

# **CRAVEN COUNTY, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2015**



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

Craven County



## INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1 - 9
GFOA Certificate of Achievement .....	10
List of Principal Officials .....	11
Organizational Chart .....	12
Map of Craven County, North Carolina .....	13

## FINANCIAL SECTION

Independent Auditor's Report .....	15 – 17
Management's Discussion and Analysis (Unaudited) .....	19 – 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 - 95
Required Supplementary Information:	
Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance .....	97
Schedule of Employer Contributions for Law Enforcement Officers' Special Separation Allowance .....	97
Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance .....	97
Schedule of Funding Progress for Other Postemployment Benefits .....	98
Schedule of Employer Contributions for Other Postemployment Benefits .....	98
Notes to the Required Schedules for Other Postemployment Benefits .....	98
Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS) .....	99
Schedule of County's Contributions (LGERS) .....	99
Schedule of County's Proportionate Share of Net Pension Liability (Asset) (ROD) .....	100
Schedule of County's Contributions (ROD) .....	100
Schedule of Authority's Proportionate Share of Net Pension Liability (Asset) .....	101
Schedule of Authority's Contributions .....	101
Other Supplementary Information:	
Schedule of Ad Valorem Taxes Receivable .....	103
Analysis of Current Tax Levy .....	104
Combining Schedules of Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	105
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	106
Balance Sheet – Nonmajor Capital Project Funds .....	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds .....	110
Special Revenue Funds:	
Detailed Balance Sheet – All Fire District Funds .....	111
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balances- All Fire District Funds .....	112
Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual – All Fire District Funds .....	113 - 123

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
Emergency Telephone System E-911 Fund .....	124
Occupancy Tax Fund.....	125
CDBG FY12 Scattered Sites .....	126
Pamlico Sound Regional Hazard Mitigation Program .....	127
CDBG FY 12 Water & Sewer Infrastructure.....	128
Hazard Mitigation Grant Program Project 4019-0028 .....	129
Hazard Mitigation Grant Program Project 4019-0027 .....	130
Flood Mitigation Assistance .....	131
<i>Debt Service Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual .....	133
<i>Capital Project Funds:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
County Reserve Capital Project Fund.....	134
EOC 911 Renovation Fund.....	135
Animal Shelter Project Fund .....	136
<i>Enterprise Funds:</i>	
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	137
Schedule of Net Position – Craven County Water Fund .....	138
Detailed Schedule of Revenues, Expenses and Changes in Net Position – Craven County Water Fund .....	139
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Craven County Water Operating Fund .....	140 - 141
Castle Hayne Aquifer Capital Project Fund .....	142
Blended Component Unit, Northwest Craven Water and Sewer District.....	143
<i>Internal Service Fund:</i>	
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis.....	145
<i>Agency Funds:</i>	
Combining Balance Sheet – All Agency Funds.....	146
Schedule of Changes in Assets and Liabilities – All Agency Funds .....	147
<i>Component Units:</i>	
Tourism Development Authority Fund (A Component Unit)	
Detailed Statement of Net Position .....	148
Schedule of Revenues, Expenditures and Changes in Net Position Budget and Actual.....	149
Craven County Regional Airport Authority (A Component Unit)	
Combining Statement of Net Position .....	150
Combining Schedule of Revenues, Expenses and Changes in Net Position .....	151
Combining Schedule of Cash Flows .....	152 - 153
Detailed Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Operating Fund .....	154 - 155
Terminal Area Development Site No. 30 Capital Project Fund.....	156
Terminal Area Development Site No. 34 Capital Project Fund.....	157
Terminal Area Development Site No. 36 Capital Project Fund.....	158
Terminal Area Development Site No. 37 Capital Project Fund.....	159
Airport Reserve Fund .....	160
<i>Capital Assets Used in the Operation of Governmental Funds</i>	
Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source .....	161
Capital Assets Used in the Operation of Governmental Funds Schedule by Function & Activity .....	162
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function & Activity .....	163

**STATISTICAL SECTION (Unaudited)**

Net Position by Component – Last Ten Fiscal Years (Schedule 1)..... 165  
Changes in Net Position – Last Ten Fiscal Years (Schedule 2)..... 166 - 167  
Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 3)..... 168  
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 4)..... 169  
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years (Schedule 5)..... 170  
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years (Schedule 6)..... 171  
Principal Property Taxpayers – Current Year and Nine Years Ago (Schedule 7)..... 172  
Property Tax Levies and Collections – Last Ten Fiscal Years (Schedule 8)..... 173  
Ratios of Outstanding Debt by Type – Last Ten Fiscal years (Schedule 9)..... 174  
Ratio of Net General Bonded Debt Outstanding – Last Ten Fiscal Years (Schedule 10)..... 175  
Legal Debt Margin Information – Last Ten Fiscal Years (Schedule 11)..... 176  
Demographic and Economic Statistics – Last Ten Fiscal Years (Schedule 12)..... 177  
Principal Employers – Current Year and Nine Years Ago (Schedule 13)..... 178  
Full-time Equivalent County Government Employees by Function – Last Ten Fiscal Years (Schedule 14)..... 179  
Operating Indicators by Function – Last Ten Fiscal Years (Schedule 15)..... 180  
Capital Asset Statistics by Function – Last Ten Fiscal Years (Schedule 16)..... 181

**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*..... 183 - 184  
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..... 185 - 187  
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..... 189 - 191  
Schedule of Findings and Questioned Costs ..... 193 - 199  
Status of Prior Audit Findings..... 200  
Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges..... 201 - 205  
Notes to Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges ..... 206

Crauen County



## INTRODUCTORY SECTION

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

Crauen County





December 1, 2015

The Board of County Commissioners  
Citizens of Craven County

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2015 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, 2015, 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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015, 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 5,018 civilian workers. The Air Station is home of the 2<sup>nd</sup> 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. Growth in the New Bern area prompted it to be tagged in the 2010 Census as an urbanized area because the Census blocks in the municipalities. The tally found that the New Bern area has more than 50,000 people. It was the only new urbanized area in the state identified by the 2010 Census and designated by the federal government for a required metropolitan planning organization, or MPO. The County has revealed itself as a desirable destination for tourists, drawn by abundant opportunities for conventions, golf, sailing, beaches, fishing, hunting, and touring over 150 historic landmarks. The County's reputation as a desirable retirement community is a direct result of its popularity as a tourist destination.

### THE LOCAL ECONOMY

The growth of residential development aimed at retirees has slowed significantly with the current economic conditions and overall weak housing market. Housing prices appear to be making an upward movement. 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). Data for the past five years is:

2011	101.23%
2012	106.79
2013	113.02
2014	113.14
2015	110.30

This downward trend indicates housing prices are moving upward, closer to the market value placed on them in 2010. Simply stated, the selling price of the sample of sales used remains 10.03 percent higher than the market value in 2010. In a normal market of rising home prices this percentage would be less than 100 percent. The next revaluation for the County is in January of 2016 which allows for a short period of time for the market to improve and house prices to increase to a level closer to the market value on the tax records. Based on these numbers, the County will likely see an overall reduction in real estate values during the next revaluation. Recent numbers show an 9 percent uptick in the average sales price of homes sold from \$168,070 in May 2013 to \$183,078 in May 2015

Per capita personal income in Craven County increased by .2 percent in calendar 2013 (the latest information available), to \$39,243. The change for the state of North Carolina in 2013 was a .4 percent increase and nationally the change was a 1.3 percent increase. The County's per capita income level is 101 percent of the state average and 88 percent of the national average. The County ranked eighteenth out of one hundred counties in the state in per capita income, down from sixteenth. The 2003-2013 average annual growth rate of per capita personal income for the County was 3.0 percent, while the average annual growth rate for the state was 2.9 percent and 3.2 percent for the nation. In the year 2003, the County also ranked eighteenth out of 100 counties in the state.

The number of building inspections performed by the Craven County Inspection Department was down 3.5 percent in fiscal 2015 compared to 2014, a further indication of a weakened housing market. The number of inspections performed in 2015 is still only 58 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 31.5 percent of all jobs, a decrease of approximately one percent for calendar 2014 compared to a year ago. This decrease was due to a decline in federal government employment of 1.4 percent and also a decline of 1.6 percent in local government employment. State government was the same as the prior year. Total number of people employed in the County was up 1.5 percent from 2013 to 2014 (using annual average figures). The decrease in government employment was more than offset by an increase of 2.9 percent in employment in the private sector. Private sector employment increased from 25,298 to 26,032 in the calendar year 2014. The sectors with the greatest employment change for the year include: manufacturing up 5.5 percent, construction down 4.6 percent, trade, transportation and utilities up 3.6 percent, and the largest swing was in professional and business services up 10.1 percent.

The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 13,752 personnel, including 5,018 civilian jobs. The same numbers a year ago were 14,520 and 5,194. 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 5.3 percent from the previous year. This has been a trend for the past several years not only in civilian workforce but also in the number of military employees due to an overall reduction in the military. The total payroll for the base in calendar 2014, including Fleet Readiness Center East, was \$1.21 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$2.05 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 9.0 percent in calendar 2013 to 6.8 percent for calendar 2014. The rate in the County fell each month in 2014 to a low of 5.6 percent in the month of December. The statewide average for calendar year 2014 was 6.1 percent, down almost two percent from 8.0 percent in 2013. Employment at major manufacturing employers in the County was up for the year. Employment was down at Craven County and the school system, flat at the City of New Bern, and up at CarolinaEast Health Systems. The unemployment rate for July 2015 in the County was 6.6 percent, down slightly from the calendar 2014 average of 6.1 percent but higher than the low point in December 2014.

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 North Carolina History Center, part of the Tryon Palace complex, is an education/visitor center for the Palace and is situated between the Palace and the Doubletree Inn, 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 \$127.33 million in calendar year 2014, an increase of 5.45 percent from 2013. Statewide the increase in tourism impact rose at 5.5 percent, the same as the County. State and local tax revenues from travel to Craven County amounted to \$9.48 million which represents an \$90.64 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2014 there were 1,070 jobs in Craven County related to tourism with an annual payroll of \$23.76 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 declined from \$781,000 in fiscal 2014 to \$641,000 in fiscal 2015. Space rental income was actually up for the year but revenue from meals and beverages was down considerably due to the loss of several Marine Corp anniversary balls held in the November timeframe. The Center incurred an operating deficit of \$332,000 in fiscal 2015 compared to a budgeted deficit of \$275,000. 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 292 event days in fiscal 2015 and generated approximately \$9.0 million of economic impact to the community during the fiscal year ended June 30, 2015. The debt incurred for the Center is serviced through the increase in occupancy tax enacted in November 1996 from 3 percent to 6 percent and will be retired in 2019.

## **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 2015 the County's General Fund balance increased \$501,661. The County's unassigned General Fund balance at June 30, 2015, represents 25.9 percent of actual expenditures and transfers out for fiscal year 2015. The tax rate for fiscal 2015 remained at \$.4675 per hundred dollars of valuation. 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 \$9.804 billion to \$9.9 billion, or .98 percent. This increase was due to increases in residential and commercial property. Personal property decreased due to the change in billing of property taxes on motor vehicles which resulted in a one-time windfall (sixteen months of revenue) in fiscal 2014. The breakdown of these amounts is available in the Statistical Section of this report on Schedule 5.

The estimate of property values for fiscal 2016 is \$9.90 billion, the same as 2015, and reflects the continuation of slow growth in the tax base due to the economy. The budget for fiscal 2016 was adopted with a tax rate of \$.4675 per hundred dollars of valuation, the same rate as fiscal 2015. Budgeted expenditures of the General Fund are \$101,527,000 for fiscal 2016 and compare to \$97,151,000 of expenditures in the 2015 original budget. Budgeted revenues are the same as expenditures and include an appropriation of the County's fund balance in the amount of \$131,509. The most significant items causing the increase in the budget are increases in public school funding and additional funding for volunteer rescue squads. The County provided \$767,000 additional funding for the public schools which include: an increase in the teacher supplement, additional funding for payments to charter schools and funding for technology to replace 1,570 computers. In addition the capital outlay amount for public schools was increased by \$418,000 in order to replace the roof at New Bern High School. The appropriation to the com-

munity college capital was also increased by approximately \$50,000 for feasibility study for a possible new STEM building at the Havelock 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 \$108,920 were made during 2015 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 2015 to the Capital Reserve Fund, there were budget amendments approved during the year to transfer approximately \$2.533 million to the fund from the General Fund. Approximately \$175,000 of these funds were received from the Eastern Region and were received because the County chose not to participate in the successor organization and requested all funds to be re-funded. 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. In August 2014, a budget amendment to move \$1 million to the Reserve Fund from the General Fund balance was approved. Additionally, in May 2015, the County received \$1,300,000 of revenue from the State as a result of the Medicaid/Sales Tax swap through the Medicaid Hold Harmless clause. These funds were not expected or budgeted and were transferred to the Reserve. As a result of this activity the County was able to increase the balance in the Capital Reserve by approximately \$2.4 million during fiscal 2015 which is sufficient to provide for items identified in the CIP through fiscal 2021 and have a remaining balance of \$850,000.

As mentioned in the previous paragraph, in fiscal 2014, 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 has now formed a group of private and public partners to collaborate on economic development efforts. This entity, Craven 100 Alliance, consists of the County, the municipalities and the private business group previously known as the Committee of 100. The economic development manager, hired by the County, provides the staffing of this organization which is controlled by a board made up of all parties. The group is functioning and appears to be off to a good start as commitments of over \$1.2 million have been received.

In May of 2015 the County closed out the capital project fund for the renovation of the former Sheriff Office and jail. This facility now houses the Emergency Services offices, a permanent Emergency Operation Center (EOC), a renovated E-911 center, and the primary location for the County's computer hardware. The EOC facility provides a room large enough for the County to use for training of all types as well as other meetings. Fortunately the EOC was not required to be activated for any weather conditions during the fiscal year. 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. The new facility is much more secure and protected than previously.

During the year, the County continued the effort begun in 2014 to remove debris from the major creeks in the County comprising much of the Neuse River basin. In 2014, Swift Creek was cleared primarily with a grant obtained from the State by the Soil and Water District. The County contributed approximately \$25,000 to that \$130,000 project. In fiscal 2015, the Soil and Water District was fortunate to receive a \$41,000 grant which was sufficient to clear debris from Batchelor Creek. The Batchelor Creek 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 2016 in the amount of \$14,000. The County plans to appropriate \$85,000, the balance of funds needed to clear debris from Core Creek and Flat Swamp Creek. The creek clearing efforts have been very successful and well received by the citizens as it prevents spot flooding in those areas during heavy rainfall periods.

Improvements continue at the County recreation facilities. During fiscal 2015 projects included 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. During fiscal 2015 the County purchased new voting equipment at an estimated cost of \$275,000 replacing the touch screen machines which are no longer approved for election use.

Also during the fiscal year the County had planned to expand the existing Animal Shelter to provide additional kennel 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. The County had identified \$500,000 in the Capital Reserve for this project. Bids were received and unfortunately there were considerably higher than the budgeted amount. The bids were rejected, the project scaled back, and the project was re-bid. Again the bids came in higher than anticipated and changes necessary to get within budget were going to make the project a less desirable facility. As a result, the County has decided to move ahead with some of the improvements needed in the existing building, new fire panel and air conditioning in the kennel area, and to hold off on the expansion of the kennel space. This project will be considered again during fiscal 2016.

The County water system water treatment plant project continues on schedule. This project is a result of 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 2015 bids were solicited and received and a contract awarded to Shook Construction in the amount of \$24.8 million to construct a 3.0 million gallons per day plant. Construction is expected to take 18 months and be completed mid 2016 with the plant being on-line by 2017. 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. The County will no longer have to pump water across the river.

