\$ 31,120,067	\$ 33,675,755	\$ 34,254,404	\$ 37,674,722	\$ 37,057,382	\$ 38,519,516	\$ 40,967,813
Restricted	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938	9,303,705
Unrestricted (deficit)	(18,939,009)	(12,381,079)	(16,368,150)	(17,948,088)	(17,350,746)	(13,245,067)	(14,757,288)	(13,148,958)	(11,378,791)	(8,377,381)
Total governmental activities net position	\$ 9,981,105	\$ 16,734,078	\$ 17,691,742	\$ 18,251,702	\$ 20,674,091	\$ 25,038,663	\$ 31,217,952	\$ 32,967,353	\$ 36,457,663	\$ 41,894,137
Business-type activities										
Net investment in capital assets	\$ 17,299,771	\$ 17,289,167	\$ 17,836,280	\$ 19,542,861	\$ 18,330,655	\$ 18,280,499	\$ 17,797,133	\$ 17,751,235	\$ 18,944,146	\$ 16,063,577
Unrestricted	5,711,338	6,890,711	7,822,174	7,651,538	9,909,504	11,522,108	13,198,583	14,546,045	14,736,630	18,968,230
Total business-type activities net position	\$ 23,011,109	\$ 24,179,878	\$ 25,658,454	\$ 27,194,399	\$ 28,240,159	\$ 29,802,607	\$ 30,995,716	\$ 32,297,280	\$ 33,680,776	\$ 35,031,807
Primary government										
Net investment in capital assets	\$ 41,388,953	\$ 43,325,666	\$ 47,019,972	\$ 50,662,928	\$ 52,006,410	\$ 52,534,903	\$ 55,471,855	\$ 54,808,617	\$ 57,463,662	\$ 57,031,390
Restricted	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938	9,303,705
Unrestricted (deficit)	(13,227,671)	(5,490,368)	(8,545,976)	(10,296,550)	(7,441,242)	(1,722,959)	(1,558,705)	1,397,087	3,357,839	10,590,849
Total primary government net position	\$ 32,992,214	\$ 40,913,956	\$ 43,350,196	\$ 45,446,101	\$ 48,914,250	\$ 54,841,270	\$ 62,213,668	\$ 65,264,633	\$ 70,138,439	\$ 76,925,944

Schedule 2
 Craven County
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 (as reclassified)	2014
Expenses										
Governmental activities:										
General government	\$ 6,557,817	\$ 7,391,683	\$ 7,679,876	\$ 6,568,743	\$ 7,785,402	\$ 7,963,893	\$ 8,577,883	\$ 10,295,084	\$ 10,453,419	\$ 9,529,776
Public safety	11,895,790	12,643,683	12,792,549	13,475,510	14,166,850	14,754,169	16,218,231	16,897,985	16,970,296	18,273,896
Social services	21,364,472	22,822,110	23,686,006	24,491,355	23,190,078	22,338,223	23,268,931	23,091,103	22,566,592	22,078,158
Economic and physical development	3,873,381	2,658,847	2,629,063	3,447,939	3,138,650	3,020,353	3,820,355	3,372,531	2,818,906	3,244,680
Environmental protection	4,943,096	5,105,286	5,448,188	5,369,403	5,576,352	5,191,327	5,234,597	5,044,117	4,949,064	5,200,967
Health	6,915,059	7,419,050	7,381,812	8,053,103	8,245,927	8,537,699	8,467,181	8,391,523	8,883,418	8,495,912
Cultural and recreation	1,898,961	2,077,212	2,307,962	2,070,824	3,201,411	2,305,497	2,357,440	2,287,587	2,334,287	2,435,885
Education	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968
Interest on long term debt	2,593,134	2,414,904	3,042,742	3,716,568	4,457,642	3,971,610	3,772,400	3,488,561	2,739,303	2,617,304
Total governmental activities	<u>78,433,379</u>	<u>82,751,640</u>	<u>94,866,009</u>	<u>100,194,198</u>	<u>94,508,713</u>	<u>90,182,147</u>	<u>93,961,218</u>	<u>96,649,668</u>	<u>95,459,075</u>	<u>95,568,546</u>
Business-type activities:										
Water	2,212,566	2,452,231	2,350,421	2,378,268	2,814,711	2,259,291	2,533,584	2,504,781	2,428,976	2,559,429
Total primary government expenses	<u>\$ 80,645,945</u>	<u>\$ 85,203,871</u>	<u>\$ 97,216,430</u>	<u>\$ 102,572,466</u>	<u>\$ 97,323,424</u>	<u>\$ 92,441,438</u>	<u>\$ 96,494,802</u>	<u>\$ 99,154,449</u>	<u>\$ 97,888,051</u>	<u>\$ 98,127,975</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,838,261	\$ 2,406,806	\$ 2,116,173	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684	\$ 1,633,609	\$ 2,056,024	\$ 2,194,205
Public safety	1,697,240	2,148,811	1,957,081	2,076,961	2,375,313	1,715,207	1,998,438	2,250,857	2,728,253	2,584,019
Social services	690,235	626,859	600,994	708,758	905,238	895,360	705,484	746,897	920,099	597,505
Economic and physical development	920,675	916,702	990,517	1,072,446	1,009,269	1,048,298	1,040,227	1,094,565	1,211,200	1,244,763
Environmental protection	2,212,444	2,462,004	2,639,579	2,821,666	2,720,503	2,442,846	2,462,442	2,509,331	2,470,808	2,417,794
Health	4,283,919	4,436,213	4,288,785	4,603,742	4,872,707	5,158,491	5,808,276	5,005,119	5,252,724	5,003,765
Cultural and recreation	45,745	38,948	50,690	43,309	58,393	70,223	72,418	75,810	80,782	89,512
Operating grants and contributions:										
General government	1,202,220	1,147,799	1,078,615	1,533,601	1,355,699	1,097,706	1,298,151	2,238,620	2,051,064	2,337,535
Public safety	912,191	651,655	612,213	634,277	551,977	858,361	928,821	845,729	824,904	645,226
Social services	10,662,434	11,834,461	12,228,544	12,805,213	13,472,526	14,754,004	15,687,981	15,728,496	14,979,911	14,917,957
Economic and physical development	1,195,959	50,750	219,000	499,293	24,755	44,816	0	32,998	34,034	0
Environmental protection	210,007	168,890	138,582	183,564	169,132	196,072	130,108	143,389	143,267	253,420
Health	1,520,635	1,473,080	1,407,566	1,495,242	1,627,356	2,069,631	1,821,323	1,701,749	1,704,070	1,645,752
Cultural and recreation	0	9,250	35,300	75,233	45,000	18,000	61,500	49,500	37,500	51,500
Capital grants and contributions:										
General government	0	417,447	0	0	104,129	43,609	0	0	0	0
Public safety	0	34,526	0	0	0	99,999	10,696	4,472	0	0
Social services	0	228,739	112,514	185,910	193,612	103,938	109,337	117,377	134,820	255,086
Economic and physical development	0	0	0	0	106,721	184,344	950,510	580,782	452,809	204,085
Cultural and recreation	0	65,625	106,185	343,815	50,000	56,875	395,394	0	47,731	0
Education	859,450	1,182,900	1,150,405	1,969,220	1,560,478	1,438,000	2,136,870	1,129,230	1,010,010	1,030,840
Total governmental activities program revenues	<u>28,251,415</u>	<u>30,301,465</u>	<u>29,732,743</u>	<u>32,789,345</u>	<u>32,498,355</u>	<u>33,578,832</u>	<u>37,088,660</u>	<u>35,888,530</u>	<u>36,140,010</u>	<u>35,472,964</u>