The project is being funded by borrowing and cash on hand. 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 were 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 was approved for the full \$16.2 million loan for a term of twenty years and an interest rate of zero. The County has begun drawing these funds as invoices from the contractor are submitted. Most of these funds will be drawn down first and then 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, 2014, the twenty fifth 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, Thomas Key, Jr., Sarah Kate Willis, and Lou Cannon 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, 2014**

Executive Director/CEO

**CRAVEN COUNTY, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2015

**BOARD OF  
COMMISSIONERS**

STEVE TYSON  
Chairman

SCOTT C. DACEY  
Vice-Chairman

THOMAS F. MARK

GEORGE LINER

THERON MCCABE

JOHNNIE SAMPSON, JR

JASON JONES

**COUNTY OFFICIALS**

JACK B. VEIT III  
County Manager

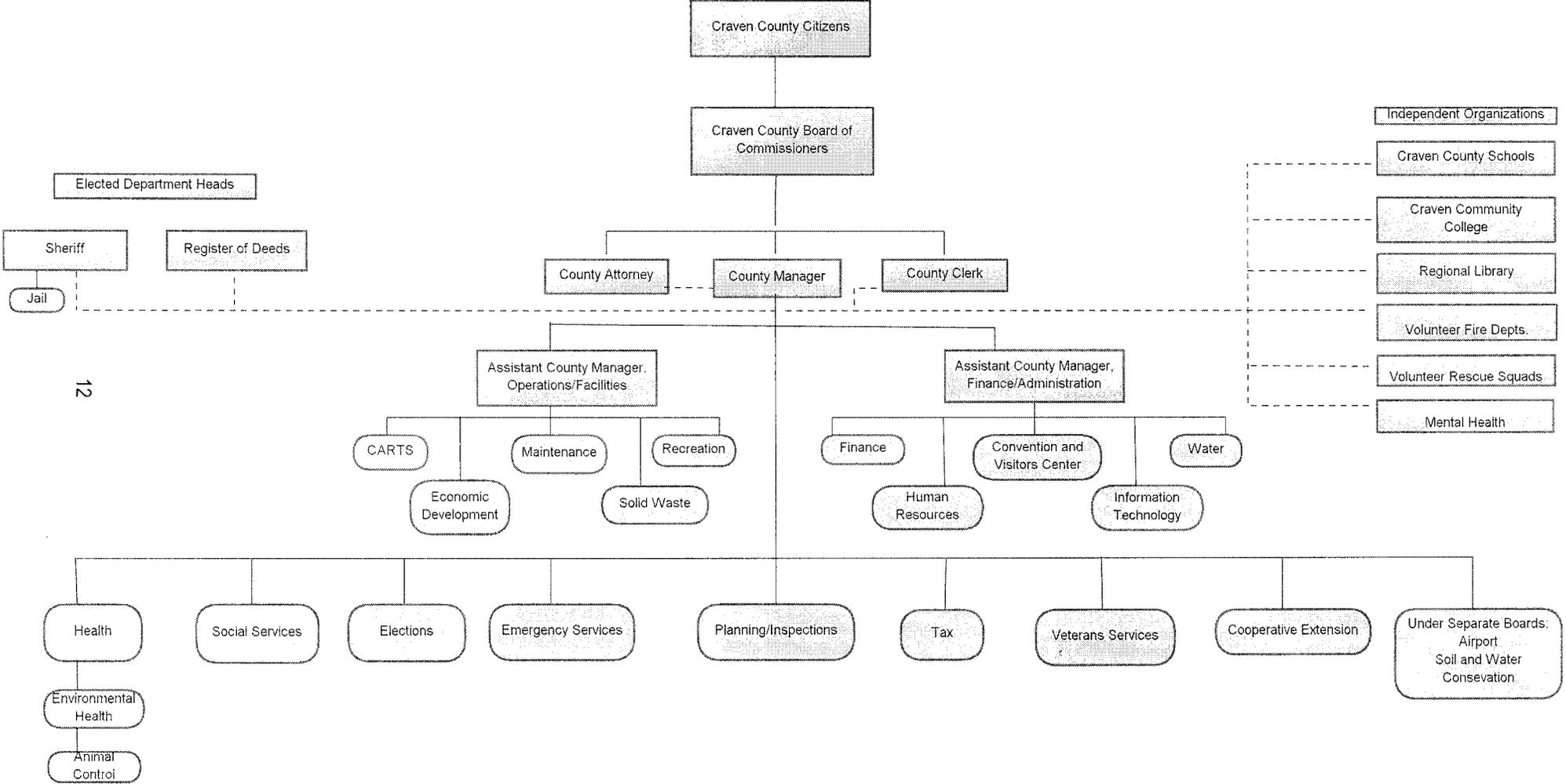
RICHARD F. HEMPHILL  
Finance Officer

GENE HODGES  
Assistant County Manager

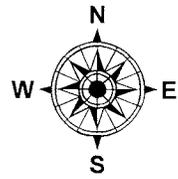
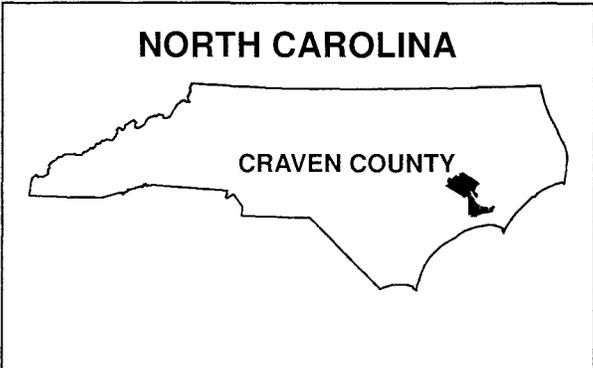
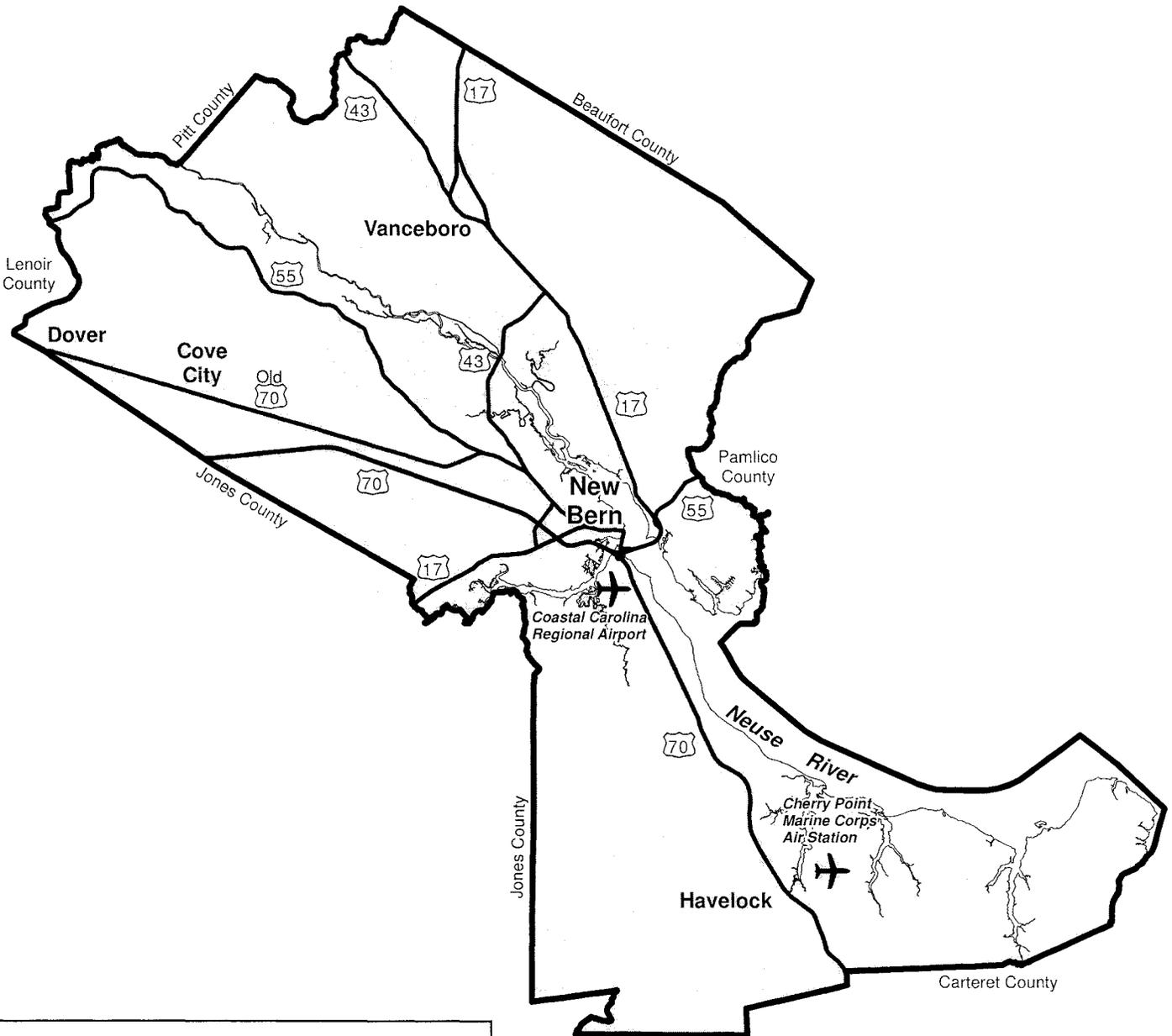
SHERRI B. RICHARD  
Register of Deeds

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





RSM US LLP

## 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 (the County) as of and for the year ended June 30, 2015, 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%, 92% and 98%, 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, 2015, 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.

### ***Emphasis of Matter***

As discussed in Note 20 to the financial statements, in the year ending June 30, 2015, the County adopted new accounting guidance Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, and Governmental Accounting Standards Board Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

### ***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 19 through 30, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Employer Contributions, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Register of Deeds Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 97 through 101, respectively, be presented to supplement the basic financial statements. Such information, although not a 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 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 reports 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 1, 2015, 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.



New Bern, North Carolina  
December 1, 2015

**RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.**



**MANAGEMENT'S DISCUSSION & ANALYSIS**

Crauen County



**Craven County  
Management's Discussion and Analysis  
June 30, 2015**

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, 2015. 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.

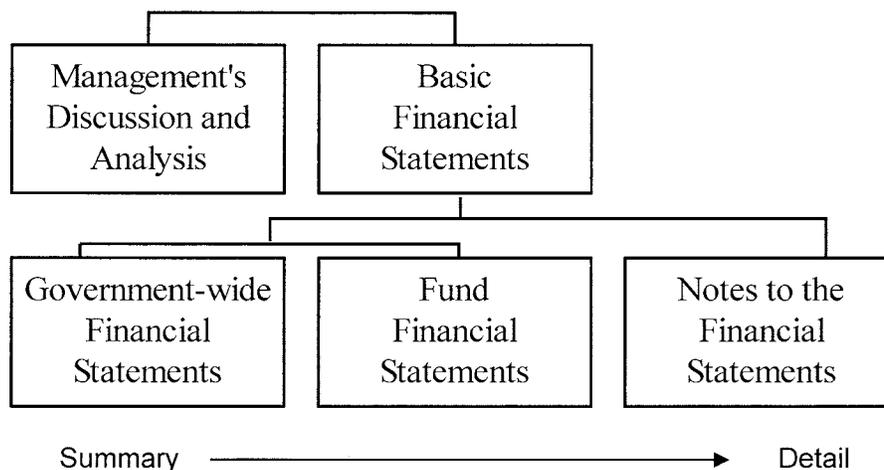
**Financial Highlights**

- 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 \$82,389,040 (*net position*).
- The government's total net position increased by \$8,418,302 in fiscal 2015, primarily due to under spending appropriations by \$3,645,793 in the general fund. Other contributing factors to this increase include the sale of the County's Home Health Certificate of Need for \$850,000 reported as a special item and the reporting changes implemented by GASB Statement 68 which reclassified pension contributions of approximately \$1,700,000 as Deferred Outflows. This is a one-time increase to net position resulting from the implementation of this new reporting standard and should not have a significant effect on net position in future reporting periods.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$44,237,791, reflecting a net increase of \$2,629,058 for the year. Approximately 42.5 percent of the total amount or \$18,817,591 is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,565,252 or 27.73 percent of total General Fund expenditures excluding other financing uses for the fiscal year.
- Craven County's total long-term debt decreased by \$4,985,977 as a result of debt service payments made during the current fiscal year.
- The County continued to maintain its Aa2 bond rating with Moody's Investor Service and AA with Standard & Poor's.

**Overview of the Financial Statements**

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

## Required Components of Annual Financial Report



### Basic Financial Statements

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

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

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

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

### Government-wide Financial Statements

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

The two government-wide statements report the County's net 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 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 it 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 Notes to the Financial Statements of this report.

### **Government-Wide Financial Analysis**

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 resources exceeded its liabilities and deferred inflows of resources by \$82,389,040 as of June 30, 2015. The County's net position increased by \$8,418,302 for the fiscal year ended June 30, 2015. By far, the largest category of net position, totaling \$61,993,343 or 75.24 percent 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, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of Craven County's net position \$9,704,162 or 11.78 percent 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 of \$10,691,535 is unrestricted at June 30, 2015 and would be significantly larger were it not for the method used to finance public school and community college 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 school systems. 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 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 net investment in capital assets category. The unrestricted net position balance is made up of the following:

School system debt	\$ (36,046,000)
All other	<u>46,737,535</u>
Total unrestricted net position	<u>\$ 10,691,535</u>

### Craven County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 55,553,952	\$ 50,330,717	\$ 20,370,291	\$ 19,516,839	\$ 75,924,243	\$ 69,847,556
Capital assets, net	60,859,361	63,434,549	26,911,238	19,799,476	87,770,599	83,234,025
Total assets	<u>116,413,313</u>	<u>113,765,266</u>	<u>47,281,529</u>	<u>39,316,315</u>	<u>163,694,842</u>	<u>153,081,581</u>
Total deferred outflows of resources	6,959,043	5,789,816	35,991	-	6,995,034	5,789,816
Long-term liabilities/schools	36,046,000	41,050,950	-	-	36,046,000	41,050,950
Long-term liabilities/other	31,764,137	33,430,294	5,711,743	3,860,157	37,475,880	37,290,451
Other liabilities	3,738,362	3,049,663	5,078,257	424,351	8,816,619	3,474,014
Total liabilities	<u>71,548,499</u>	<u>77,530,907</u>	<u>10,790,000</u>	<u>4,284,508</u>	<u>82,338,499</u>	<u>81,815,415</u>
Total deferred inflows of resources	5,841,171	160,038	121,166	-	5,962,337	160,038
Net position:						
Net investment in capital assets	40,687,026	40,967,813	16,670,168	16,063,577	57,357,194	57,031,390
Restricted	9,704,162	9,303,705	-	-	9,704,162	9,303,705
Unrestricted (deficit)	(4,408,502)	(8,377,381)	19,736,186	18,968,230	15,327,684	10,590,849
Total net position	<u>\$ 45,982,686</u>	<u>\$ 41,894,137</u>	<u>\$ 36,406,354</u>	<u>\$ 35,031,807</u>	<u>82,389,040</u>	<u>76,925,944</u>

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 99.20, up from 98.80 the previous year and higher than the statewide average of 97.97 percent for the previous year.
- Total General Fund expenditures were less than projected by \$3.64 million. Management continues to take a conservative approach on spending by limiting travel and capital outlay purchases to only those expenditures that are operationally necessary. This has resulted in increases to fund balances in the General Fund and County's Capital Reserve Fund by \$501,661 and \$2,426,200 respectively.

## Craven County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 14,302,058	\$ 14,131,563	\$ 3,809,820	\$ 3,828,806	\$ 18,111,878	\$ 17,960,369
Operating grants and contributions	22,046,206	19,851,390	-	-	22,046,206	19,851,390
Capital grants and contributions	1,107,814	1,490,011	-	-	1,107,814	1,490,011
General revenues:						
Property taxes	48,065,864	48,512,236	-	-	48,065,864	48,512,236
Sales and use taxes	14,532,240	13,394,720	-	-	14,532,240	13,394,720
Other	1,756,259	2,025,543	247,647	164,894	2,003,906	2,190,437
Total revenues	<u>101,810,441</u>	<u>99,405,463</u>	<u>4,057,467</u>	<u>3,993,700</u>	<u>105,867,908</u>	<u>103,399,163</u>
Expenses:						
General government	9,219,322	9,529,776	-	-	9,219,322	9,529,776
Public safety	18,505,550	18,273,896	-	-	18,505,550	18,273,896
Environmental protection	5,121,002	5,200,967	-	-	5,121,002	5,200,967
Economic and physical development	4,035,005	3,244,680	-	-	4,035,005	3,244,680
Human services	29,698,510	30,574,070	-	-	29,698,510	30,574,070
Cultural and recreation	2,289,270	2,435,885	-	-	2,289,270	2,435,885
Education	24,559,787	23,691,968	-	-	24,559,787	23,691,968
Interest on long term debt	2,360,526	2,617,304	-	21,310	2,360,526	2,638,614
Water and sewer districts	-	-	2,510,634	2,538,119	2,510,634	2,538,119
Total expenses	<u>95,788,972</u>	<u>95,568,546</u>	<u>2,510,634</u>	<u>2,559,429</u>	<u>98,299,606</u>	<u>98,127,975</u>
Increase in net position before transfers	6,021,469	3,836,917	1,546,833	1,434,271	7,568,302	5,271,188
Special Item	850,000	1,516,317	-	-	850,000	1,516,317
Transfers	105,000	83,240	(105,000)	(83,240)	-	-
Increase in net position after transfers and special item	<u>6,976,469</u>	<u>5,436,474</u>	<u>1,441,833</u>	<u>1,351,031</u>	<u>8,418,302</u>	<u>6,787,505</u>
Net position, beginning, previously reported	41,894,137	36,457,663	35,031,807	33,680,776	76,925,944	70,138,439
Restatement	(2,887,920)	-	(67,286)	-	(2,955,206)	-
Net position, beginning, restated	<u>39,006,217</u>	<u>36,457,663</u>	<u>34,964,521</u>	<u>33,680,776</u>	<u>73,970,738</u>	<u>70,138,439</u>
Net position ending	<u>\$ 45,982,686</u>	<u>\$ 41,894,137</u>	<u>\$ 36,406,354</u>	<u>\$ 35,031,807</u>	<u>\$ 82,389,040</u>	<u>\$ 76,925,944</u>

**Governmental Activities** - Governmental activities increased the County's net position by \$6,976,469, an increase of approximately \$1.5 million over the increase last year. Key elements of this increase are as follows:

- Sales tax collections were up by approximately \$1.1 million from the prior year due to a combination of higher retail sales and expansion of the sales tax base that went into effect beginning January 2014.
- Federal reimbursement on staffing overhead costs to process Medicaid Eligibility applications increased from 50 percent to 75 percent during the year resulting in an increase to Social Service revenues of approximately \$1 million over last year.
- The County sold its Home Health Certificate of Need (CON) for \$850K which is reported as the only Special Item. In addition to the increase to net position from the sale, the County also experienced a net decrease in Home Health and Hospice operating expenditures of \$300K.
- All expense categories came in under budget and resulted in a small increase of approximately \$220K or 0.23 percent over the prior year.

**Business-type activities** - Business-type activities for the County's water utility increased the County's total net position by \$1,441,833, an increase of approximately \$91,000 as compared to the increase last fiscal year.

- Water sales remained relatively flat compared to last fiscal year as there was no change in water rates in fiscal 2015. 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 late 2016.

### **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, 2015, the governmental funds of Craven County reported a combined fund balance of \$44,237,791, which represents a 6.3 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2015, the County's unassigned fund balance in the General Fund was \$25,565,252, while total fund balance reached \$32,405,512. 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 25.9 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 identified a goal of maintaining available fund balance of 18 to 25 percent of expenditures to meet any unforeseen needs or opportunities that may arise.

The other major governmental fund is the County's Capital Reserve Fund which had an increase in fund balance of approximately \$2,426,200 as a result of transfers in from the General Fund of \$2.5 million. This transfer consisted of \$1 million from the previous fiscal years addition to general fund balance and \$1.3 million in revenue received from the State for the County's portion of the Medicaid Hold Harmless distribution.

**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 \$3.4 million including the following:

Sales tax revenue was increased by \$600,000 to account for higher than anticipated sales tax receipts designated for school capital expenditures which are transferred to the Debt Service Fund.

Intergovernmental revenues increased by approximately \$1.3 million from the original budget and consisted of the following items.

- Department of Social Services (DSS) received an increase in the federal reimbursement rate to administer the Medicaid Eligibility program which resulted in an increase to budgeted revenues of \$393,000.
- Also reflected in the increase to intergovernmental revenues is the pass-thru grant of \$400,000 from CarolinaEast Medical Center to Allies for Cherry Point Tomorrow (ACT) for the purpose of supporting ACT's efforts towards preserving the viability of all Cherry Point activities and personnel.
- Sales tax on Video Programming services accounted for \$325,000 of this increased due to a reclassification out of miscellaneous and into the intergovernmental revenues category.

The budget for charges for service was increased by \$1.6 million during the year due to the following:

- The County received an additional \$1.3 million over projected for the State's Sales Tax Medicaid Hold Harmless Distribution which was transferred to the County's Capital Reserve Fund.

Amendments to the budget of approximately \$1.75 million were made during the year by appropriating fund balance of the General Fund and included:

- \$234,000 was appropriated for the schools due to increases in retirement and insurance costs which became known after the State passed their budget;
- \$58,000 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.
- \$300,000 was appropriated for inmate medical care which has been extremely high this year.
- \$1,000,000 of the prior fiscal years addition to fund balance was transferred to the County's Capital Reserve Fund for future capital needs.

Expenditures in the final budget were increased by approximately \$2.37 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 \$2.8 million and consisted primarily of the funds received from the State Sales Tax Medicaid Hold Harmless distribution and the fund balance appropriation of \$1 million 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 decreased during the fiscal year by \$4.86 million to \$15.1 million. This was mostly the result of the increase in investment in capital assets of \$5.2 million due to the construction of the water treatment plant project discussed more 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, 2015, totaled approximately \$87,770,000 (net of accumulated depreciation), an increase of \$4.54 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 \$4.5 million during the year included:

- New vehicles for the Sheriff department and CARTS
- New voting equipment purchased for Elections department
- Hardware and software purchased to begin offering video arraignment at Jail
- Continued acquisition of hardware and software by the IT department related to the upgrade of the E-911 system and relocation of the primary data center
- Lighting of soccer field at Creekside Park and resurfacing of tennis courts at West Craven Park by Recreation department.
- Construction phase of water treatment plant began during fiscal year

### Craven County's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,847,445	\$ 10,010,344	\$ 947,354	\$ 947,354	\$ 10,794,799	\$ 10,957,698
Buildings	67,243,237	67,243,237	563,318	563,318	67,806,555	67,806,555
Improvements	13,657,871	11,547,252	29,881,107	29,774,102	43,538,978	41,321,354
Machinery and equipment	5,653,146	5,631,263	186,971	186,971	5,840,117	5,818,234
Vehicles	5,922,130	5,858,589	178,716	194,806	6,100,846	6,053,395
Construction in progress	25,503	1,321,802	10,945,210	3,029,641	10,970,713	4,351,443
Total	102,349,332	101,612,487	42,702,676	34,696,192	145,052,008	136,308,679
Less accumulated depreciation	41,489,971	38,177,938	15,791,438	14,896,716	57,281,409	53,074,654
Total net of depreciation	\$ 60,859,361	\$ 63,434,549	\$ 26,911,238	\$ 19,799,476	\$ 87,770,599	\$ 83,234,025

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, 2015, Craven County had total bonded general obligation debt outstanding with a principal amount of \$18,465,000. Of this amount, \$18,460,000 is debt backed by the full faith and credit of the County. Of the total bonded general obligation debt, \$5,000 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	
	2015	2014	2015	2014	2015	2014
G.O. Bonds	\$ 18,460,000	\$ 21,030,000	\$ 5,000	\$ 25,000	\$ 18,465,000	\$ 21,055,000
Installment debt	42,044,649	46,285,950	5,601,369	3,735,899	47,646,018	50,021,849
Capital lease	-	20,146	-	-	-	20,146
Total	\$ 60,504,649	\$ 67,336,096	\$ 5,606,369	\$ 3,760,899	\$ 66,111,018	\$ 71,096,995

Craven County's total bonded and installment debt decreased by \$4,985,977 or 7.0 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 of \$1,945,584 as the construction phase of this project began during the fiscal year. Total installment debt related to the water treatment plant will eventually increase to the \$16.2 million approved once construction is completed. The terms of the loan are twenty years at zero percent interest. 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 \$731,667,000.

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

### **Economic Factors and Next Year's Budgets and Rates**

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

- The County's average unemployment rate for calendar year 2014 was 6.8 percent, down from the 9.0 percent amount for the previous calendar year. The comparable rate for the entire State for 2014 was 6.1 percent. The County's rate decreased slightly to 6.6 percent at the end of July 2015.
- Per capita income for the years 2003-2013 for Craven County show an average annual growth rate of 3.0 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 0.2 percent in calendar 2013 (the latest year information is available) while the State increased by 0.4 percent and the nation increased by 1.3 percent. The County's per capita income level is 101 percent of the state average and 88 percent of the national average.
- Craven County had a total personal income of \$4.1 billion, ranked 24th in the state and accounted for 1.1 percent of the state total for the calendar year 2013. The ten year compounded annual growth rate for the county for 2003-2013 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 2015 was down 3.5 percent from fiscal 2014 and only 58 percent of 2007, the peak of the housing boom. Residential development aimed at retirees has slowed significantly with the current economic conditions and overall weak housing market. Market values do however appear to be equalizing as the inventory of new and existing homes available for sale declines.
- Actual 2015 property values were 1.02 percent above the estimate used for ad valorem taxes in the 2015 budget of \$9.804 billion. The combined property tax collection rate for fiscal 2015 increased by 0.40 percent to 99.20 percent. The County adopted an ad valorem tax rate of \$0.4675 cents per \$100 assessed value in fiscal year 2015, no increase from the previous fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities** - The County approved a \$100.7 million General Fund budget for fiscal year 2016, an increase of \$3.4 million from the previous fiscal year. Estimated assessed property values for fiscal 2016 are \$9.90 billion, a 1.0 percent increase from the \$9.8 billion estimated for the fiscal 2015 budget. The County adopted the ad valorem tax rate of \$.04675 per \$100 of assessed valuation which reflects no change from the previous year. All revenues are budgeted conservatively with estimated increases of 1.2 percent in property tax revenues and a 4.0 percent increase in sales tax receipts. The budget reflected no new fees or increases in charges for services. The County appropriated approximately \$131,000 of fund balance in order to balance

the 2016 budget however management does not anticipate any fund balance will be expended as revenues and expenditures are budgeted conservatively.

The budget for fiscal 2016 included a total of five new full time positions. As the county continues to rely more and more on technology, one IT technician was added in order to provide additional maintenance and support to the county's various systems. Three additional Income Maintenance Case Workers in Social Services were added to address the increased demands brought on by the NCFAST system now being used to determine Medicaid Eligibility. With the planned expansion of the Animal Shelter, it is anticipated that the number of animals housed will increase so in response, the County decided to fund one part time Shelter Attendant as full time.

The County provided a 2 percent cost of living increase for all full time employees in the 2016 budget. Total salaries budgeted for 2016 were \$551,000 higher than the original budget for fiscal 2015. Health and dental insurance premiums were increased by 10 percent across the board for the employee and the employer portion. The County pays 100 percent of the employee only premium. This resulted in \$381,000 additional net cost to the County.

Capital outlay in the amount of \$1.7 million is included in the 2016 budget. Major capital acquisitions in the budget include:

- Lighting football and soccer fields at West Craven Park \$123,000
- Replace playgrounds and construct 3 tennis courts at Creekside Park \$231,000
- Improvements at the Industrial Park \$150,000
- Primary Care expansion at Health Department \$150,000
- IT projects and improvements \$157,000
- E911 call center upgrades and backup \$373,000
- Vehicle replacements at CARTS \$351,000
- Expansion of the animal shelter \$500,000

Education is the largest category in terms of its portion of total expenditures. Appropriated operating and capital expenditures totaled \$29,693,347 million or 29.24 percent of the fiscal year 2016 budget and includes funding for both the public school system and community college. This amount represents a 5 percent increase of approximately \$1.48 million in additional funding as compared to the previous fiscal year. Additional funding may be provided to the public schools from fund balance after any potential impacts of the State's budget are analyzed.

The State, again in 2016, negatively impacted counties budget by continuing to hold back 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) to offset the cuts from the State. Since fiscal 2013, the County has subsidized the Debt Service Fund by \$2.34 million to make up the projected shortages. The County in fiscal year 2015, for the first time in 3 years, was able to service the school debt without making subsidies from the general fund. This was entirely attributed to the increase in sales tax receipts received in fiscal year 2015. 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 2016 budget. As previously mentioned, a rate increase was implemented October 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 has begun on the water treatment plant and is estimated to take approximately 18 months with an expected completion date in late 2016. The \$16.2 million loan from the Division of Water Quality (DENR) used in part to finance this project will be serviced over twenty years at zero percent interest. One new full time position, Water Treatment Plant

Supervisor, was added in the 2016 budget in anticipation of the new plant and will be instrumental in overseeing its operations.

### **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](http://www.cravencountync.gov).

**BASIC FINANCIAL STATEMENTS**

**CRAVEN COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
June 30, 2015**

	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
<b>ASSETS</b>							
Cash and cash equivalents	\$ 21,267,757	\$ 16,843,911	\$ 38,111,668	\$ 264,247	\$ 2,667,275	\$ 25,763,757	\$ 2,139,524
Short-term investments	18,162,031	-	18,162,031	-	-	38,317,509	-
Accounts receivables (net)	2,538,799	3,471,039	6,009,838	-	205,447	48,303,723	-
Taxes receivables (net)	5,428,175	-	5,428,175	-	-	-	-
Accrued interest receivable	543,196	-	543,196	-	-	-	-
Due from other government	-	5,000	5,000	-	-	-	-
Inventories	-	-	-	-	-	6,796,938	778,771
Prepaid items	17,000	-	17,000	-	-	5,673,093	19,722
Long-term cash and investments	4,998,925	-	4,998,925	-	-	239,817,940	-
Net pension asset	-	-	-	-	-	-	36,623
Other assets	-	-	-	-	-	125,002	-
Restricted net pension asset	2,598,069	50,341	2,648,410	-	19,460	-	-
Capital assets:							
Land and construction in progress	9,872,948	11,892,564	21,765,512	-	13,243,613	11,361,376	189,501
Other capital assets, net of depreciation/amortization	50,986,413	15,018,674	66,005,087	-	19,760,681	105,574,712	820,258
Total capital assets	60,859,361	26,911,238	87,770,599	-	33,004,294	116,936,088	1,009,759
Total assets	116,413,313	47,281,529	163,694,842	264,247	35,896,476	481,734,050	3,984,399
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,959,043	35,991	6,995,034	-	25,400	-	40,320
<b>LIABILITIES</b>							
Accounts payable	3,562,388	4,756,035	8,318,423	-	43,904	37,270,414	1,211,359
Accrued salaries and benefits	-	23,908	23,908	-	67,546	13,921,321	23,563
Accrued interest payable	175,974	3,552	179,526	-	-	-	-
Customer deposits	-	294,762	294,762	-	-	-	-
Long-term liabilities:							
Due within one year	8,292,465	114,105	8,406,570	-	-	-	-
Due in more than one year	59,517,672	5,597,638	65,115,310	-	37,255	-	-
Total liabilities	71,548,499	10,790,000	82,338,499	-	148,705	51,191,735	1,234,922
<b>DEFERRED INFLOWS OF RESOURCES</b>	5,841,171	121,166	5,962,337	-	42,939	-	89,369
<b>NET POSITION</b>							
Net investment in capital assets	40,687,026	16,670,168	57,357,194	-	33,004,294	116,936,088	1,009,759
Restricted for:							
Stabilization by State statute	6,802,605	-	6,802,605	-	-	-	-
Education	647,407	-	647,407	-	-	-	-
Register of deeds	-	-	-	-	-	-	-
Public safety	657,187	-	657,187	-	-	-	-
Economic and physical development	1,596,963	-	1,596,963	-	-	-	-
Other purposes	-	-	-	-	-	-	273,284
Unrestricted (deficit)	(4,408,502)	19,736,186	15,327,684	264,247	2,725,938	313,606,227	1,417,385
Total net position	\$ 45,982,686	\$ 36,406,354	\$ 82,389,040	\$ 264,247	\$ 35,730,232	\$ 430,542,315	\$ 2,700,428

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, 2015

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
<b>Primary government:</b>									
Governmental:									
General government	\$ 9,219,322	\$ 3,493,235	\$ 2,306,404	\$ -	\$ (3,419,683)	\$ -	\$ (3,419,683)		
Public safety	18,505,550	2,947,087	430,833	-	(15,127,630)	-	(15,127,630)		
Social Services	21,913,659	572,655	16,040,514	181,004	(5,119,486)	-	(5,119,486)		
Economic and physical development	4,035,005	925,772	1,453,613	-	(1,655,620)	-	(1,655,620)		
Environmental protection	5,121,002	2,428,100	196,894	-	(2,496,008)	-	(2,496,008)		
Health	7,784,851	3,866,147	1,556,948	-	(2,361,756)	-	(2,361,756)		
Cultural and recreation	2,289,270	69,062	61,000	-	(2,159,208)	-	(2,159,208)		
Education	24,559,787	-	-	926,810	(23,632,977)	-	(23,632,977)		
Interest on long-term debt	2,360,526	-	-	-	(2,360,526)	-	(2,360,526)		
Total governmental activities	95,788,972	14,302,058	22,046,206	1,107,814	(58,332,894)	-	(58,332,894)		
Business-type:									
Water	2,510,634	3,809,820	-	-	-	1,299,186	1,299,186		
Total business-type activities	2,510,634	3,809,820	-	-	-	1,299,186	1,299,186		
Total primary government	\$ 98,299,606	\$ 18,111,878	\$ 22,046,206	\$ 1,107,814	(58,332,894)	1,299,186	(57,033,708)		
<b>Component units:</b>									
Tourism Development Authority	\$ 487,049	\$ 501,647	\$ -	\$ -			\$ 14,598	\$ -	\$ -
Airport Authority	2,615,377	2,315,664	-	3,787,422			-	3,487,709	-
Health System	299,751,507	301,837,995	-	-			-	-	2,086,488
ABC Board	7,106,923	7,105,382	-	-			-	-	(1,541)
Total component units	\$ 309,960,856	\$ 311,760,688	\$ -	\$ 3,787,422			14,598	3,487,709	2,086,488
General revenues:									
Taxes:									
Property taxes, levied for general purposes					48,065,864	-	48,065,864	-	-
Local option sales tax					14,532,240	-	14,532,240	-	-
Other taxes					934,214	-	934,214	-	-
Investment earnings, unrestricted					163,783	42,829	206,612	434	4,476
Miscellaneous, unrestricted					658,262	204,818	863,080	-	4,279,960
Special item					850,000	-	850,000	-	-
Transfers					105,000	(105,000)	-	-	-
Total general revenues, transfers, and special item					65,309,363	142,647	65,452,010	434	4,476
Change in net position					6,976,469	1,441,833	8,418,302	15,032	3,492,185
Net position, beginning, previously reported					41,894,137	35,031,807	76,925,944	238,429	32,259,181
Restatement					(2,887,920)	(67,286)	(2,955,206)	-	(21,134)
Net position, beginning, restated					39,006,217	34,964,521	73,970,738	238,429	32,238,047
Net position, ending					\$ 45,982,686	\$ 36,406,354	\$ 82,389,040	\$ 253,461	\$ 35,730,232
								\$ 430,542,315	\$ 2,700,428