Continued

Schedule 2
 Craven County
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 (as reclassified)	2014
Business-type activities:										
Charge for services - Water	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217	3,709,076	3,733,491	3,828,806
Total business-type activities program revenues	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217	3,709,076	3,733,491	3,828,806
Total primary government program revenues	\$ 31,255,077	\$ 33,598,323	\$ 33,083,404	\$ 36,177,182	\$ 36,108,024	\$ 37,267,395	\$ 40,740,877	\$ 39,597,606	\$ 39,873,501	\$ 39,301,770
Net (Expense)/Revenue										
Governmental activities	\$ (50,181,964)	\$ (52,450,175)	\$ (65,133,266)	\$ (67,404,853)	\$ (62,010,358)	\$ (56,603,315)	\$ (57,056,902)	\$ (60,761,138)	\$ (59,319,065)	\$ (60,095,582)
Business-type activities	791,096	844,627	1,000,240	1,009,569	794,958	1,423,540	1,118,633	1,204,295	1,304,515	1,269,377
Total primary government net (expense)/revenue	\$ (49,390,868)	\$ (51,605,548)	\$ (64,133,026)	\$ (66,395,284)	\$ (61,215,400)	\$ (55,179,775)	\$ (55,938,269)	\$ (59,556,843)	\$ (58,014,550)	\$ (58,826,205)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 33,462,209	\$ 37,864,384	\$ 40,057,692	\$ 42,236,411	\$ 43,814,430	\$ 44,076,129	\$ 47,482,900	\$ 46,550,189	\$ 47,503,351	\$ 48,512,236
Local option sales tax	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,176	12,415,520	13,491,235	13,594,555	13,394,720
Other taxes and licenses	631,352	716,807	730,206	798,930	766,861	790,980	867,817	1,003,991	827,554	862,997
Investment earnings	622,429	1,250,704	2,452,049	3,500,775	1,375,589	544,629	282,690	231,554	228,358	156,285
Miscellaneous	1,631,320	1,224,762	3,036,095	1,226,841	1,582,642	2,406,773	2,091,064	1,128,570	1,519,890	1,006,261
Transfers	45,799	45,799	45,799	70,150	96,800	96,200	106,200	105,000	102,620	83,240
Special item	0	0	0	0	0	0	0	0	0	1,516,317
Total governmental activities:	53,826,476	59,203,148	66,090,930	67,964,813	64,432,747	60,967,887	63,236,191	62,510,539	63,776,328	65,532,056
Business-type activities:										
Investment earnings	102,105	246,435	370,366	429,842	239,026	127,572	72,310	67,396	70,659	57,122
Miscellaneous	206,411	123,506	153,769	166,684	108,576	101,804	114,098	134,873	110,942	107,772
Transfers	(45,799)	(45,799)	(45,799)	(70,150)	(96,800)	(96,200)	(106,200)	(105,000)	(102,620)	(83,240)
Total business-type activities	262,717	324,142	478,336	526,376	250,802	133,176	80,208	97,269	78,981	81,654
Total primary government	\$ 54,089,193	\$ 59,527,290	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549	\$ 61,101,063	\$ 63,316,399	\$ 62,607,808	\$ 63,855,309	\$ 65,613,710
Change in Net Position										
Governmental activities	\$ 3,644,512	\$ 6,752,973	\$ 957,664	\$ 559,960	\$ 2,422,389	\$ 4,364,572	\$ 6,179,289	\$ 1,749,401	\$ 4,457,263	\$ 5,436,474
Business-type activities	1,053,813	1,168,769	1,478,576	1,535,945	1,045,760	1,556,716	1,198,841	1,301,564	1,383,496	1,351,031
Total primary government	\$ 4,698,325	\$ 7,921,742	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149	\$ 5,921,288	\$ 7,378,130	\$ 3,050,965	\$ 5,840,759	\$ 6,787,505