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,193,447	\$ 5,519,683	\$ 627,755	\$ 17,340,885
Short-term investments	18,162,031	-	-	18,162,031
Taxes receivable	5,398,378	-	29,797	5,428,175
Accounts receivable	2,354,783	10,465	173,551	2,538,799
Due from other funds	-	-	1,107,972	1,107,972
Long-term investments	-	4,998,925	-	4,998,925
Total assets	<u>\$ 37,108,639</u>	<u>\$ 10,529,073</u>	<u>\$ 1,939,075</u>	<u>\$ 49,576,787</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,315,710	\$ -	\$ 606,072	\$ 1,921,782
Accrued salaries and benefits	1,145,297	-	-	1,145,297
Due to other funds	1,107,972	-	-	1,107,972
Total liabilities	<u>3,568,979</u>	<u>-</u>	<u>606,072</u>	<u>4,175,051</u>
Deferred inflows of resources	1,134,148	-	29,797	1,163,945
Fund balances:				
Restricted				
Stabilization by state statute	6,619,013	10,465	173,127	6,802,605
Public safety	89,738	-	567,449	657,187
Economic and physical development	-	1,536,688	60,275	1,596,963
Education, schools	-	-	647,407	647,407
Committed:				
Capital projects	-	8,981,920	-	8,981,920
Assigned:				
Subsequent years expenditures	131,509	-	-	131,509
Unassigned	25,565,252	-	(145,052)	25,420,200
Total fund balances	<u>32,405,512</u>	<u>10,529,073</u>	<u>1,303,206</u>	<u>44,237,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,108,639</u>	<u>\$ 10,529,073</u>	<u>\$ 1,939,075</u>	<u>\$ 49,576,787</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, 2015**

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

Total Fund Balance, Governmental Funds	\$ 44,237,791
Charges relating to advance refunding debt issue	5,191,819
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	60,859,361
Net pension asset	2,598,069
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	1,691,559
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	543,196
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.	3,448,564
Deferred inflows of resources for tax and fee receivables.	1,043,998
Pension related deferrals	(5,645,560)
Some 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>(67,986,111)</u>
Net position of governmental activities (page 32)	<u>\$ 45,982,686</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, 2015

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 46,520,986	\$ -	\$ 1,931,345	\$ 48,452,331
Sales	13,950,431	-	581,809	14,532,240
Tourism Room	-	-	934,214	934,214
Intergovernmental	20,752,965	-	2,401,054	23,154,019
Charges for services	14,617,799	-	-	14,617,799
Interest	116,373	31,950	2,081	150,404
Miscellaneous	1,428,429	-	-	1,428,429
Total revenues	97,386,983	31,950	5,850,503	103,269,436
<b>EXPENDITURES</b>				
Current:				
General government	9,948,357	-	-	9,948,357
Public safety	14,599,244	-	2,586,074	17,185,318
Environmental protection	5,140,583	-	-	5,140,583
Economic and physical development	2,186,326	-	1,426,511	3,612,837
Health	7,644,382	-	-	7,644,382
Social services	22,355,542	-	-	22,355,542
Culture and recreation	2,341,104	-	-	2,341,104
Education	24,559,787	-	-	24,559,787
Debt service:				
Principal	2,630,496	-	4,200,950	6,831,446
Interest	771,737	-	1,204,285	1,976,022
Total expenditures	92,177,558	-	9,417,820	101,595,378
Excess of revenues over (under) expenditures	5,209,425	31,950	(3,567,317)	1,674,058
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,024,922	2,533,170	4,061,516	7,619,608
Transfers out	(6,582,686)	(138,920)	(793,002)	(7,514,608)
Total other financing sources (uses)	(5,557,764)	2,394,250	3,268,514	105,000
Excess of revenues over (under) expenditures and other financing sources (uses)	(348,339)	2,426,200	(298,803)	1,779,058
<b>SPECIAL ITEM</b>				
Sale of Home Health Agency Certificate of Need	850,000	-	-	850,000
Net change in fund balances	501,661	2,426,200	(298,803)	2,629,058
<b>FUND BALANCES:</b>				
Beginning	31,903,851	8,102,873	1,602,009	41,608,733
Ending	\$ 32,405,512	\$ 10,529,073	\$ 1,303,206	\$ 44,237,791

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, 2015**

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

Net change in fund balances - total governmental funds	\$ 2,629,058
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.	(2,183,857)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(391,336)
The contributions to the pension plans in the current fiscal year are not included in the statement of activities	1,691,559
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(397,943)
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.	6,101,342
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(159,567)
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>(312,787)</u>
Change in net position of governmental activities (page 33)	<u>\$ 6,976,469</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, 2015  
(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 45,675,776	\$ 45,720,776	\$ 46,520,986	\$ 800,210
Sales	13,092,688	13,692,688	13,950,431	257,743
Intergovernmental	19,861,331	21,184,839	20,752,965	(431,874)
Charges for services	14,429,018	16,022,790	14,617,799	(1,404,991)
Interest	150,629	150,629	116,373	(34,256)
Miscellaneous	1,326,693	1,195,716	1,428,429	232,713
Total revenues	<u>94,536,135</u>	<u>97,967,438</u>	<u>97,386,983</u>	<u>(580,455)</u>
<b>EXPENDITURES</b>				
General government:				
Commissioners	588,640	602,075	593,943	8,132
Administration	645,458	518,442	510,569	7,873
Human resources	366,199	364,948	356,883	8,065
Information technology	1,201,277	1,210,852	1,123,064	87,788
Finance	929,576	937,582	927,598	9,984
Elections	388,938	668,176	611,737	56,439
Tax assessor	995,621	983,732	945,517	38,215
Tax collections	713,169	727,473	722,876	4,597
Register of deeds	726,456	741,483	739,883	1,600
Public buildings	587,916	661,016	653,153	7,863
Housekeeping	268,114	267,963	263,111	4,852
Court facilities	525,350	529,879	499,291	30,588
GIS/Mapping	339,376	339,450	336,754	2,696
Maintenance	717,033	642,039	628,809	13,230
Non-departmental	1,189,088	1,087,214	1,035,169	52,045
Total general government	<u>10,182,211</u>	<u>10,282,324</u>	<u>9,948,357</u>	<u>333,967</u>
Public safety:				
Animal control	401,611	399,775	357,390	42,385
Medical examiner	65,000	84,000	82,250	1,750
Sheriff	5,811,495	5,905,970	5,783,678	122,292
Jail	3,837,288	4,274,195	3,975,841	298,354
Fire marshal/ Emergency management	944,319	942,111	925,623	16,488
Inspections	506,079	508,830	499,961	8,869
Other - Professional Services	20,000	20,000	18,000	2,000
Volunteer rescue squads	2,617,497	2,713,577	2,613,901	99,676
Special appropriation	-	400,000	342,600	57,400
Total public safety	<u>14,203,289</u>	<u>15,248,458</u>	<u>14,599,244</u>	<u>649,214</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE, BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015  
(Page 2 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 3,623,392	\$ 3,629,768	\$ 3,614,106	\$ 15,662
Environmental health	1,146,958	1,187,679	1,148,122	39,557
Soil conservation	139,126	141,840	136,868	4,972
Cooperative extension	243,593	249,700	241,487	8,213
Total environmental protection	<u>5,153,069</u>	<u>5,208,987</u>	<u>5,140,583</u>	<u>68,404</u>
Economic and physical development:				
Planning	570,922	570,864	564,346	6,518
Economic Development Commission	366,794	453,583	384,898	68,685
Convention Center	1,344,279	1,352,752	1,237,082	115,670
Total economic and physical development	<u>2,281,995</u>	<u>2,377,199</u>	<u>2,186,326</u>	<u>190,873</u>
Health:				
Dental	385,452	425,505	345,070	80,435
Maternity	1,322,318	1,340,176	1,242,793	97,383
Child health	1,304,944	1,340,757	1,125,641	215,116
Risk Reduction	125,381	156,734	142,205	14,529
WIC	639,630	651,796	587,682	64,114
Adult Health Services	300,678	355,928	319,765	36,163
Communicable Disease	192,382	211,434	180,450	30,984
Bio-Terrorism	65,524	65,524	36,983	28,541
Family planning	777,155	818,268	715,047	103,221
Home health	1,371,895	1,373,895	1,339,818	34,077
Mental health	276,827	279,402	278,730	672
Other - unclassified	1,396,101	1,451,487	1,330,198	121,289
Total health	<u>8,158,287</u>	<u>8,470,906</u>	<u>7,644,382</u>	<u>826,524</u>
Social services:				
Transportation	1,683,176	1,760,486	1,427,500	332,986
Administration	2,708,591	3,066,812	2,852,027	214,785
Employment assistance	3,459,382	3,527,321	3,351,662	175,659
Adult/child services	1,276,008	1,267,341	1,166,136	101,205
Veterans services	151,362	153,521	153,082	439
Senior services	471,945	538,661	516,244	22,417
Public assistance payments	7,014,287	6,893,174	6,700,278	192,896
TANF	5,376,011	5,402,001	5,120,296	281,705
Child support enforcement	1,208,863	1,208,863	1,068,317	140,546
Total social services	<u>23,349,625</u>	<u>23,818,180</u>	<u>22,355,542</u>	<u>1,462,638</u>

*Continued*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE, BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015  
(Page 3 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Recreation	\$ 1,024,895	\$ 1,039,918	\$ 977,600	\$ 62,318
Libraries	1,266,437	1,266,437	1,266,437	-
Special appropriation	143,962	143,962	97,067	46,895
Total culture and recreation	<u>2,435,294</u>	<u>2,450,317</u>	<u>2,341,104</u>	<u>109,213</u>
Education, schools				
Public schools - current expenditures	19,550,949	19,786,590	19,786,590	-
Public schools - fines and forfeitures	50,000	95,000	90,249	4,751
Public schools - capital outlay	700,000	700,000	700,000	-
Community college	3,982,948	3,982,948	3,982,948	-
Total education	<u>24,283,897</u>	<u>24,564,538</u>	<u>24,559,787</u>	<u>4,751</u>
Debt service:				
Principal	2,630,498	2,630,498	2,630,496	2
Interest	771,730	771,944	771,737	207
Total debt service	<u>3,402,228</u>	<u>3,402,442</u>	<u>3,402,233</u>	<u>209</u>
Total expenditures	<u>93,449,895</u>	<u>95,823,351</u>	<u>92,177,558</u>	<u>3,645,793</u>
Excess of revenues over expenditures	<u>1,086,240</u>	<u>2,144,087</u>	<u>5,209,425</u>	<u>3,065,338</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,388,368	2,699,464	1,024,922	(1,674,542)
Transfers out	(3,700,709)	(6,837,826)	(6,582,686)	255,140
Total other financing sources (uses)	<u>(1,312,341)</u>	<u>(4,138,362)</u>	<u>(5,557,764)</u>	<u>(1,419,402)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(226,101)</u>	<u>(1,994,275)</u>	<u>(348,339)</u>	<u>1,645,936</u>
<b>SPECIAL ITEM</b>				
Sale of Home Health Agency Certificate of Need	-	-	850,000	850,000
Excess of revenues over (under) expenditures and other financing sources (uses) and special item	<u>(226,101)</u>	<u>(1,994,275)</u>	<u>501,661</u>	<u>2,495,936</u>
Appropriated fund balance	<u>226,101</u>	<u>1,994,275</u>	<u>-</u>	<u>(1,994,275)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>501,661</u>	<u>\$ 501,661</u>
<b>FUND BALANCE</b>				
Beginning			<u>31,903,851</u>	
Ending			<u>\$ 32,405,512</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, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Eliminations	Total	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 16,843,911	\$ -	\$ -	\$ -	\$ 16,843,911	\$ 3,926,873
Accounts receivable, net of allowance for doubtful accounts	3,471,039	-	-	-	3,471,039	-
Prepaid expenses	-	-	-	-	-	17,000
Capital lease receivable-current	-	83,666	-	(83,666)	-	-
Due from other government-current	-	-	5,000	-	5,000	-
Total current assets	20,314,950	83,666	5,000	(83,666)	20,319,950	3,943,873
Noncurrent Assets:						
Restricted net pension asset	50,341	-	-	-	50,341	-
Capital lease receivable-noncurrent	-	721,028	-	(721,028)	-	-
Capital assets:						
Land	947,354	-	-	-	947,354	-
Improvements other than buildings	29,881,106	-	-	-	29,881,106	-
Buildings	563,318	-	-	-	563,318	-
Machinery and equipment	365,687	-	-	-	365,687	-
Construction in progress	10,945,210	-	-	-	10,945,210	-
Less accumulated depreciation	(15,791,437)	-	-	-	(15,791,437)	-
Total capital assets (net of accumulated depreciation)	26,911,238	-	-	-	26,911,238	-
Total noncurrent assets	26,961,579	721,028	-	(721,028)	26,961,579	-
Total assets	47,276,529	804,694	5,000	(804,694)	47,281,529	3,943,873
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	35,991	-	-	-	35,991	-
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable (includes capital of \$4,636,149)	4,756,035	-	-	-	4,756,035	495,309
Accrued salaries and benefits	23,908	-	-	-	23,908	-
Accrued interest payable	-	3,552	-	-	3,552	-
Customer deposits payable	294,762	-	-	-	294,762	-
Compensated absences liability - current	28,991	-	-	-	28,991	-
Installment notes payable-current	-	80,114	-	-	80,114	-
General obligation bonds payable-current	-	-	5,000	-	5,000	-
Obligations under capital lease-current	83,666	-	-	(83,666)	-	-
Total current liabilities	5,187,362	83,666	5,000	(83,666)	5,192,362	495,309
Noncurrent liabilities:						
Compensated absences liability	25,028	-	-	-	25,028	-
Other postemployment benefit liability	51,355	-	-	-	51,355	-
Installment notes payable	4,800,227	721,028	-	-	5,521,255	-
Obligations under capital lease	721,028	-	-	(721,028)	-	-
Total noncurrent liabilities	5,597,638	721,028	-	(721,028)	5,597,638	-
Total liabilities	10,785,000	804,694	5,000	(804,694)	10,790,000	495,309
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	121,166	-	-	-	121,166	-
<b>NET POSITION</b>						
Net investment in capital assets	16,670,168	-	-	-	16,670,168	-
Unrestricted	19,736,186	-	-	-	19,736,186	3,448,564
Total net position	\$ 36,406,354	\$ -	\$ -	\$ -	\$ 36,406,354	\$ 3,448,564

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, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Total	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,809,820	\$ -	\$ 3,809,820	\$ 4,612,696
Miscellaneous	204,818	-	204,818	34,330
Total operating revenues	4,014,638	-	4,014,638	4,647,026
<b>OPERATING EXPENSES</b>				
Cost of services	1,576,734	-	1,576,734	4,973,192
Depreciation and amortization	910,813	-	910,813	-
Total operating expenses	2,487,547	-	2,487,547	4,973,192
Operating income (loss)	1,527,091	-	1,527,091	(326,166)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	42,829	-	42,829	13,379
Interest expense	-	(23,087)	(23,087)	-
Total net nonoperating revenues (expenses)	42,829	(23,087)	19,742	13,379
Income (loss) before transfers	1,569,920	(23,087)	1,546,833	(312,787)
Transfers in	18,000	23,087	41,087	-
Transfers out	(146,087)	-	(146,087)	-
Total transfers in (out)	(128,087)	23,087	(105,000)	-
Change in net position	1,441,833	-	1,441,833	(312,787)
Net position, beginning, previously reported	35,031,807	-	35,031,807	3,761,351
Restatement	(67,286)	-	(67,286)	-
Net position, beginning, restated	34,964,521	-	34,964,521	3,761,351
Net position, ending	\$ 36,406,354	\$ -	\$ 36,406,354	\$ 3,448,564