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

General Fund	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Restricted:										
Stabilization by state statute	\$ 6,224,153	\$ 5,689,161	\$ 6,434,080	\$ 7,920,769	\$ 5,258,842	\$ 5,719,134	\$ 4,839,673	\$ 5,621,630	\$ 6,505,313	\$ 5,866,674
Public Safety	556,964	683,951	501,980	915	80,589	82,387	86,034	84,542	117,324	104,005
Register of Deeds	89,380	0	8,840	46,557	21,750	55,348	58,208	37,222	30,700	3,030
Assigned										
Subsequent year's expenditures	805,563	1,112,286	278,250	1,057,114	979,722	1,562,592	0	416,953	0	186,332
Unassigned	11,461,312	14,627,823	17,382,258	16,723,785	20,371,199	19,141,577	22,190,181	23,271,321	23,440,262	25,743,810
Total General Fund	\$ 19,137,372	\$ 22,113,221	\$ 24,605,408	\$ 25,749,140	\$ 26,712,102	\$ 26,561,038	\$ 27,174,096	\$ 29,431,668	\$ 30,093,599	\$ 31,903,851
All Other Governmental Funds										
Restricted:										
Stabilization by state statute	\$ 204,407	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699	\$ 288,406	\$ 326,340	\$ 194,002	\$ 161,598
Public Schools	2,640,065	1,785,304	3,704,012	4,328,413	3,317,971	2,773,462	3,868,232	1,318,370	377,273	1,097,060
Public Safety	317,610	417,160	456,779	469,202	742,288	954,430	1,237,435	1,670,825	2,045,351	595,537
Economic and Physical Development	0	0	0	0	0	0	0	0	46,975	1,475,800
Committed										
Capital projects	4,679,025	4,751,947	14,206,542	33,071,988	10,995,371	7,552,472	8,447,983	7,686,508	7,596,194	6,643,056
Unassigned	(500,000)	0	0	0	0	0	(141,851)	(196,990)	(19,890)	(268,169)
Total all other governmental funds	\$ 7,341,107	\$ 7,154,259	\$ 18,804,299	\$ 38,267,757	\$ 15,579,342	\$ 11,444,063	\$ 13,700,205	\$ 10,805,053	\$ 10,239,905	\$ 9,704,882

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes:										
Property	\$ 33,585,023	\$ 37,876,551	\$ 40,031,721	\$ 42,261,507	\$ 43,716,305	\$ 43,929,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725	\$ 48,823,450
Sales	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,171	12,415,519	13,491,235	13,594,555	13,394,720
Other	631,352	716,807	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997
Total taxes	51,649,742	56,694,050	60,531,016	63,192,143	61,279,591	57,773,974	60,396,681	61,752,014	61,888,834	63,081,167
Intergovernmental	16,562,896	17,265,122	17,088,924	19,725,368	19,261,385	20,965,355	23,530,691	22,572,342	21,695,955	21,341,401
Charges for Services	12,118,416	13,470,741	13,072,951	13,496,839	13,530,854	12,913,153	13,774,262	13,562,444	15,072,071	14,490,392
Interest	598,241	1,190,972	2,370,690	3,403,401	1,321,851	506,334	262,321	212,830	209,474	142,116
Miscellaneous	872,030	998,896	1,225,277	1,263,264	1,592,941	1,299,699	2,415,734	1,535,915	1,524,801	1,432,328
Total Revenues	81,801,325	89,619,781	94,288,858	101,081,015	96,986,622	93,458,515	100,379,689	99,635,545	100,391,135	100,487,404
Expenditures										
General Government	6,875,991	8,193,210	7,514,048	8,539,207	8,693,318	8,224,937	8,580,077	9,834,924	9,423,766	9,446,475
Public Safety	11,391,656	13,151,735	13,960,441	23,556,676	31,541,868	16,627,081	15,443,304	15,375,134	16,680,517	18,056,044
Environmental Protection	5,006,185	5,103,095	5,444,288	5,413,220	5,478,700	5,099,920	5,169,741	5,005,287	4,908,080	5,121,996
Economic Development	3,505,260	2,194,383	2,241,260	3,043,309	2,720,535	2,603,966	3,596,818	3,134,830	3,059,513	2,764,612
Health	7,007,312	7,072,213	7,169,879	8,064,577	7,983,542	8,366,853	8,407,146	8,405,341	8,605,502	8,200,004
Social Services	21,367,549	22,624,569	23,790,287	24,829,166	23,149,487	21,983,411	23,293,001	23,000,499	22,457,994	22,150,591
Culture and Recreation	1,904,814	2,136,565	2,261,117	2,878,542	3,583,707	2,258,013	2,644,812	2,150,943	2,197,876	2,194,351
Education	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968
Capital Outlay	95,980	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	3,816,917	3,846,504	3,854,145	6,050,858	6,422,014	6,516,291	6,696,780	6,311,214	6,802,064	6,832,806
Interest	2,513,158	2,335,441	2,959,154	4,207,889	4,489,303	4,061,210	3,703,810	3,436,180	2,577,753	2,232,885
Bond issuance costs						490,800				
Total Expenditures	81,876,491	86,876,580	99,092,430	119,584,187	118,808,875	98,331,858	99,779,689	100,435,529	100,456,855	100,811,732
Excess of revenues over (under) expenditures	# (75,166)	# 2,743,201	(4,803,572)	(18,503,172)	(21,822,253)	(4,873,343)	600,000	(799,984)	(65,720)	(324,328)
Other Financing Sources (Uses)										
Transfers in	8,507,419	9,082,318	10,057,944	11,611,636	6,443,078	5,493,731	8,592,538	6,567,143	9,278,851	8,702,882
Transfers out	(8,461,620)	(9,036,519)	(10,012,145)	(11,514,837)	(6,346,278)	(5,397,531)	(8,486,338)	(6,404,739)	(9,176,231)	(8,619,642)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	0	0	0	0	0	21,800,000	0	0	33,950,000	0
Refunding bond premium	0	0	0	0	0	1,037,279	0	0	0	0
Payment to refunding escrow agent	0	0	0	0	0	(22,346,479)	0	0	(33,890,117)	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	0	0	18,900,000	39,013,563	0	0	2,163,000	0	0	0
Special item	0	0	0	0	0	0	0	0	0	1,516,317
Total other financing sources (uses)	45,799	45,799	18,945,799	39,110,362	96,800	587,000	2,269,200	162,404	162,503	1,599,557
Net change in fund balances	\$ (29,367)	\$ 2,789,000	\$ 14,142,227	\$ 20,607,190	\$ (21,725,453)	\$ (4,286,343)	\$ 2,869,200	\$ (637,580)	\$ 96,783	\$ 1,275,229
Debt service as a percentage of noncapital expenditures	7.94%	7.37%	7.06%	9.75%	11.02%	11.16%	10.62%	9.87%	9.57%	9.28%

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)					
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
2012	5,738,196,566	2,159,760,665	46,066,910	129,376,082	1,396,207,233	143,182,465	9,612,789,921	0.4728	9,495,989,253
2013	5,808,897,357	2,163,265,740	46,726,780	134,335,862	1,443,216,223	141,607,621	9,738,049,583	0.4700	9,118,877,782
2014	5,863,934,499	2,154,674,323	46,723,660	134,530,824	1,667,107,995	138,720,822	10,005,692,123	0.4675	8,853,027,892

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 2014 figure is based on property sales which took place in calendar 2013 and the sales to assessment ratio was 113.02%.)
- (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									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Craven County Direct Rate	\$.5600	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675
<u>Municipality Rates:</u>										
Bridgeton	.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Cove City	.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Dover	.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	.4500	0.4500	0.4900	0.4900	0.5300	0.5300	0.4650	0.4650	0.4650	0.4650
New Bern	.4700	0.4700	0.4700	0.5050	0.5050	0.5050	0.4100	0.4100	0.4100	0.4100
River Bend	.2200	0.2200	0.2200	0.2500	0.2800	0.2800	0.2650	0.2650	0.2650	0.2650
Trent Woods	.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.1900	0.1700	0.1700	0.1700
Vanceboro	.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600	0.4600	0.4600
<u>Fire Districts Rates:</u>										
West New Bern II (Rhems)	.0375	0.0375	0.0375	0.0425	0.0425	0.0475	0.0314	0.0414	0.0414	0.0389
Township #1	.0238	0.0238	0.0238	0.0238	0.0263	0.0263	0.0250	0.0250	0.0250	0.0250
Tri Community	.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0277	0.0277	0.0277	0.0277
Little Swift Creek	.0590	0.0590	0.0590	0.0590	0.0590	0.0590	0.0499	0.0549	0.0549	0.0549
Township #3	.0681	0.0681	0.0681	0.0681	0.0781	0.0781	0.0624	0.0624	0.0624	0.0624
Township #5	.0570	0.0570	0.0570	0.0620	0.0620	0.0620	0.0453	0.0453	0.0453	0.0453
Township #6	.0675	0.0675	0.0675	0.0675	0.0600	0.0600	0.0516	0.0516	0.0516	0.0480
Township #7	.0270	0.0270	0.0270	0.0270	0.0240	0.0240	0.0177	0.0177	0.0177	0.0177
West New Bern	.0312	0.0362	0.0362	0.0362	0.0422	0.0422	0.0324	0.0324	0.0324	0.0324
Township #9	.0713	0.0713	0.0713	0.0713	0.0713	0.0713	0.0582	0.0582	0.0582	0.0582
Sandy Point	.0567	0.0567	0.0567	0.0567	0.0567	0.0567	0.0352	0.0352	0.0352	0.0352

Source: Craven County Tax Department

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

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

Taxpayer	Type of Business	Fiscal Year 2014			Fiscal Year 2005		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 187,118,871	1	1.87%	\$ 195,988,851	1	3.40%
BSH Home Appliances Corp	Home appliance manufacturer	63,872,711	2	0.64%	85,286,753	2	1.48%
Weyerhaeuser Company	Real estate investment trust	62,555,420	3	0.63%	included above		
Progress Energy Carolinas	Electric utility	50,237,052	4	0.50%	35,930,620	4	0.62%
Carolina Telephone & Telegraph Co.	Communications utility	34,928,917	5	0.35%	39,289,040	3	0.68%
Atlantic Marine Corps Communities, LLC	Real estate development	32,918,627	6	0.33%			
Hatteras Yachts	Yacht builder	25,759,674	7	0.26%	25,103,052	5	0.44%
New Bern Riverfront Development LLC	Real estate development	25,099,239	8	0.25%			
WalMart Real Estate Business Trust	Real estate development	23,725,040	9	0.24%			
Wyndham Vacation Resorts Inc	Real estate development	22,227,790	10	0.22%			
DDR Xenia & New Bern LLC	Real estate development			0.00%	13,536,930	8	0.23%
Craven Wood Energy LTD	Electricity manufacturer				16,526,766	6	0.29%
Amital Spinning Corp	Yarn manufacturer				13,643,729	7	0.24%
Fairfield Communities	Real estate development				13,154,130	9	0.23%
Twin Rivers Mall	Real estate development				11,788,910	10	0.20%
Moen Incorporated	Plumbing products mfgr.						
Totals		\$ 528,443,341		5.28%	\$ 450,248,781		7.80%

168

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	
		Adjustments		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2005	\$ 32,468,045	\$ (133,839)	\$ 32,334,206	\$ 31,690,897	98.01%	\$ 576,091	\$ 32,266,988	99.79%
2006	36,919,653	(321,980)	36,597,673	35,915,565	98.14%	599,910	36,515,475	99.78%
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	606,350	38,637,647	99.76%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	605,065	40,772,766	99.71%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	684,357	42,279,237	99.71%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	733,291	42,478,916	99.70%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	816,816	45,626,090	99.70%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	764,864	45,312,566	99.60%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	603,021	45,535,878	99.34%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	-	46,266,555	98.80%

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	Installment Loans	Capital Leases	General Obligation Bonds	Installment Loans			
2005	\$ 43,202,088	\$ 12,073,442	0 \$	1,690,800	1,824,045	\$ 58,790,375	627	2.03%
2006	40,575,535	10,851,937	0	1,282,500	1,711,408	54,421,380	574	1.76%
2007	37,943,982	28,527,792	0	839,500	1,598,771	68,910,045	716	2.13%
2008	35,347,429	63,981,568	0	377,000	1,486,135	101,192,132	1,049	2.90%
2009	32,785,876	60,015,627	0	245,000	1,373,498	94,420,001	966	2.58%
2010	32,706,707	56,070,408	0	195,000	1,260,861	90,232,976	900	2.40%
2011	29,915,363	54,142,701	0	145,000	1,148,224	85,351,288	821	2.24%
2012	27,144,019	50,442,473	62,415	95,000	1,041,486	78,785,393	751	2.01%
2013	24,402,675	50,902,921	41,651	45,000	2,820,859	78,213,106	744	1.91%
2014	21,711,331	46,597,703	20,145	25,000	3,735,899	72,090,078	690	*

168

*Information not yet available

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the County's outstanding debt can be found in Note 4 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 2013 personal income not available to calculate fiscal year 2014.