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, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,417,396	\$ -	\$ -	\$ 1,417,396	\$ 4,647,026
Payments to customers and suppliers	(874,894)	-	-	(874,894)	(4,939,054)
Payments to employees	(711,261)	-	-	(711,261)	-
Net cash provided by (used in) operating activities	(168,759)	-	-	(168,759)	(292,028)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition & construction of capital assets	(3,386,424)	-	-	(3,386,424)	-
Repayment of installment notes and bonds	-	(80,114)	-	(80,114)	-
Proceeds from installment notes payable	1,945,584	-	-	1,945,584	-
Payments on obligations under capital lease payable	(80,114)	-	-	(80,114)	-
Proceeds from investment in direct finance leasing	-	80,114	-	80,114	-
Interest paid	-	(23,087)	-	(23,087)	-
Net cash provided by (used in) capital and related financing activities	(1,520,954)	(23,087)	-	(1,544,041)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in (out)	(128,087)	23,087	-	(105,000)	-
Net cash provided by (used in) noncapital financing activities	(128,087)	23,087	-	(105,000)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on cash and investments	42,829	-	-	42,829	13,379
Net cash provided by investing activities	42,829	-	-	42,829	13,379
Net decrease in cash and cash equivalents	(1,774,971)	-	-	(1,774,971)	(278,649)
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning	18,618,882	-	-	18,618,882	4,205,522
Ending	\$ 16,843,911	\$ -	\$ -	\$ 16,843,911	\$ 3,926,873
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,527,091	\$ -	\$ -	\$ 1,527,091	\$ (326,166)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	910,813	-	-	910,813	-
Pension expense	3,539	-	-	3,539	-
Change in assets and liabilities:					
Accounts receivable	(2,598,082)	-	-	(2,598,082)	-
Prepaid items	-	-	-	-	(12,000)
Accounts payable and accrued expenses	23,031	-	-	23,031	46,138
Customer deposits payable	840	-	-	840	-
(Increase) decrease in deferred outflows of resources for pensions	(35,991)	-	-	(35,991)	-
Net cash provided by (used in) operating activities	\$ (168,759)	\$ -	\$ -	\$ (168,759)	\$ (292,028)
<b>SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES</b>					
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, 2015**

	<u>All Agency Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	<u>\$ 117,987</u>
Total assets	<u><u>\$ 117,987</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	<u>\$ 117,987</u>
Total liabilities	<u><u>\$ 117,987</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

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

## NOTES TO FINANCIAL STATEMENTS INDEX

	Page
Note 1.	Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting ..... 45 - 57
Note 2.	Cash on Deposit and Investments ..... 58 - 61
Note 3.	Capital Assets ..... 62 - 65
Note 4.	Long-Term Obligations ..... 66 - 70
Note 5.	Interfund Assets/Liabilities and Transfers ..... 70 - 71
Note 6.	Deferred Compensation Plan ..... 71
Note 7.	Joint Ventures ..... 71 - 72
Note 8.	Jointly Governed Organizations ..... 73
Note 9.	Related Organization ..... 73
Note 10.	Additional Social Welfare Expenditures ..... 73
Note 11.	Deferred Outflows/Inflows of Resources ..... 74
Note 12.	Risk Management ..... 74 - 77
Note 13.	Retirement Systems ..... 77 - 89
Note 14.	Death Benefits ..... 89
Note 15.	Other Postemployment Benefits ..... 90 - 94
Note 16.	Contingent Liabilities ..... 94
Note 17.	Commitments and Contingencies ..... 94
Note 18.	Subsequent Events ..... 94
Note 19.	Special Item ..... 95
Note 20.	Change in Accounting Principles/Restatement ..... 95
Note 21.	Pronouncements Issued Not Yet Implemented or Fully Implemented ..... 95

## Craven County, North Carolina

### Notes to Financial Statements

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#### 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, 2014 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, 2015 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**

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**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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**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

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#### 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. Although the Northwest Craven Water and Sewer District Fund does not meet criteria to be a major fund, the County has determined it is qualitatively material to the users of the financial statements. 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**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.

## Craven County, North Carolina

### Notes to Financial Statements

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#### **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, 2014, and the budget as amended at June 30, 2015.

Under State statute, actual expenditures cannot exceed budgetary appropriations at the lowest level at which the budget ordinance is formally approved, which is at the departmental level. 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**

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**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, commercial paper and corporate bonds. Marketable equity securities consist primarily of common stocks that are traded or listed on national exchanges. Gains and losses on debt and marketable equity securities, both realized and unrealized, 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

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**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.

Patient Receivables 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, 2015:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2014)	\$ 15,896,755

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, 2015, are recorded as prepaid items.

Long-term cash and investments. Assets whose use is limited reported by the County and Health System include assets and accrued interest receivables set aside by the County and Health System Boards for future capital improvements over which the Boards retain 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**

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**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.

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 or fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this

## Craven County, North Carolina

### Notes to Financial Statements

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

criterion in its statement of net position - a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. 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 or fund balance that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, prepaid fees, receivables that do not meet the availability criterion, and other pension related deferrals. Details of the County's deferred inflows/outflows of resources at June 30, 2015 are at Note 11.

#### 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.

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 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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

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 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.

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Craven County, North Carolina

Notes to Financial Statements

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

Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 \$1,744,785 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.	\$ 102,349,332
Less accumulated depreciation	(41,489,971)
Net capital assets	<u>60,859,361</u>
Net pension asset	2,598,069
Contributions to the pension plan in the current fiscal year	1,691,559
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the governmental funds	543,196
Deferred outflows of resources related to refunding-included on government-wide statement of net position but are not current financial resources	5,191,819
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,043,998
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	3,448,564
Pension related deferrals	(5,645,560)
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	(42,044,649)
Bonds financing	(18,460,000)
Deferred bonds premium	(807,823)
Accrued interest payable	(175,974)
Other postemployment benefits	(3,152,070)
Compensated absences	(2,763,061)
Net pension obligation	(582,534)
Total adjustment	<u>\$ 1,744,895</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**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 \$4,347,411 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,974,330
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	(4,158,187)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(391,336)
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	6,831,446
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,691,559
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	(11,478)
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.	(334,122)
County's portion of collective pension expense	(159,567)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	28,229
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	(412,733)
Reduction of revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	(397,943)
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	(312,787)
Total adjustment	<u>\$ 4,347,411</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 2. Cash on Deposit and Investments**

At June 30, 2015, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$	15,993
Carrying value of deposits		38,095,675
Investments		23,160,956
	\$	<u>61,272,624</u>

Statement of net position reconciliation:

Cash and cash equivalents	\$	38,111,668
Short-term investments (restricted and unrestricted)		23,160,956
	\$	<u>61,272,624</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.

At June 30, 2015, the County's (primary government) deposits had a carrying amount of \$38,095,675 and a bank balance of \$38,916,922. Of the bank balance, \$310,000 was covered by federal depository insurance and \$38,606,922 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, 2015, the County's agency fund deposits had a carrying amount of \$117,987 and a bank balance of \$117,987. The bank balance was covered by collateral held under the pooling method.

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 2. Cash on Deposit and Investments (Continued)**

Component Unit Information

At June 30, 2015, both the carrying amount and bank balance of deposits for the Tourism Development Authority were \$264,247. The bank balance was covered by collateral held under the pooling method.

At June 30, 2015, the Airport Authority's deposits had a carrying amount of \$2,667,275 and a bank balance of \$2,691,676. The bank balance was covered by collateral held under the pooling method.

At June 30, 2015, the ABC Board had \$12,900 in cash on hand, and deposits in financial institutions with a carrying amount of \$2,126,624 and a bank balance of \$2,134,144. Of the bank balance, \$294,374 was covered by federal depository insurance and \$1,832,250 was covered by collateral held under the pooling method.

At September 30, 2014, the carrying amount of deposits for the Health System was \$25,540,556 and the bank balance was \$27,543,141. Of the bank balance, \$500,000 was covered by federal depository insurance and \$27,043,141 was covered by collateral held under the pooling method. Cash and cash equivalents consist of the following as of September 30, 2014:

Cash on hand	\$ 8,980
Deposits	25,540,556
Mutual fund money markets	214,221
	<u>\$ 25,763,757</u>

**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.

The County's investments at June 30, 2015 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	\$ 3,203,854	\$ 3,203,854	\$ -	\$ -	\$ -
Commercial paper:					
Abbey National NA LLC	4,983,683	-	4,983,683	-	-
General Electric Capital Corp.	4,989,327	-	4,989,327	-	-
Natixis NY	4,985,167	-	4,985,167	-	-
U.S. Government:					
Federal Farm Credit Bank	4,998,925	-	-	4,998,925	-
<b>Total investments</b>	<u>\$ 23,160,956</u>	<u>\$ 3,203,854</u>	<u>\$ 14,958,177</u>	<u>\$ 4,998,925</u>	<u>\$ -</u>

Craven County, North Carolina

Notes to Financial Statements

**Note 2. Cash on Deposit and Investments (Continued)**

*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, 2015, the County's investments in the NC Capital Management Trust Cash Portfolio and the County's general government obligations both carried a credit rating of AAA by Standard & Poor's and the County's investments in commercial paper are all 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.

As of September 30, 2014, the Health System had the following investments and maturities (Amounts are in thousands):

<b>CarolinaEast Health System Investment Type</b>	<b>Fair Value</b>	<b>&lt;Than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>&gt;Than 20 Years</b>
US Government Agencies	\$ 64,177	\$ -	\$ 23,542	\$ 40,622	\$ 13	\$ -
Corporate Bonds	46	-	-	5	-	41
Vanguard Bond Mutual Funds-Corp	33,992	N/A	N/A	N/A	N/A	N/A
Equity Securities and Mutual Funds	152,487	N/A	N/A	N/A	N/A	N/A
Hedge Funds	1,605	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents	5,005	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust	21,038	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 278,350</b>	<b>\$ -</b>	<b>\$ 23,542</b>	<b>\$ 40,627</b>	<b>\$ 13</b>	<b>\$ 41</b>

The above table includes \$214,221 which is included in unrestricted cash and cash equivalents.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses, the Health System's investment policy dictates that mortgage backed securities or other asset backed securities will never comprise more than 30% of the fixed income portfolio and corporate debt securities will never comprise more than 50% of the fixed income portfolio. Additionally, the policy provides that the maximum maturity of any non-mortgage backed fixed income instrument will not exceed 10 years without the approval of the Health System's Investment Committee 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.

*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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 2. Cash on Deposit and Investments (Continued)**

As of September 30, 2014, the total quality ratings for the above holdings were as follows:

<b>Holdings</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>Total</b>
US Government Agencies	100.00%						100.00%
Corporate Bonds & Bond Funds	15.96%	12.54%	36.54%	34.96%			100.00%
Short Term Cash Equivalents	100.00%						100.00%
NC Capital Management Trust	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.

Due to the level of risks associated with investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near future and such changes could materially affect the amounts reported in these financial statements

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, 2015 was as follows:

	Capital Assets			Capital Assets
	June 30, 2014	Additions	Retirements	June 30, 2015
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land, other	\$ 10,010,344	\$ 82,971	\$ (245,870)	\$ 9,847,445
Construction in progress	1,321,802	43,697	(1,339,996)	25,503
Total capital assets not being depreciated	\$ 11,332,146	\$ 126,668	\$ (1,585,866)	\$ 9,872,948
Capital assets, being depreciated:				
Buildings	\$ 67,243,237	\$ -	\$ -	\$ 67,243,237
Vehicles	5,858,589	448,551	(385,010)	5,922,130
Equipment	5,631,263	616,893	(595,010)	5,653,146
Other improvements	11,547,252	2,122,215	(11,596)	13,657,871
Total capital assets being depreciated	90,280,341	3,187,659	(991,616)	92,476,384
Less accumulated depreciation for:				
Buildings	25,078,989	2,129,438	-	27,208,427
Vehicles	4,646,920	577,261	(377,134)	4,847,047
Equipment	3,474,255	545,791	(467,029)	3,553,017
Other improvements	4,977,774	905,697	(1,991)	5,881,480
Total accumulated depreciation	38,177,938	4,158,187	(846,154)	41,489,971
Total capital assets, being depreciated, net	\$ 52,102,403			\$ 50,986,413
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	\$ -	\$ -	\$ 947,354
Construction in progress	3,029,641	7,915,569	-	10,945,210
Total capital assets not being depreciated	\$ 3,976,995	\$ 7,915,569	\$ -	\$ 11,892,564
Capital assets, being depreciated:				
Buildings & other improvements	\$ 30,337,420	\$ 107,005	\$ -	\$ 30,444,425
Vehicles	194,806	-	(16,090)	178,716
Equipment	186,971	-	-	186,971
Total capital assets being depreciated	30,719,197	107,005	(16,090)	30,810,112
Less accumulated depreciation for:				
Buildings & other improvements	14,562,306	894,921	-	15,457,227
Vehicles	178,811	15,891	(16,090)	178,612
Equipment	155,599	-	-	155,599
Total accumulated depreciation	14,896,716	910,812	(16,090)	15,791,438
Total capital assets, being depreciated, net	\$ 15,822,481			\$ 15,018,674

Craven County, North Carolina

Notes to Financial Statements

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**Note 3. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 1,024,927
Public safety	1,696,906
Social Services	403,669
Economic and physical development	504,725
Health	319,346
Environmental protection	45,979
Culture and recreation	162,635
Total depreciation expense, governmental activities	<u>\$ 4,158,187</u>
Business-type activities:	
Water Fund	\$ 910,812
Total depreciation expense-business-type activities	<u>\$ 910,812</u>

**Discretely presented component units**

The following is a summary of the capital assets of the Airport Authority at June 30, 2015:

Capital assets, not being depreciated:	
Land	\$ 9,616,306
Construction in Progress	3,627,307
Total capital assets, not being depreciated	<u>13,243,613</u>
Capital assets, being depreciated:	
Buildings	9,450,092
Improvements other than buildings	24,635,507
Machinery, equipment, and vehicles	1,950,094
Total capital assets being depreciated	<u>36,035,693</u>
Less accumulated depreciation	<u>16,275,012</u>
Total capital assets being depreciated, net	<u>19,760,681</u>
Capital assets, net	<u>\$ 33,004,294</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 which has 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, 2014:

	Year Ended September 30, 2014			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 9,036,424	\$ 10,600	\$ -	\$ 9,047,024
Construction in progress	7,256,541	9,225,608	(14,167,797)	2,314,352
Total capital assets, not being depreciated	<u>16,292,965</u>	<u>9,236,208</u>	<u>(14,167,797)</u>	<u>11,361,376</u>
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	4,140,659	511,649	-	4,652,308
Building and fixtures	149,870,391	2,733,179	-	152,603,570
Equipment	166,334,733	17,477,864	(3,882,218)	179,930,379
Total capital assets being depreciated	<u>336,073,496</u>	<u>20,722,692</u>	<u>(3,882,218)</u>	<u>352,913,970</u>
Less accumulated depreciation/amortization for:				
Intangible assets	(10,535,779)	(518,423)	-	(11,054,202)
Land improvements, building and fixtures, and equipment	(219,732,035)	(20,374,220)	3,821,199	(236,285,056)
	<u>(230,267,814)</u>	<u>(20,892,643)</u>	<u>3,821,199</u>	<u>(247,339,258)</u>
Total capital assets being depreciated/amortized, net	<u>105,805,682</u>			<u>105,574,712</u>
Health System capital assets, net	<u>\$ 122,098,647</u>			<u>\$ 116,936,088</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, 2014. The estimated cost to complete the projects is approximately \$4,903,000.

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

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**Note 3. Capital Assets (Continued)**

Health System's net investment in capital assets as of September 30, 2014 is as follows:

Capital assets, as above \$ 116,936,088

The following is a summary of the capital assets of the ABC Board at June 30, 2015:

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	570,997
Leasehold improvements	4,907
Automobile	<u>70,315</u>
Total capital assets being depreciated	1,759,552
Less accumulated depreciation	<u>939,294</u>
Total capital assets being depreciated, net	<u>\$ 820,258</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations

General obligation bonds and bond anticipation notes:

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

Purpose	Stated Interest Rates	Amounts
General government bonds:		
The County's general obligation bonds payable at June 30, 2015 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%	\$ 16,260,600
\$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%	694,400
\$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%	1,505,000
		<u>18,460,000</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%	5,000
		<u>5,000</u>
		<u>\$ 18,465,000</u>

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

Year Ending June 30	Governmental Activities		Business-type activities	
	Principal	Interest	Principal	Interest
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	2,325,000	331,000	-	-
2021 – 2023	5,950,000	438,200	-	-
Total	<u>\$ 18,460,000</u>	<u>\$ 2,900,763</u>	<u>\$ 5,000</u>	<u>\$ 275</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%	\$ 2,870,000
Qualified School Construction Bond	4.72%	1,189,649
New School/School Projects/Fiber Optic	4.5%-5.0%	2,540,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	3,110,000
2013 LOB Refunded School Projects/Fiber Optic	2.07%	14,550,750
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	17,784,250
Total General Government		<u>42,044,649</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	801,142
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	4,800,227
Total Enterprise		<u>5,601,369</u>
Total loans and installment notes payable		<u><u>\$ 47,646,018</u></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 \$330,000 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

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**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. On August 5, 2014, this loan was modified and the loan amount was increased to \$16,178,995 to be used for the construction of the Castle Hayne Aquifer Water Treatment Plant. The first principal payment is due May 1, 2018. As of June 30, 2015, only \$4,800,227 had been drawn down against the available loan amount.