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			
2005	\$ 44,892,888	\$ 2,640,065	\$ 42,252,823	1.46%	0.69%	\$ 451
2006	41,858,035	1,785,303	40,072,732	1.30%	0.55%	422
2007	38,783,482	3,901,084	34,882,398	1.08%	0.38%	362
2008	35,724,429	4,420,993	31,303,436	0.90%	0.31%	324
2009	33,030,876	3,298,769	29,732,107	0.81%	0.29%	304
2010	32,901,707	2,773,461	30,128,246	0.80%	0.29%	300
2011	30,060,363	1,790,762	28,269,601	0.74%	0.29%	272
2012	27,239,019	802,960	26,436,059	0.68%	0.28%	252
2013	24,447,675	858,942	23,588,733	0.58%	0.26%	224
2014	21,736,331	1,104,604	20,631,727	*	0.23%	198

*Information not yet available.

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the County's outstanding debt can be found in Note 4 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 2013 personal income not available to calculate fiscal year 2014.

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value of Property	\$ 5,770,566	\$ 6,021,601	\$ 6,340,906	\$ 6,693,479	\$ 6,937,168	\$ 6,977,756	\$ 9,582,126	\$ 9,612,790	\$ 9,738,050	\$ 10,005,692
Debt Limit, 8% of Assessed Value (Statutory Limitation)	461,645	481,728	507,272	535,478	554,973	558,221	766,570	769,023	779,044	800,455
Amount of Debt Applicable to Limit										
Gross debt	58,790	54,421	68,896	101,192	94,420	90,233	85,351	78,785	78,213	72,090
Less: Amount available for repayment of g.o.bonds	2,640	1,785	3,901	4,421	3,318	2,773	1,791	803	859	1,105
Debt outstanding for water and sewer purposes	3,515	2,994	2,438	1,863	1,618	1,456	1,293	1,136	2,866	3,761
Revenue bonds	<u>0</u>									
Total net debt applicable to limit	52,635	49,642	62,557	94,908	89,484	86,004	82,267	76,846	74,488	67,225
Legal Debt Margin	<u>\$ 409,010</u>	<u>\$ 432,086</u>	<u>\$ 444,715</u>	<u>\$ 440,570</u>	<u>\$ 465,490</u>	<u>\$ 472,216</u>	<u>\$ 684,303</u>	<u>\$ 692,177</u>	<u>\$ 704,556</u>	<u>\$ 733,231</u>
Total net debt applicable to the limit as a % of debt limit	11.40%	10.31%	12.33%	17.72%	16.12%	15.41%	10.73%	9.99%	9.56%	8.40%

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2005	93,704	\$ 2,897,163	\$ 30,970	14,523	4.80%	10,426
2006	94,848	3,090,213	32,622	14,609	4.70%	12,633
2007	96,278	3,234,873	33,375	14,632	4.40%	13,000
2008	96,471	3,490,666	35,683	14,538	4.30%	9,682
2009	97,757	3,665,246	36,865	14,597	6.00%	7,123
2010	100,261	3,761,100	36,901	14,513	10.50%	7,262
2011	103,951	3,816,083	36,732	14,817	11.00%	9,537
2012	104,965	3,910,918	37,420	14,749	11.00%	9,498
2013	105,179	4,094,203	39,078	14,606	9.70%	8,530
2014	104,435	*	*	14,472	9.00%	7,811

* 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 Nine Years Ago**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Department of Defense (1)	5,194	1	13.63%	1000+	1	N/A
CarolinaEast Health Systems	2,180	2	5.72%	1000+	3	N/A
Craven County Schools	1,961	3	5.14%	1000+	2	N/A
BSH Home Appliances	950	4	2.49%	1000+	5	N/A
State of North Carolina	923	5	2.42%	500-999	7	N/A
Wal-Mart	830	6	2.18%	500-999	10	N/A
Moen Incorporated	665	7	1.74%	500-999	6	N/A
Craven County	607	8	1.59%	500-999	8	N/A
City of New Bern	475	9	1.25%			
Craven Community College	420	10	1.10%	500-999	9	N/A
Hatteras Yachts (Brunswick Corp)				1000+	4	N/A
	<u>14,205</u>		<u>37.26%</u>			

172

Source: N.C. Employment Security Commission

Notes: (1) Excludes 9,326 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center, Naval Health Clinic, 2nd MAW, and MCAS Cherry Point.

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

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of June 30</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	92	87	83	82	81	79	75	72	77	80
Public safety	125	129	134	134	141	148	148	151	142	158
Social services	203	207	204	206	213	213	213	208	191	197
Economic and physical development	18	23	19	21	20	21	23	18	22	21
Environmental protection	30	33	36	33	33	30	32	30	29	30
Health	102	97	111	115	116	117	106	104	102	97
Cultural and recreation	10	7	8	9	16	16	16	12	11	11
Water/Sewer (Business activity)	13	13	13	14	14	11	13	12	13	13
Total	593	596	608	614	634	635	626	607	587	607

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Fire/Rescue calls to County E911 (A)	7,331	7,517	8,083	8,882	8,002	8,399	9,629	9,216	9,294	8,587
Average daily population in jail (B)	158	175	185	200	198	186	236	302	259	277
Health Services (C)										
Food and lodging inspections	1,424	1,647	1,150	1,615	1,388	1,013	1,280	1,364	1,354	1,322
Visits to health department	27,563	27,579	26,199	25,400	27,901	28,422	26,372	27,085	27,268	28,774
Transportation Services (D)										
Number of miles driven	843,124	808,771	761,466	782,257	796,036	783,197	810,130	857,716	794,110	772,009
Number of trips provided	106,627	101,235	100,754	93,984	98,738	101,664	106,118	108,026	105,965	91,554
Tax/Real Estate Services (E)										
Deed transfers processed	5,446	6,405	6,134	4,677	3,944	2,795	2,770	2,728	3,449	3,953
Number of real estate parcels	50,933	52,163	54,469	55,035	55,739	56,112	56,358	56,505	56,774	56,898
Number of tax bills generated	143,765	147,675	150,126	153,477	152,424	151,915	148,943	149,366	150,381	114,148
Economic and Physical Development										
County tourism revenues (1)(2) (F)	80	87	94	102	105	99	108	116	119	121
Economic impact of convention center (2) (G)	9	9	9	13	10	9	10	9	9	9
Number of registered voters (H)	60,503	60,653	61,668	64,110	65,274	66,624	67,073	68,318	68,770	69,455
Number of enplanements at airport (I) (3)	97,876	90,221	110,882	120,293	120,224	134,863	132,035	134,631	129,529	59,081
Water Services										
Number of service connections (J)	11,570	12,001	12,300	12,697	12,857	13,091	13,027	13,199	13,378	13,459

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 and Visitors Bureau
- (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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety (A)										
Correction facility rated capacities	161	161	161	161	161	292	292	292	292	292
Parks and Land Use (B)										
Number of county parks	2	2	2	3	3	4	4	4	4	4
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
Water Service (C)										
Miles of water main	625	645	650	653	660	667	668	668	668	668
Number of elevated water tanks (1)	8	9	9	9	9	9	9	9	9	9
Number of system wells	5	5	5	10	10	10	10	10	10	10
Transportation Services (D)										
Number of CARTS vehicles	32	32	32	32	32	32	32	32	32	32
Economic and Physical Development										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of remaining acres in Industrial Park (E)	224	220	220	220	220	220	219	219	213	213
Airport (F)										
Number of runways	2	2	2	2	2	2	2	2	2	2

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

Crauen County



COMPLIANCE SECTION

Crauen County





**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 Honorable Chairman and Members of the Board of County Commissioners
Craven County, North Carolina

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise Craven County's basic financial statements, and have issued our report thereon dated December 10, 2014. Our report includes a reference to other auditors. Other auditors audited the financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board, as described in our report on Craven County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and any other matters that are reported separately by those auditors. 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

In planning and performing our audit of the financial statements, we considered Craven County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Morehead City, North Carolina
December 10, 2014



**Independent Auditor's Report
On Compliance for Each Major Federal Program
And on Internal Control Over Compliance in
Accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

To the Honorable Chairman and Members of the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major Federal Program

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, 2014. 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.

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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Craven County's major federal programs and the passenger facility charge program based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-profit Organizations*, 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 on compliance for each major federal program and the Passenger Facility Charge Program. However, our audit does not provide a legal determination of the Craven County's compliance.

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

In our opinion, Craven County complied, in all material respects, with the types of 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, 2014.

Report on Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Craven County's internal control over compliance and the types of 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 that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies, 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 or the Passenger Facility Charge Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 or the Passenger Facility Charge Program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the Passenger Facility Charge Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliances and the results of that testing based on the requirements of OMB Circular A-133 and the *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purposes.

McGladrey LLP

Morehead City, North Carolina
December 10, 2014



**Independent Auditor's Report
On Compliance for Each Major State Program
And on Internal Control Over Compliance
In Accordance with the Applicable Sections of
OMB Circular A-133 and the State Single Audit
Implementation Act**

To the Honorable Chairman and Members of the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major State Program

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, 2014. 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.

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.

Management's Responsibility

Management is responsible for the compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Craven County's major State programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-profit Organizations*, 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 on compliance for each major State program. However, our audit does not provide a legal determination on Craven County's compliance.

Opinion on Each Major State Program

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, 2014.

Report on Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Craven County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Morehead City, North Carolina
December 10, 2014

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ 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? _____ Yes X None Reported

(Continued)

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2014**

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

Any audit findings disclosed that are required to be

reported in accordance with Section 510(a) of

OMB Circular A-133?

Yes

X

No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance Program	93.778
Children's Health Insurance Program (CHIP)	93.767

Dollar threshold used to distinguish

between Type A and Type B Programs

\$ 2,759,889

Auditee qualified as low-risk auditee?

X

Yes

No

(Continued)

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2014**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

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
State Aid to Airports	N/A
Public School Building Capital Fund	N/A

Note: Certain major State programs are tested with their federal components and are listed as major Federal programs as follows:

- Medical Assistance Program (State portion)
- Children's Health Insurance Program (State portion)

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2014

Section II. Financial Statement Findings

None

Section III. Federal Award Findings

None

Section IV. State Award Findings

None

**CRAVEN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2014**

Section II. Financial Statement Findings

No corrective action plan is required for the current year.

Section III. Findings and Questioned Costs for Federal Awards

No corrective action plan is required in the current year.

Section IV. Findings and Questioned Costs for State Awards

No corrective action plan is required in the current year.