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
2016	\$ 4,286,300	\$ 1,057,684	\$ 80,114	\$ 21,310
2017	4,331,300	880,336	80,114	19,179
2018	4,401,300	671,764	889,064	17,048
2019	4,371,300	566,042	889,064	14,917
2020	3,526,300	469,373	889,064	12,786
2021 – 2025	15,523,149	1,361,491	2,773,949	31,967
2026 – 2027	5,605,000	115,144	-	-
Total	\$ 42,044,649	\$ 5,121,834	\$ 5,601,369	\$ 117,207

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, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 21,030,000	\$ -	\$ 2,570,000	\$ 18,460,000	\$ 2,530,000
Deferred premium on debt	993,085	-	185,262	807,823	-
Loans and installment notes	46,285,949	-	4,241,300	42,044,649	4,286,300
Capital lease	20,145	-	20,145	-	-
Law enforcement pension obligation	530,542	51,992	-	582,534	-
Other postemployment benefit obligation	2,869,940	741,552	459,422	3,152,070	-
Net pension liability (LGERS)	4,819,409	-	4,819,409	-	-
Compensated absences	2,751,583	1,487,643	1,476,165	2,763,061	1,476,165
Governmental activity Long-term liabilities	<u>\$ 79,300,653</u>	<u>\$ 2,281,187</u>	<u>\$ 13,771,703</u>	<u>\$ 67,810,137</u>	<u>\$ 8,292,465</u>
Due within one year					\$ 8,292,465
Due in more than one year					59,517,672
Total Governmental Activities					<u>\$ 67,810,137</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 25,000	\$ -	\$ 20,000	\$ 5,000	\$ 5,000
Other postemployment benefit obligation	45,991	14,099	8,735	51,355	-
Net pension liability (LGERS)	103,379	-	103,379	-	-
Compensated absences	53,267	29,743	28,991	54,019	28,991
Loans and installment notes	3,735,899	1,945,584	80,114	5,601,369	80,114
Business-type activities	<u>\$ 3,963,536</u>	<u>\$ 1,989,426</u>	<u>\$ 241,219</u>	<u>\$ 5,711,743</u>	<u>\$ 114,105</u>
Due within one year					\$ 114,105
Due in more than one year					5,597,638
Total Business-type Activities					<u>\$ 5,711,743</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 4. Long-Term Obligations (Continued)**

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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 \$60,204,500 of its legal debt limitation of \$792,331,679, leaving a legal debt margin of \$732,127,179 at June 30, 2015.

**Component Unit Information:**

**General obligation bonds and bond anticipation notes:**

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2015.

Long-term liabilities for the Airport Authority include \$37,255 of liabilities accrued for other postemployment benefits. See note 14 for more information regarding other postemployment benefits.

The Health System does not have any general obligation bonds outstanding at September 30, 2014.

**Note 5. Interfund Assets/Liabilities and Transfers**

Amounts due from/to funds at June 30, 2015 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 1,107,972
		<u>\$ 1,107,972</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.

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 5. Interfund Assets/Liabilities and Transfers (Continued)**

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2015:

Transfers out:	Transfers In:					Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	
General Fund	\$ -	\$ 2,533,170	\$ 4,031,516	\$ 18,000	\$ -	\$ 6,582,686
Non-Major Governmental Funds	793,002	-	-	-	-	793,002
County Reserve Fund	108,920	-	30,000	-	-	138,920
Water Fund	123,000	-	-	-	23,087	146,087
<b>Total Transfers out</b>	<b>\$ 1,024,922</b>	<b>\$ 2,533,170</b>	<b>\$ 4,061,516</b>	<b>\$ 18,000</b>	<b>\$ 23,087</b>	<b>\$ 7,660,695</b>

Transfers consist primarily of the following:

\$4,027,570 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

**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, 2015. During the year ended June 30, 2015, the County appropriated \$1,266,437 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 \$266,437. 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.

## Craven County, North Carolina

### Notes to Financial Statements

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#### Note 7. Joint Ventures (Continued)

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, 2015. 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, 2015. 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.

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") which, effective July 1, 2015, consolidated with a similar entity to become Trillium Health Resources ("THR"). 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 THR'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 THR, so no equity interest has been reflected in the financial statements at June 30, 2015. The County appropriated \$279,402 to the THR during the fiscal year ended June 30, 2015, which included money received from the ABC Board designated for alcohol education. Complete financial statements for THR can be obtained from THR's administrative offices at 1708 East Arlington Boulevard, Greenville, NC 27858/5782.

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, \$694,400 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 \$3,682,948 and \$300,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. In addition, the County made debt service principal payments of \$109,600 during the fiscal year ended June 30, 2015. 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, 2015. 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**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, 2015.

**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	\$ 115,728,861
Temporary Assistance to Needy Families	648,660
Special Assistance	532,771
WIC	2,381,826
Health Choice	1,614,213
Other programs	848,687
	<u>\$ 121,755,018</u>

Craven County, North Carolina

Notes to Financial Statements

Note 11. Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 5,191,821	\$ -
Pensions - difference between expected and actual experience		
LGERS	-	261,936
Register of Deeds (ROD's)	2,305	-
Pensions - difference between projected and actual investment earnings - (LGERS and ROD's)	-	5,580,453
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - (LGERS and ROD's)	73,357	-
Contributions to pension plan in 2014-2015 fiscal year - (LGERS and ROD's)	1,727,551	-
Prepaid taxes not yet earned (General)	-	97,926
Prepaid fees (General)	-	22,022
Property taxes receivable, net (General)	864,026	-
Property taxes receivable, net (Special Revenue)	29,797	-
Recycling fees receivable (General)	150,174	-
Total	<u>\$ 8,039,031</u>	<u>\$ 5,962,337</u>

Note 12. 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 \$145,000. A total of \$4,544,650 in claims was incurred for benefits during fiscal year 2015. Payments received from the insurer for claims over the limit of \$38,600 and \$27,952 during fiscal 2015 and fiscal 2014, have been netted against the claims shown below. 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
2014-2015	\$ 350,000	\$ 4,544,650	\$ 4,444,650	\$ 450,000
2013-2014	\$ 200,000	\$ 4,457,250	\$ 4,307,250	\$ 350,000

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 12. Risk Management (Continued)**

During 2003, the County entered into a limited risk, self-funded workers' compensation claim program with administrative services provided by a third-party administrator. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon estimates of amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$500,000. A total of (\$7,912) in claims by changes in estimates were incurred for benefits during fiscal year 2015. 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
2014-2015	\$ 98,406	\$ (7,912)	\$ 46,723	\$ 43,771
2013-2014	\$ 83,651	\$ 97,267	\$ 82,512	\$ 98,406

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 \$113 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

The 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 12. Risk Management (Continued)**

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 weekly 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, 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 statement of net position 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 2014 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2013-2014	\$ 1,200,000	\$ 18,323,516	\$ 18,123,516	\$ 1,400,000
2012-2013	\$ 1,000,000	\$ 17,683,482	\$ 17,483,482	\$ 1,200,000

Total claims expense is partially offset by employee contributions.

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 the start of 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 12. Risk Management (Continued)**

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 \$8,882 during the fiscal year 2014.

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 \$960,277 for General, Professional, and Umbrella coverage in fiscal year 2014. These premiums represent a transfer of risk and are not determined retrospectively. These policies are claims made basis policies, meaning claims are covered based on incidents arising on or after the policy retroactive date and which are reported during the term of the policy. 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 13. Retirement Systems**

**North Carolina Local Governmental Employees' Retirement System:**

*Plan Description.* Craven County, the Airport Authority and the ABC Board are participating employers in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Notes to Financial Statements**

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**Note 13. Retirement Systems (Continued)**

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their compensation. The County, Airport Authority and ABC Board’s contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County, Airport Authority and ABC Board’s contractually required contribution rate for the year ended June 30, 2015, are as follows:

	Employees Not Engaged In Law Enforcement	Employees Engaged In Law Enforcement
Craven County	7.07%	7.41%
Airport Authority	7.35%	
ABC Board	7.07%	

The rates show above were actuarially determined as amounts that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County, Airport Authority and ABC Board were \$1,718,654, \$25,400 and \$40,320, respectively, for the year ended June 30, 2015.

*Refunds of Contributions* – County, Airport, and ABC Board employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

Craven County, North Carolina

Notes to Financial Statements

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**Note 13. Retirement Systems (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County, Airport Authority and ABC Board reported assets of \$2,397,200, \$19,460 and \$36,623, respectively, for their proportionate share of the net pension asset. The net pension asset

was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County, Airport Authority and ABC Board's proportion of the net pension asset were based on a projection of the County, Airport Authority and ABC Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County, Airport Authority and ABC Board's proportions were .406%, .003% and .029%, respectively, which were decreases of .002%, .001% and .001%, respectively, from their proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the County, Airport Authority and ABC Board's recognized pension expense of \$164,990, \$2,345 and \$2,270, respectively.

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 261,936
Net difference between projected and actual earnings on pension plan investments	-	5,579,101
Changes in proportion and differences between County contributions and proportionate share of contributions	71,238	-
County contributions subsequent to the measurement date	1,718,654	-
Total	<u>\$ 1,789,892</u>	<u>\$ 5,841,037</u>

Craven County, North Carolina

Notes to Financial Statements

Note 13. Retirement Systems (Continued)

At June 30, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,127
Net difference between projected and actual earnings on pension plan investments	-	45,306
Changes in proportion and differences between Airport Authority's contributions and proportionate share of contributions	4,494	-
Airport Authority's contributions subsequent to the measurement date	25,400	-
Total	<u>\$ 29,894</u>	<u>\$ 47,433</u>

At June 30, 2015, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,002
Net difference between projected and actual earnings on pension plan investments	-	85,258
Changes in proportion and differences between ABC Board's contributions and proportionate share of contributions	-	109
ABC Board's contributions subsequent to the measurement date	40,320	-
Total	<u>\$ 40,320</u>	<u>\$ 89,369</u>

\$1,718,654, \$25,400 and \$40,320 reported as deferred outflows of resources related to pensions resulting from County, Airport Authority and ABC Board contributions, respectively, subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	County	Airport Authority	ABC Board
2016	\$ (1,442,568)	\$ (10,734)	\$ (22,342)
2017	(1,442,568)	(10,734)	(22,342)
2018	(1,442,568)	(10,734)	(22,342)
2019	(1,442,095)	(10,737)	(22,343)
Total	<u>\$ (5,769,799)</u>	<u>\$ (42,939)</u>	<u>\$ (89,369)</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 13. Retirement Systems (Continued)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 13. Retirement Systems (Continued)**

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	\$ 8,137,135	\$ (2,397,200)	\$ (11,266,771)
Airport Authority's proportionate share of the net pension liability (asset)	\$ 66,061	\$ (19,460)	\$ (91,469)
ABC Board's proportionate share of the net pension liability (asset)	\$ 124,315	\$ (36,623)	\$ (172,128)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**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 Authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 13. Retirement Systems (Continued)**

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

At December 31, 2014 the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	74
Total	<u>80</u>

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

*Summary of Significant Accounting Policies:*

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing benefits to plan members.
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Method used to value investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*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.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method, the level dollar closed amortization method over a remaining amortization period of 16 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 13. Retirement Systems (Continued)**

*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	\$ 161,863
Interest on Net Pension Obligation	26,527
Adjustment to Annual Required Contribution	<u>(44,818)</u>
Annual Pension Cost	143,572
Employer Contributions made for fiscal year ending June 30, 2015	<u>91,580</u>
Increase in Net Pension Obligation	51,992
Net Pension Obligation, beginning of fiscal year	<u>530,542</u>
Net Pension Obligation, end of fiscal year	<u><u>\$ 582,534</u></u>

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 121,540	60.14%	\$ 505,150
6/30/2014	115,645	78.04%	530,542
6/30/2015	143,572	63.79%	582,534

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,277,676, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,277,676. The covered payroll (annual payroll of active employees covered by the plan) was \$3,010,472, and the ratio of the UAAL to the covered payroll was 42.44 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.

**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 Authority 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, 2015 were \$237,680 which consisted of \$152,398 (required and actual) from the County and \$85,282 from the law enforcement officers.

Craven County, North Carolina

Notes to Financial Statements

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**Note 13. Retirement Systems (Continued)**

**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, 2015 were \$1,426,692, \$35,046, and \$26,836 which consisted of \$739,129, \$20,334, and \$12,724 from the governmental activities, business activities, and Airport Authority, respectively, and \$687,563, \$14,711, and \$14,112 from the non-law enforcement employees for the governmental activities, business-type activities, and Airport Authority, respectively.

**Registers of Deeds' Supplemental Pension Fund:**

*Plan Description.* Craven County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$8,897 for the year ended June 30, 2015.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Retirement Systems (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the County reported an asset of \$251,210 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 1.11%, which was a decrease of .12% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(5,421). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,305	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,352
Changes in proportion and differences between County contributions and proportionate share of contributions	2,119	-
County contributions subsequent to the measurement date	8,897	-
Total	<u>\$ 13,321</u>	<u>\$ 1,352</u>

\$3,072 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ 1,673
2017	1,673
2018	64
2019	(338)
Total	<u>\$ 3,072</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 13. Retirement Systems (Continued)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 13. Retirement Systems (Continued)**

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (225,569)	\$ (251,210)	\$ (273,236)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**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 \$53,356,046 for the year ended September 30, 2014. Total contributions were \$3,701,156 for the year ended September 30, 2014, which represents 6.94 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. 28561. 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 a fixed percentage of base earnings for each eligible employee. To receive an employer contribution, 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**

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**Note 13. Retirement Systems (Continued)**

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$63,918,344 for the year ended September 30, 2014. The Health System's contributions were \$1,278,367 or 2 percent of covered payroll for the year ended September 30, 2014. Employee contributions to the plan totaled \$5,420,914 or 8.48% of covered payroll for the year ended September 30, 2014. Employee contributions to the 457(b) plan totaled \$1,218,024 for the year ended September 30, 2014. These plans are not included in the Health System's reporting entity and do not issue separate, stand alone financial reports.

**Note 14. 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. 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. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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.

For the fiscal year ended June 30, 2015, 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.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 15. 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	Law
	<u>Employees(*):</u>	<u>Officers:</u>
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 \$474,708 or 2.0% 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 12. The County’s obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

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

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 15. Other Postemployment Benefits (Continued)**

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

Annual required contribution (1)	\$ 760,953
Interest on net OPEB obligation	117,967
Adjustment to annual required contribution	<u>(112,695)</u>
Annual OPEB cost (expense)	766,225
Contributions made (1)	<u>(474,708)</u>
Increase (decrease) in net OPEB obligation	291,517
Net OPEB obligation, beginning of year	<u>2,949,163</u>
Net OPEB obligation, end of year (1)	<u><u>\$ 3,240,680</u></u>

(1) The net OPEB obligation at June 30, 2015 consists of liabilities of \$3,152,070, \$51,355 and \$37,255 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 \$459,422, \$8,735 and \$6,551 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
2015	\$ 766,225	62.0%	\$ 3,240,680
2014	\$ 726,995	56.2%	\$ 2,949,163
2013	\$ 737,480	21.3%	\$ 2,630,697

*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.

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.

Craven County, North Carolina

Notes to Financial Statements

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**Note 15. Other Postemployment Benefits (Continued)**

*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. 28561.

As of the actuarial valuation report dated January 1, 2014, the Health System's membership consisted of:

Retirees receiving benefits	47
Active plan members	209
Total	<u>256</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.

*Annual OPEB Cost and Net OPEB Obligation.* The Health System's OPEB cost (expense) for the fiscal year ended September 30, 2014 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, 2014.

Craven County, North Carolina

Notes to Financial Statements

**Note 15. Other Postemployment Benefits (Continued)**

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, 2014, 2013 and 2012, were as follows:

Fiscal Year Ended	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2012	\$628,337	100.00%	\$-
09/30/2013	\$574,181	100.00%	\$-
09/30/2014	\$ -	100.00%	\$-

*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.

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
01/01/2012	\$5,266,563	\$6,145,115	\$878,552	86%
01/01/2013	\$6,104,475	\$5,515,515	(\$588,960)	111%
01/01/2014	\$6,689,547	\$5,073,611	(\$1,615,936)	132%

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 15. Other Postemployment Benefits (Continued)**

Methods and assumptions as of the latest actuarial valuations as follows:

Valuation date	January 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	Immediately
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care costs trend rates	8.5% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

**Note 16. Contingent Liabilities**

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

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

**Note 17. Commitments and Contingencies**

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, 2015, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2016	\$ 11,400
2017	11,400
2018	11,400
2019	11,400
	\$ 45,600

At June 30, 2015, the County also has an active construction project in the Castle Hayne Aquifer Capital Project Fund. The County’s remaining commitment at June 30, 2015 is \$17.8 million. The financing for this construction project was obtained through the Department of Natural Resources.

**Note 18. Subsequent Events**

The County has evaluated its subsequent events (events occurring after June 30, 2015) through December 1, 2015 which represents the date the financial statements were available to be issued.

## Craven County, North Carolina

### Notes to Financial Statements

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#### **Note 19. Special Item**

On September 30, 2014, the County sold the Certificate of Need of Craven County's Home Health Agency to PruittHealth Home Health, Inc. 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 to sell the Certificate of Need of Craven County's Home Health Agency. This resulted in the County receiving an amount of \$850,000.

#### **Note 20. Change in Accounting Principles/Restatement**

The County, Authority and ABC Board implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), and statement 71 in the fiscal year ending June 30, 2015. The implementation of these statements required the County, Authority, and ABC Board to record beginning net pension liability and the effects on net position of contributions made by the County, Authority, and ABC Board during the measurement period (fiscal year ending June 30, 2014). As a result the County's beginning net position for the governmental and business-type activities decreased by \$2,887,920 and \$67,286, respectively. The Authority's and ABC Board's beginning net position decreased by \$21,134 and \$50,477, respectively.