**CRAVEN COUNTY, NORTH CAROLINA
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014**

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, 2014
(Page 1 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture					
Passed-through the NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Health Department:					
Direct Benefit Payments:					
Special Supplemental Nutrition for Women, Infants and Children:					
	10.557	5405	\$ 2,496,746	\$ -	\$ -
Administered by County Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:					
Food Stamp Administration	10.561		1,149,264	-	1,149,264
Food Stamp Issuance	10.561		21,387	-	21,387
Food Stamp Fraud Administration	10.561		12,260	-	12,260
Food Stamp Tax Intercept	10.561		7,211	-	-
Total Food Stamp Cluster			1,190,122	-	1,182,911
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants, and Children:					
	10.557		624,774	-	(7,138)
AGRI-SFP Food Program Meal	10.559		777	-	-
			625,551	-	(7,138)
Total US Department of Agriculture			4,312,419	-	1,175,773
US Department of Housing and Urban Development					
Pass through NC Department of Commerce					
Administered by Craven county Planning					
Scattered Sites	14.228	12-C-2413	142,492	-	-
Water and Sewer Infrastructure Project	14.228	12-C-2493	215,302	-	-
Total US Department of Housing and Urban Development			357,794	-	-
US Department of Justice:					
Passed through Bureaus of Justice Assistance					
Administered by Craven County Sheriff					
State Criminal Alien Assistance Program	16.606		3,402	-	-
Equitable Sharing Program	16.922		27,650	-	-
Total US Department of Justice			31,052	-	-
US Department of Transportation					
<u>Federal Aviation Administration</u>					
Direct Programs:					
Administered by Craven Regional Airport:					
Airport Improvement Program:					
Airport Improvement Project No. 34	20.106	3-37-0050-34	18,704	-	1,053
Airport Improvement Project No. 35	20.106	3-37-0050-35	201,936	-	-
Airport Improvement Project No. 36	20.106	3-37-0050-36	837,841	-	141,750
			1,058,481	-	142,803
Passed through NC Department of Transportation:					
Administered by Craven Area Rural Transportation System:					
Administration	20.509	36233.31.13.1	212,658	13,291	39,873
Operations	20.509	36233.31.13.2	23,399	-	23,399
Capital	20.509	36233.31.13.3	226,743	28,343	28,343
			462,800	41,634	91,615
Total US Department of Transportation			1,521,281	41,634	234,418
US Department of Homeland Security					
Division of Emergency Management:					
Passed through NC Department of Crime Control and Public Safety:					
Administered by Craven County Emergency Services:					
Public Assistance	97.036	FEMA-4019-DR-NC	500,369	166,790	-
Emergency Management Performance Grant	97.042	EMPG-2011-37049	48,955	-	-
			549,324	166,790	-

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2014
(Page 2 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Passed through Craven County Emergency Services					
Administered by Craven County Planning:					
Pamlico Sound Regional Hazard Mitigation Plan	97.039	HMGP 1969-006	40,271	13,423	-
Hazard Mitigation Plan - Elevation Project 4 Structures	97.039	HMGP 4019-0028	32,153	10,717	-
			<u>72,424</u>	<u>24,140</u>	<u>-</u>
Transportation Security Administration:					
Administered by Craven Regional Airport:					
Law Enforcement Officer Reimbursement Program	Unknown	HSTS0213HSLR020	102,320	-	-
			<u>102,320</u>	<u>-</u>	<u>-</u>
Total US Department of Homeland Security			<u>724,068</u>	<u>190,930</u>	<u>-</u>
US Department of Health and Human Services					
<u>Administration on Aging</u>					
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					
HCCBG Transport	93.044		49,158	2,892	5,783
Administered by Coastal Community Action:					
Senior Companion Program	93.045		26,143	4,614	3,418
Administered by Craven County Department of Social Services:					
Congregate Meals	93.045		38,472	6,789	5,029
USDA Congregate	93.045		6,031	-	-
Home Delivered Meals	93.045		119,371	21,066	15,604
USDA Home Delivered Meals	93.045		25,989	-	-
In Home Level II	93.667		158,059	27,893	20,661
Care Management Administration	93.633		98,033	17,300	12,815
Title III Health Promotion	93.043		6,530	384	768
Senior Center General Purpose	93.044		3,893	-	1,298
Adult Protective Services	93.052		38,475	-	12,825
Family Care Giver	93.052		33,460	2,231	-
Services for the Blind	Unknown		32,312	11,835	5,635
			<u>635,926</u>	<u>95,004</u>	<u>83,836</u>
<u>Administration for Children and Families</u>					
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		564,712	-	-
Work First Administration	93.558		245,270	-	191,678
Work First Service	93.558		1,457,618	-	657,924
Family Support Payments	93.560		(58)	(16)	(16)
			<u>2,267,542</u>	<u>(16)</u>	<u>849,586</u>
Refugee Assistance Administration	93.566		29,121	-	-
IV-D Child Support Enforcement:					
Coop Agreements	93.563		826,360	-	425,700
Non-AFDC	93.563		1,242	-	640
			<u>827,602</u>	<u>-</u>	<u>426,340</u>
Low-Income Home Energy Assistance:					
Administration	93.568		68,780	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		329,000	-	-
Crisis Intervention Payments	93.568		348,327	-	-
			<u>746,107</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health:					
Child Welfare Services:					
Permanency Planning:					
Permanency Planning - Special	93.645		42,306	-	14,102
Adoption Subsidy	93.645		-	320,159	93,200
			<u>42,306</u>	<u>320,159</u>	<u>107,302</u>
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
Administration	93.658		26,520	7,339	18,417
Foster Care - At Risk	93.658		401,160	-	390,370
IV-E CPS	93.658		98,434	101,995	49,217
Foster Care - Direct Benefit Payments	93.658		119,535	29,656	32,355
Title IV-E Adoption Subsidy	93.659		444,144	116,384	116,383
Total Foster Care and Adoption Cluster			<u>1,089,793</u>	<u>255,374</u>	<u>606,742</u>

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2014
(Page 3 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Division of Child Development :					
Administered by Craven County DSS:					
Subsidized Child Care Cluster:					
Child Care & Development Fund - Discretionary	93.575		1,465,089	-	-
Child Care & Development Fund - Mandatory	93.596		934,917	-	-
Child Care & Development Fund - Match	93.596		685,633	254,254	-
CPS TANF	93.667		70,905	-	-
Temporary Assistance for Needy Families TANF - MOE	93.558		808,530	-	-
Foster Care Title IV-E	93.658		-	312,220	-
Smart Start			41,375	21,665	-
State Appropriation			-	43,749	-
Total Subsidized Child Care Cluster			<u>4,006,449</u>	<u>916,238</u>	<u>-</u>
Centers for Medicare and Medicaid Services					
passed through NC Dept. of Health and Human Services					
Division of Medical Assistance					
Medical Assistance Program	93.778		-	-	164,269
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
Adopt FC	93.667		83,780	42,699	43,094
In-Home Services	93.667		38,204	-	5,458
In-Home Services over 60	93.667		2,269	-	324
Other Services and Training	93.667		291,052	36,722	109,258
			<u>415,305</u>	<u>79,421</u>	<u>158,134</u>
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Independent Living - Foster Care	93.674		15,258	3,645	-
Health Care Financing Administration					
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778		1,278,118	-	1,176,271
Medical Transportation Service	93.778		(21,857)	(11,254)	-
Eligibility Workers Administration - MA	93.778		19,559	19,559	-
Medical Transportation Administration	93.778		167,802	-	167,802
Medicaid At-Risk Administration	93.778		42,254	-	1,498
Family Preservation	93.556		15,254	-	-
Other:					
Adult Care Home Case Management	93.778		31,530	7,925	23,604
Transportation Regular	93.778		581,421	-	-
NC Health Choice	93.767		78,088	2,921	21,715
Direct Benefit Payments:					
Medical Assistance Program	93.778		70,111,367	38,471,638	-
NC Health Choice	93.767		2,132,942	672,967	-
			<u>74,436,478</u>	<u>39,163,756</u>	<u>1,390,890</u>
Health Resources and Services Administration					
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Family Planning	93.217		82,214	-	476,121
State Health Access Program	93.256		-	-	-
Immunization Action Plan/ Aid to County Funding	93.268		37,858	-	10,376
Centers for Disease Control And Prevention					
Investigations and Technical Assistance	93.283		61,140	-	744
Emergency Preparedness	93.069		39,524	-	8,177
Coop Agreement for Breast and Cervical Cancer	93.919		21,471	12,750	1,244
Communicable Disease Expansion Budget	93.940		99,236	-	(1,657)
Temporary Assistance for Needy Families	93.558		10,186	-	-
Refugee	93.576		6,218	-	6,782
Statewide Health Promotion Program	93.991		10,783	-	-
Maternal and Child Health Services Block Grant:					
Maternal Health	93.994		48,082	113,235	909,486
Womens Preventive Health	93.994		64,598	53,708	-
Child Health	93.994		56,478	79,070	943,311
			<u>537,788</u>	<u>258,763</u>	<u>2,354,584</u>
Total US Department of Health and Human Services			85,049,675	41,092,344	6,141,683

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2014
(Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
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			\$ -	\$ 524,965	\$ 524,965
Energy Assistance, Carolina Power & Light Project			-	10,998	-
State Foster Home			-	85,179	82,483
			-	621,142	607,448
Division of Public Health:					
Administered by County Health Department:					
General			-	131,675	-
Environmental Health			-	22,426	1,056,510
Public Health Nurse Training			-	2,400	-
HUD Grant - LHC Contracts			-	(700)	-
Communicable Disease			-	6,343	73,586
Tuberculosis			-	31,587	40,034
AIDS - State			-	12,500	24,213
Risk Reduction/Health Promotion			-	6,285	170
TB Medical Services			-	2,023	-
			-	214,539	1,194,513
Total NC Department of Health and Human Services			-	835,661	1,801,961
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		-	704	-
Structured Day Reporting	825006		-	131,923	-
Juvenile Restitution	825053		-	60,269	-
Teen Court	825032		-	62,119	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	255,015	-
NC Department of Environment and Natural Resources					
Natural Resources Division:					
Administered by County Soil Conservation Department:					
Technical Assistance Funds			-	26,583	-
State Matching Funds			-	3,600	-
Neuse Basin Tech			-	108,869	-
Total Division of Soil and Water Conservation			-	139,052	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program			-	6,948	-
Noncash Program:					
Administered by Craven County Water and Finance:					
NC Clean Water Revolving Loan and Grant Program			-	995,156	-
Total NC Department of Environment and Natural Resources			-	1,141,156	-
NC Department of Transportation:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	83,272	-
General Public Transportation Craven		GPT	-	169,278	-
General Public Transportation Jones		GPT	-	13,316	-
General Public Transportation Pamlico		GPT	-	42,534	-
Temporary Assistance for Needy Families - Jones County		Work First	-	1,710	-
Temporary Assistance for Needy Families - Pamlico County		Work First	-	1,044	-
Temporary Assistance for Needy Families - Craven County		Work First	-	45,984	-
Administered by Craven Regional Airport:					
Annual Appropriation - State Aid to Airports		9.9417010	-	210,000	-
Administered by Craven County CARTS:					
5310 Elderly Disabled TTAP			-	12,270	-
Total NC Department of Transportation			-	579,408	-

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2014
(Page 5 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of the State Treasurer:					
Public School Building Capital Fund-Lottery Proceeds			-	1,030,840	-
Total NC Department of Public Instruction			-	1,030,840	-
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
Veterans Services			-	1,452	-
NC Department of Insurance:					
Administered by Cooperative Extension					
Senior Health Insurance Information Program (SHIIP)			-	3,116	-
Total Federal Expenditures			<u>\$ 91,996,289</u>		
Total State Expenditures				<u>\$ 45,171,576</u>	
Total Local Expenditures					<u>\$ 9,353,835</u>
Federal Aviation Administration:					
Administered by Craven Regional Airport:					
Passenger Facility Charges		96-01-C-00-EWN	<u>\$ 850,430</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2014

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. Therefore, 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 \$17,005,550 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures of 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 \$850,430 and are included on the schedule of expenditures of federal and State awards and passenger facility charges. Revenue from passenger facility charges for the year ended June 30, 2014 consists of \$493,911 for passenger facility charges plus \$594 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. PROGRAM CLUSTERS

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care Cluster and Foster Care and Adoption Cluster.

Note 6. 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, 2013	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2014
NC Clean Water Revolving Loan and Grant Program	N/A	\$ 1,859,487	\$ 995,156	-	\$ 2,854,643