#### **Note 21. Pronouncements Issued Not Yet Implemented**

The GASB has issued several pronouncements prior to June 30, 2015 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 No. 72, "Fair Value Measurement and Application" – This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" - Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" - This statement addresses reporting by OPEB plans that administer benefits on behalf of governments.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" - This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statements 74 and 75 parallel the pension standards issued in 2012—GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Together, the pension and OPEB standards provide consistent and comprehensive guidance for all postemployment benefits.

GASB Statement No. 77, "Tax Abatement Disclosures" – This Statement requires governments to disclose certain information related to tax abatement agreements.

Crauen County



## **REQUIRED SUPPLEMENTARY INFORMATION**

- Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for Law Enforcement Officers' Special Separation Allowance
- 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
- Schedule of County's Proportionate Share of Net Pension Liability (Asset) - (LGERS)
- Schedule of County Contributions - (LGERS)
- Schedule of County's Proportionate Share of Net Pension Liability (Asset) - (ROD)
- Schedule of County Contributions - (ROD)
- Schedule of Craven County Regional Airport Authority's Proportionate Share of Net Pension Liability (Asset) - (LGERS)
- Schedule of Craven County Regional Airport Authority Contributions – (LGERS)

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, 2015**

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 for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
12/31/2014	-	1,277,676	1,277,676	-	3,010,472	42.44%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW**  
**ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**For the Fiscal Year Ended June 30, 2015**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2015	161,863	56.6%

**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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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
2013	\$ 729,338	21.5%
2014	\$ 722,292	56.6%
2015	\$ 760,953	62.4%

**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%

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY (ASSET)  
Local Governmental Employees' Retirement System  
Last Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.406%	0.408%
County's proportionate share of the net pension liability (asset) \$	\$ (2,397,200)	\$ 4,922,788
County's covered-employee payroll	\$ 24,220,773	\$ 24,447,979
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 9.90%)	20.14%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**Schedule of County Contributions  
Local Governmental Employees' Retirement System  
Last 2 Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,718,722	\$ 1,718,740
Contributions in relation to the contractually required contribution	1,718,722	1,718,740
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 24,162,555	\$ 24,220,773
Contributions as a percentage of covered-employee payroll	7.11%	7.10%

**SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(ASSET)  
Registers of Deeds' Supplemental Pension Fund  
Last Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (a	1.108%	1.123%
County's proportionate share of the net pension liability (asset) \$	\$ (251,210)	\$ (239,811)
County's covered-employee payroll	\$ 56,197	\$ 53,086
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(447.02%)	(451.74%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**Schedule of County Contributions  
Registers of Deeds' Supplemental Pension Fund  
Last 2 Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,897	\$ 9,049
Contributions in relation to the contractually required contribution	<u>8,897</u>	<u>9,049</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 57,561	\$ 56,197
Contributions as a percentage of covered-employee payroll	15.46%	16.10%

**SCHEDULE OF THE CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Local Governmental Employees' Retirement System  
Last Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) %	0.003%	0.004%
Authority's proportionate share of the net pension liability (asset) \$	\$ (19,462)	\$ 43,394
Authority's covered-employee payroll	\$ 314,856	\$ 277,758
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 6.18%)	15.62%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**Schedule of Craven County Regional Airport Authority Contributions  
Local Governmental Employees' Retirement System  
Last 2 Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 25,400	\$ 23,551
Contributions in relation to the contractually required contribution	25,400	23,551
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 345,577	\$ 314,856
Contributions as a percentage of covered-employee payroll	7.35%	7.48%

Craven County



## **OTHER SUPPLEMENTARY INFORMATION**

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

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

Crauen County



**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**June 30, 2015**

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2014	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2015
2015	\$	\$ 46,429,109	\$ 46,059,154	\$ 369,955
2014	562,496	-	323,617	238,879
2013	300,338	-	103,365	196,973
2012	182,938	-	25,531	157,407
2011	136,950	-	22,918	114,032
2010	125,725	-	18,019	107,706
2009	122,299	-	17,702	104,597
2008	119,121	-	15,548	103,573
2007	93,473	-	2,260	91,213
2006	82,198	-	2,506	79,692
2005	67,218	-	67,218	-
	\$ <u>1,792,756</u>	\$ <u>46,429,109</u>	\$ <u>46,657,838</u>	\$ <u>1,564,027</u>

Less allowance for uncollectible  
ad valorem taxes receivable

700,000

\$ 864,027

Reconciliation with revenues:

Ad valorem taxes- General Fund \$ 46,520,986

Less: Collection of taxes older than ten years 8,275

Plus: Abatements and adjustments of prior  
year taxes 145,127

Total collections and credits \$ 46,657,838

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
For the Fiscal Year Ended June 30, 2015

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	\$9,834,781,498	\$0.4675	\$45,977,567	\$42,303,142	\$3,674,425
Motor vehicles taxed at prior year's rate	-	0.4675	-	-	-
Penalties	-		97,013	97,013	-
	<u>\$9,834,781,498</u>		<u>\$46,074,580</u>	<u>\$42,400,155</u>	<u>\$3,674,425</u>
DISCOVERIES	81,855,573		390,442	390,442	-
	<u>\$9,916,637,071</u>		<u>\$46,465,022</u>	<u>\$42,790,597</u>	<u>\$3,674,425</u>
ABATEMENTS	(12,491,083)		(35,913)	(32,532)	(3,381)
Total property valuation	<u><u>\$9,904,145,988</u></u>				
Net Levy			\$46,429,109	\$42,758,065	\$3,671,044
Uncollected taxes at June 30, 2015			369,955	369,543	412
Current year's taxes collected			<u>\$46,059,154</u>	<u>\$42,388,522</u>	<u>\$3,670,632</u>
Current levy collection percentage			<u>99.20%</u>	<u>99.14%</u>	<u>99.99%</u>

**COMBINING SCHEDULES OF NONMAJOR FUNDS**

Crauen County



**CRAVEN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2015**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 623,255	\$ 4,500	\$ -	\$ 627,755
Taxes receivable	29,797	-	-	29,797
Accounts receivable	173,551	-	-	173,551
Due from other funds	-	-	1,107,972	1,107,972
Total assets	<u>\$ 826,603</u>	<u>\$ 4,500</u>	<u>\$ 1,107,972</u>	<u>\$ 1,939,075</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 145,507	\$ -	\$ 460,565	\$ 606,072
Total liabilities	<u>145,507</u>	<u>-</u>	<u>460,565</u>	<u>606,072</u>
Deferred inflows of resources:				
Tax receivable	29,797	-	-	29,797
Total deferred inflows of resources	<u>29,797</u>	<u>-</u>	<u>-</u>	<u>29,797</u>
Fund balances:				
Restricted				
Stabilization by state statute	173,127	-	-	173,127
Public safety	562,949	4,500	-	567,449
Economic and physical development	60,275	-	-	60,275
Education, schools	-	-	647,407	647,407
Unassigned	(145,052)	-	-	(145,052)
Total fund balances	<u>651,299</u>	<u>4,500</u>	<u>647,407</u>	<u>1,303,206</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 826,603</u>	<u>\$ 4,500</u>	<u>\$ 1,107,972</u>	<u>\$ 1,939,075</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2015

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	Pamlico Sound Regional Hazard Mitigation Plan	CDBG FY 12 Water and Sewer Infrastructure	Hazard Mitigation Grant Program Project 4019-0028	Hazard Mitigation Grant Program Project 4019-0027	Flood Mitigation Assistance	Totals
<b>ASSETS</b>									
Cash and cash equivalents	\$ 215,891	\$ 347,089	\$ 60,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 623,255
Taxes receivable	29,797	-	-	-	-	-	-	-	29,797
Accounts receivable	171,740	1,811	-	-	-	-	-	-	173,551
Total assets	<u>\$ 417,428</u>	<u>\$ 348,900</u>	<u>\$ 60,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,603</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 1,920	\$ 31	\$ -	\$ 25,780	\$ 14,063	\$ 17,426	\$ 28,355	\$ 57,932	\$ 145,507
Total liabilities	<u>1,920</u>	<u>31</u>	<u>-</u>	<u>25,780</u>	<u>14,063</u>	<u>17,426</u>	<u>28,355</u>	<u>57,932</u>	<u>145,507</u>
Deferred inflows of resources:									
Tax receivable	29,797	-	-	-	-	-	-	-	29,797
Total deferred inflows of resources	<u>29,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,797</u>
Fund balances:									
Restricted:									
Stabilization by state statute	171,316	1,811	-	-	-	-	-	-	173,127
Public safety	215,891	347,058	-	-	-	-	-	-	562,949
Economic and physical development	-	-	60,275	-	-	-	-	-	60,275
Unassigned	(1,496)	-	-	(25,780)	(14,063)	(17,426)	(28,355)	(57,932)	(145,052)
Total fund balances	<u>385,711</u>	<u>348,869</u>	<u>60,275</u>	<u>(25,780)</u>	<u>(14,063)</u>	<u>(17,426)</u>	<u>(28,355)</u>	<u>(57,932)</u>	<u>651,299</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 417,428</u>	<u>\$ 348,900</u>	<u>\$ 60,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,603</u>

**CRAVEN COUNTY, NORTH CAROLINA**

**BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUND  
June 30, 2015**

	<u>Animal Shelter Project Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,500
Total assets	<u>\$ 4,500</u>
 Fund Balances:	
Restricted	
Public safety	<u>\$ 4,500</u>
 Total liabilities and fund balances	<u>\$ 4,500</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, 2015

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,447,368	\$ -	\$ -	\$ 3,447,368
Intergovernmental	1,474,244	-	926,810	2,401,054
Interest	879	-	1,202	2,081
Total revenues	4,922,491	-	928,012	5,850,503
<b>EXPENDITURES</b>				
Current:				
Public safety	2,542,377	43,697	-	2,586,074
Economic and physical development	1,426,511	-	-	1,426,511
Debt service:				
Principal	-	-	4,200,950	4,200,950
Interest	-	-	1,204,285	1,204,285
Total expenditures	3,968,888	43,697	5,405,235	9,417,820
Excess of revenues over (under) expenditures	953,603	(43,697)	(4,477,223)	(3,567,317)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,946	30,000	4,027,570	4,061,516
Transfers out	(793,002)	-	-	(793,002)
Total other financing sources (uses)	(789,056)	30,000	4,027,570	3,268,514
Net change in fund balances	164,547	(13,697)	(449,653)	(298,803)
<b>FUND BALANCES:</b>				
Beginning	486,752	18,197	1,097,060	1,602,009
Ending	\$ 651,299	\$ 4,500	\$ 647,407	\$ 1,303,206

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, 2015

	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	Hazard Mitigation Grant Program Project 4019-0027	Flood Mitigation Assistance	Totals
<b>REVENUES</b>										
Taxes	\$ 2,513,154	\$ -	\$ 934,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,447,368
Intergovernmental	-	21,736	-	98,832	-	509,550	487,955	356,171	-	1,474,244
Interest	-	769	110	-	-	-	-	-	-	879
Total revenues	2,513,154	22,505	934,324	98,832	-	509,550	487,955	356,171	-	4,922,491
<b>EXPENDITURES</b>										
Current:										
Public safety	2,432,464	109,913	-	-	-	-	-	-	-	2,542,377
Economic and physical development	-	-	97,030	74,942	17,563	308,310	486,208	384,526	57,932	1,426,511
Total expenditures	2,432,464	109,913	97,030	74,942	17,563	308,310	486,208	384,526	57,932	3,968,888
Excess of revenues over (under) expenditures	80,690	(87,408)	837,294	23,890	(17,563)	201,240	1,747	(28,355)	(57,932)	953,603
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in (out):										
To General Fund	-	-	(793,002)	-	-	-	-	-	-	(793,002)
From General Fund	-	3,946	-	-	-	-	-	-	-	3,946
Total other financing sources (uses)	-	3,946	(793,002)	-	-	-	-	-	-	(789,056)
Net change in fund balances	80,690	(83,462)	44,292	23,890	(17,563)	201,240	1,747	(28,355)	(57,932)	164,547
<b>FUND BALANCES:</b>										
Beginning	305,021	432,331	15,983	(23,890)	(8,217)	(215,303)	(19,173)	-	-	486,752
Ending	\$ 385,711	\$ 348,869	\$ 60,275	\$ -	\$ (25,780)	\$ (14,063)	\$ (17,426)	\$ (28,355)	\$ (57,932)	\$ 651,299

**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, 2015**

	Animal Shelter Project Fund	EOC 911 Renovation Fund	Totals
<b>EXPENDITURES</b>			
Public Safety	\$ 25,500	\$ 18,197	\$ 43,697
Total expenditures	<u>25,500</u>	<u>18,197</u>	<u>43,697</u>
Excess of revenues under expenditures	<u>(25,500)</u>	<u>(18,197)</u>	<u>(43,697)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	30,000	-	30,000
Total other financing sources	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	4,500	(18,197)	(13,697)
<b>FUND BALANCES</b>			
Beginning	<u>-</u>	<u>18,197</u>	<u>18,197</u>
Ending	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 4,500</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, 2015

	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
<b>ASSETS</b>												
Cash and cash equivalents	\$ 9,224	\$ 25,833	\$ 57,937	\$ 8,644	\$ 5,055	\$ 10,514	\$ 35,168	\$ 23,312	\$ 32,681	\$ 7,523	\$ -	\$ 215,891
Taxes receivable	1,733	4,104	4,723	2,643	2,387	5,005	1,203	3,148	1,461	3,081	309	29,797
Accounts receivable	16,965	15,559	17,631	9,591	13,885	18,228	18,997	23,710	23,558	13,192	424	171,740
Total assets	\$ 27,922	\$ 45,496	\$ 80,291	\$ 20,878	\$ 21,327	\$ 33,747	\$ 55,368	\$ 50,170	\$ 57,700	\$ 23,796	\$ 733	\$ 417,428
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,920	\$ 1,920
Total liabilities	-	-	-	-	-	-	-	-	-	-	1,920	1,920
Deferred inflows of resources:												
Tax receivable	1,733	4,104	4,723	2,643	2,387	5,005	1,203	3,148	1,461	3,081	309	29,797
Total deferred inflows of resources	1,733	4,104	4,723	2,643	2,387	5,005	1,203	3,148	1,461	3,081	309	29,797
Fund Balances:												
Restricted:												
Stabilization by state statute	16,965	15,559	17,631	9,591	13,885	18,228	18,997	23,710	23,558	13,192	-	171,316
Public safety	9,224	25,833	57,937	8,644	5,055	10,514	35,168	23,312	32,681	7,523	-	215,891
Unassigned	-	-	-	-	-	-	-	-	-	-	(1,496)	(1,496)
Total fund balances	26,189	41,392	75,568	18,235	18,940	28,742	54,165	47,022	56,239	20,715	(1,496)	385,711
Total liabilities, deferred inflows of resources and fund balances	\$ 27,922	\$ 45,496	\$ 80,291	\$ 20,878	\$ 21,327	\$ 33,747	\$ 55,368	\$ 50,170	\$ 57,700	\$ 23,796	\$ 733	\$ 417,428

**Craven County, North Carolina**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL FIRE DISTRICT FUNDS  
For the Fiscal Year Ended June 30, 2015**

	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
<b>REVENUES</b>												
Taxes:												
Property	\$ 183,459	\$ 171,976	\$ 252,813	\$ 98,870	\$ 143,779	\$ 198,583	\$ 202,183	\$ 259,006	\$ 258,677	\$ 157,062	\$ 4,937	\$ 1,931,345
Sales	58,274	52,863	59,689	31,094	45,862	62,755	64,161	81,571	81,566	42,472	1,502	581,809
Total revenues	241,733	224,839	312,502	129,964	189,641	261,338	266,344	340,577	340,243	199,534	6,439	2,513,154
<b>EXPENDITURES</b>												
Remittances to fire districts	209,268	197,381	257,443	141,472	186,731	251,480	251,496	334,023	358,060	192,119	-	2,379,473
Workers' compensation	2,730	4,420	5,850	2,795	6,110	2,665	3,250	5,330	4,550	4,095	-	41,795
Miscellaneous	967	1,032	1,031	1,031	2,319	966	965	1,030	1,034	821	-	11,196
Total expenditures	212,965	202,833	264,324	145,298	195,160	255,111	255,711	340,383	363,644	197,035	-	2,432,464
Excess of revenues over (under) expenditures	28,768	22,006	48,178	(15,334)	(5,519)	6,227	10,633	194	(23,401)	2,499	6,439	80,690
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in (out):												
Between fire districts	(22,012)	(13,027)	6,349	13,027	3,000	2,606	(2,606)	-	22,012	(3,000)	(6,349)	-
Total other financing sources (uses)	(22,012)	(13,027)	6,349	13,027	3,000	2,606	(2,606)	-	22,012	(3,000)	(6,349)	-
Net change in fund balances	6,756	8,979	54,527	(2,307)	(2,519)	8,833	8,027	194	(1,389)	(501)	90	80,690
<b>FUND BALANCES</b>												
Beginning	19,433	32,413	21,041	20,542	21,459	19,909	46,138	46,828	57,628	21,216	(1,586)	305,021
Ending	\$ 26,189	\$ 41,392	\$ 75,568	\$ 18,235	\$ 18,940	\$ 28,742	\$ 54,165	\$ 47,022	\$ 56,239	\$ 20,715	\$ (1,496)	\$ 385,711

**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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 179,228	\$ 183,459	\$ 4,231
Sales	54,255	58,274	4,019
Total revenues	<u>233,483</u>	<u>241,733</u>	<u>8,250</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	2,925	2,730	195
Miscellaneous	1,017	967	50
Total expenditures	<u>213,210</u>	<u>212,965</u>	<u>245</u>
Excess of revenue over expenditures	<u>20,273</u>	<u>28,768</u>	<u>8,495</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To West New Bern Fire District	(22,012)	(22,012)	-
Total other financing uses	<u>(22,012)</u>	<u>(22,012)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(1,739)</u>	<u>6,756</u>	<u>8,495</u>
Appropriated fund balance	<u>1,739</u>	<u>-</u>	<u>(1,739)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>6,756</u>	<u>\$ 6,756</u>
<b>FUND BALANCE</b>			
Beginning		<u>19,433</u>	
Ending		<u>\$ 26,189</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, 2015

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 163,465	\$ 171,976	\$ 8,511
Sales	49,169	52,863	3,694
Total revenues	<u>212,634</u>	<u>224,839</u>	<u>12,205</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	197,381	197,381	-
Workers' compensation	4,615	4,420	195
Miscellaneous	1,031	1,032	(1)
Total expenditures	<u>203,027</u>	<u>202,833</u>	<u>194</u>
Excess of revenue over expenditures	<u>9,607</u>	<u>22,006</u>	<u>12,399</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Little Swift Creek Fire District Fund	(13,027)	(13,027)	-
Total other financing uses	<u>(13,027)</u>	<u>(13,027)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(3,420)</u>	<u>8,979</u>	<u>12,399</u>
Appropriated fund balance	<u>3,420</u>	<u>-</u>	<u>(3,420)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,979</u>	<u>\$ 8,979</u>
<b>FUND BALANCE</b>			
Beginning		<u>32,413</u>	
Ending		<u>\$ 41,392</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 250,940	\$ 252,813	\$ 1,873
Sales	55,492	59,689	4,197
Total revenues	<u>306,432</u>	<u>312,502</u>	<u>6,070</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	257,443	257,443	-
Workers' compensation	5,850	5,850	-
Miscellaneous	1,031	1,031	-
Total expenditures	<u>314,324</u>	<u>264,324</u>	<u>50,000</u>
Excess of revenue over (under) expenditures	<u>(7,892)</u>	<u>48,178</u>	<u>56,070</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Sandy Point	6,349	6,349	-
Total other financing sources	<u>6,349</u>	<u>6,349</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(1,543)</u>	<u>54,527</u>	<u>56,070</u>
Appropriated fund balance	<u>1,543</u>	<u>-</u>	<u>(1,543)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>54,527</u>	<u>\$ 54,527</u>
<b>FUND BALANCE</b>			
Beginning		<u>21,041</u>	
Ending		<u>\$ 75,568</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 96,335	\$ 98,870	\$ 2,535
Sales	28,922	31,094	2,172
Total revenues	<u>125,257</u>	<u>129,964</u>	<u>4,707</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	141,472	141,472	-
Workers' compensation	2,795	2,795	-
Miscellaneous	1,031	1,031	-
Total expenditures	<u>145,298</u>	<u>145,298</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(20,041)</u>	<u>(15,334)</u>	<u>4,707</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Township No. 1 Fire District Fund	13,027	13,027	-
Total other financing sources	<u>13,027</u>	<u>13,027</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(7,014)</u>	<u>(2,307)</u>	<u>4,707</u>
Appropriated fund balance	<u>7,014</u>	<u>-</u>	<u>(7,014)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(2,307)</u>	<u>\$ (2,307)</u>
<b>FUND BALANCE</b>			
Beginning		<u>20,542</u>	
Ending		<u>\$ 18,235</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 141,916	\$ 143,779	\$ 1,863
Sales	42,651	45,862	3,211
Total revenues	<u>184,567</u>	<u>189,641</u>	<u>5,074</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	186,731	186,731	-
Workers' compensation	6,110	6,110	-
Miscellaneous	3,051	2,319	732
Total expenditures	<u>195,892</u>	<u>195,160</u>	<u>732</u>
Excess of revenue over (under) expenditures	<u>(11,325)</u>	<u>(5,519)</u>	<u>5,806</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(8,325)</u>	<u>(2,519)</u>	<u>5,806</u>
Appropriated fund balance	<u>8,325</u>	<u>-</u>	<u>(8,325)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(2,519)</u>	<u>\$ (2,519)</u>
<b>FUND BALANCE</b>			
Beginning		<u>21,459</u>	
Ending		<u>\$ 18,940</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 194,061	\$ 198,583	\$ 4,522
Sales	58,365	62,755	4,390
Total revenues	<u>252,426</u>	<u>261,338</u>	<u>8,912</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	251,480	251,480	-
Workers' compensation	2,665	2,665	-
Miscellaneous	1,017	966	51
Total expenditures	<u>255,162</u>	<u>255,111</u>	<u>51</u>
Excess of revenue over (under) expenditures	<u>(2,736)</u>	<u>6,227</u>	<u>8,963</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Township No. 6	2,606	2,606	-
Total other financing sources	<u>2,606</u>	<u>2,606</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(130)	8,833	8,963
Appropriated fund balance	<u>130</u>	<u>-</u>	<u>(130)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,833</u>	<u>\$ 8,833</u>
<b>FUND BALANCE</b>			
Beginning		<u>19,909</u>	
Ending		<u>\$ 28,742</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 197,158	\$ 202,183	\$ 5,025
Sales	59,612	64,161	4,549
Total revenues	<u>256,770</u>	<u>266,344</u>	<u>9,574</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	251,496	251,496	-
Workers' compensation	3,250	3,250	-
Miscellaneous	1,086	965	121
Total expenditures	<u>255,832</u>	<u>255,711</u>	<u>121</u>
Excess of revenue over expenditures	<u>938</u>	<u>10,633</u>	<u>9,695</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Township No. 5	(2,606)	(2,606)	-
Total other financing uses	<u>(2,606)</u>	<u>(2,606)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	<u>(1,668)</u>	<u>8,027</u>	<u>9,695</u>
Appropriated fund balance	<u>1,668</u>	<u>-</u>	<u>(1,668)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,027</u>	<u>\$ 8,027</u>
<b>FUND BALANCE</b>			
Beginning		<u>46,138</u>	
Ending		<u>\$ 54,165</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 252,115	\$ 259,006	\$ 6,891
Sales	75,866	81,571	5,705
Total revenues	<u>327,981</u>	<u>340,577</u>	<u>12,596</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	334,023	334,023	-
Workers' compensation	5,330	5,330	-
Miscellaneous	1,031	1,030	1
Total expenditures	<u>340,384</u>	<u>340,383</u>	<u>1</u>
Excess of revenue over (under) expenditures	<u>(12,403)</u>	<u>194</u>	<u>12,597</u>
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	<u>12,403</u>	<u>-</u>	<u>(12,403)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>194</u>	<u>\$ 194</u>
<b>FUND BALANCE</b>			
Beginning		<u>46,828</u>	
Ending		<u>\$ 47,022</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 251,870	\$ 258,677	\$ 6,807
Sales	75,762	81,566	5,804
Total revenues	<u>327,632</u>	<u>340,243</u>	<u>12,611</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	358,060	358,060	-
Workers' compensation	4,615	4,550	65
Miscellaneous	1,031	1,034	(3)
Total expenditures	<u>363,706</u>	<u>363,644</u>	<u>62</u>
Excess of revenue over (under) expenditures	<u>(36,074)</u>	<u>(23,401)</u>	<u>12,673</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Rhems	22,012	22,012	-
Total other financing sources	<u>22,012</u>	<u>22,012</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources	<u>(14,062)</u>	<u>(1,389)</u>	<u>12,673</u>
Appropriated fund balance	<u>14,062</u>	<u>-</u>	<u>(14,062)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(1,389)</u>	<u>\$ (1,389)</u>
<b>FUND BALANCE</b>			
Beginning		<u>57,628</u>	
Ending		<u>\$ 56,239</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 153,770	\$ 157,062	\$ 3,292
Sales	39,494	42,472	2,978
Total revenues	<u>193,264</u>	<u>199,534</u>	<u>6,270</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	192,119	192,119	-
Workers' compensation	4,095	4,095	-
Miscellaneous	4,310	821	3,489
Total expenditures	<u>200,524</u>	<u>197,035</u>	<u>3,489</u>
Excess of revenue over (under) expenditures	<u>(7,260)</u>	<u>2,499</u>	<u>9,759</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(10,260)</u>	<u>(501)</u>	<u>9,759</u>
Appropriated fund balance	<u>10,260</u>	<u>-</u>	<u>(10,260)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(501)</u>	<u>\$ (501)</u>
<b>FUND BALANCE</b>			
Beginning		<u>21,216</u>	
Ending		<u>\$ 20,715</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 4,952	\$ 4,937	\$ (15)
Sales	1,397	1,502	105
Total revenues	<u>6,349</u>	<u>6,439</u>	<u>90</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Tri-Community Fire District Fund	(6,349)	(6,349)	-
Total other financing uses	<u>(6,349)</u>	<u>(6,349)</u>	<u>-</u>
Excess of revenues under expenditures and other financing sources (uses)	<u>\$ -</u>	90	<u>\$ 90</u>
<b>FUND BALANCE</b>			
Beginning		<u>(1,586)</u>	
Ending		<u>\$ (1,496)</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 21,736	\$ 21,736	\$ -
Interest	3,000	769	(2,231)
Total revenues	<u>24,736</u>	<u>22,505</u>	<u>(2,231)</u>
<b>EXPENDITURES</b>			
Public safety	132,503	109,913	22,590
Total expenditures	<u>132,503</u>	<u>109,913</u>	<u>22,590</u>
Excess of revenue over (under) expenditures	(107,767)	(87,408)	20,359
<b>OTHER FINANCING SOURCES</b>			
Transfers out:			
From General fund	-	3,946	(3,946)
Total other financing sources	<u>-</u>	<u>3,946</u>	<u>(3,946)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(107,767)	(83,462)	24,305
Appropriated fund balance	<u>107,767</u>	<u>-</u>	<u>(107,767)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(83,462)</u>	<u>\$ (83,462)</u>
<b>FUND BALANCE</b>			
Beginning		<u>432,331</u>	
Ending		<u>\$ 348,869</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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 890,052	\$ 934,214	\$ 44,162
Interest	-	110	110
Total revenues	<u>890,052</u>	<u>934,324</u>	<u>44,272</u>
<b>EXPENDITURES</b>			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	50	30	(20)
Total expenditures	<u>97,050</u>	<u>97,030</u>	<u>20</u>
Excess of revenue over expenditures	<u>793,002</u>	<u>837,294</u>	<u>44,292</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To General Fund	<u>(793,002)</u>	<u>(793,002)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>44,292</u>	<u>\$ 44,292</u>
<b>FUND BALANCE</b>			
Beginning		<u>15,983</u>	
Ending		<u>\$ 60,275</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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 225,000	\$ 126,168	\$ 98,832	\$ 225,000
Total revenue	<u>225,000</u>	<u>126,168</u>	<u>98,832</u>	<u>225,000</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	225,000	150,058	74,942	225,000
Total expenditures	<u>225,000</u>	<u>150,058</u>	<u>74,942</u>	<u>225,000</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (23,890)</u>	23,890	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>(23,890)</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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 80,000	\$ 54,220	\$ -	\$ 54,220
Total revenue	<u>80,000</u>	<u>54,220</u>	<u>-</u>	<u>54,220</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	80,000	62,437	17,563	80,000
Total expenditures	<u>80,000</u>	<u>62,437</u>	<u>17,563</u>	<u>80,000</u>
Excess of revenues under expenditures	\$ -	\$ (8,217)	(17,563)	\$ (25,780)
<b>FUND BALANCE</b>				
Beginning			(8,217)	
Ending			<u>\$ (25,780)</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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 750,000	\$ -	\$ 509,550	\$ 509,550
Total revenue	750,000	-	509,550	509,550
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	750,000	215,303	308,310	523,613
Total expenditures	750,000	215,303	308,310	523,613
Excess of revenues over (under) expenditures	\$ -	\$ (215,303)	201,240	\$ (14,063)
<b>FUND BALANCE</b>				
Beginning			(215,303)	
Ending			\$ (14,063)	

**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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 531,220	\$ 23,697	\$ 487,955	\$ 511,652
Total revenue	<u>531,220</u>	<u>23,697</u>	<u>487,955</u>	<u>511,652</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	531,220	42,870	486,208	529,078
Total expenditures	<u>531,220</u>	<u>42,870</u>	<u>486,208</u>	<u>529,078</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (19,173)</u>	1,747	<u>\$ (17,426)</u>
<b>FUND BALANCE</b>				
Beginning			<u>(19,173)</u>	
Ending			<u>\$ (17,426)</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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 583,060	\$ -	\$ 356,171	\$ 356,171
Total revenue	<u>583,060</u>	<u>-</u>	<u>356,171</u>	<u>356,171</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	583,060	-	384,526	384,526
Total expenditures	<u>583,060</u>	<u>-</u>	<u>384,526</u>	<u>384,526</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(28,355)</u>	<u>\$ (28,355)</u>
<b>FUND BALANCE</b>				
Beginning			<u>-</u>	
Ending			<u>\$ (28,355)</u>	

**CRAVEN COUNTY, NORTH CAROLINA  
FLOOD MITIGATION ASSISTANCE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 1,853,360	\$ -	\$ -	\$ -
Total revenue	<u>1,853,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	1,853,360	-	57,932	57,932
Total expenditures	<u>1,853,360</u>	<u>-</u>	<u>57,932</u>	<u>57,932</u>
Excess of revenues under expenditures	\$ -	\$ -	(57,932)	<u><u>(57,932)</u></u>
<b>FUND BALANCE</b>				
Beginning			<u>-</u>	
Ending			<u><u>\$ (57,932)</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.

Crauen 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, 2015**

	Budget	Actual	Variance Positive
<b>REVENUES</b>			
Intergovernmental-lottery proceeds	\$ 1,050,000	\$ 926,810	\$ (123,190)
Interest	1,000	1,202	202
Total revenues	<u>1,051,000</u>	<u>928,012</u>	<u>(122,988)</u>
<b>EXPENDITURES</b>			
Principal	4,200,950	4,200,950	-
Interest and fiscal charges	1,210,662	1,204,285	6,377
Total expenditures	<u>5,411,612</u>	<u>5,405,235</u>	<u>6,377</u>
Excess of revenue under expenditures	<u>(4,360,612)</u>	<u>(4,477,223)</u>	<u>(116,611)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From General Fund	3,655,976	4,027,570	371,594
Total other financing sources	<u>3,655,976</u>	<u>4,027,570</u>	<u>371,594</u>
Excess of revenues over (under) expenditures and other financing sources	<u>(704,636)</u>	<u>(449,653)</u>	<u>254,983</u>
Appropriated fund balance	<u>704,636</u>	<u>-</u>	<u>(704,636)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(449,653)</u>	<u>\$ (449,653)</u>
<b>FUND BALANCE</b>			
Beginning		<u>1,097,060</u>	
Ending		<u>\$ 647,407</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.
- **Animal Shelter Project Fund** – The Animal Shelter Project Fund is for renovations and expansion of the existing animal shelter facility.

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, 2015**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Interest	\$ -	\$ 1,047,674	\$ 31,950	\$ 1,079,624
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
From General Fund	-	22,131,713	2,533,170	24,664,883
To Judicial Center Capital Project Fund	-	(2,500,000)	-	(2,500,000)
To General Fund	-	(7,829,045)	(108,920)	(7,937,965)
To EOC/911 Renovation Fund	-	(1,101,477)	-	(1,101,477)
To Animal Shelter Project	-	-	(30,000)	(30,000)
Between closed projects	-	(3,645,992)	-	(3,645,992)
Total other financing sources (uses)	-	7,055,199	2,394,250	9,449,449
Excess of revenues over other financing sources (uses)	-	8,102,873	2,426,200	10,529,073
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 8,102,873	2,426,200	\$ 10,529,073
<b>FUND BALANCE</b>				
Beginning			8,102,873	
Ending			\$ 10,529,073	

**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, 2015**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
<b>EXPENDITURES</b>				
Capital outlay:				
Project construction	\$ 1,507,571	\$ 1,489,374	\$ 18,197	\$ 1,507,571
Total expenditures	<u>1,507,571</u>	<u>1,489,374</u>	<u>18,197</u>	<u>1,507,571</u>
<b>OTHER FINANCING SOURCES</b>				
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 (under) expenditures	<u>\$ -</u>	<u>\$ 18,197</u>	<u>(18,197)</u>	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>18,197</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA  
ANIMAL SHELTER PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 2015**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
<b>EXPENDITURES</b>				
Capital outlay:				
Project construction	\$ 500,000	\$ -	\$ 25,500	\$ 25,500
Total expenditures	500,000	-	25,500	25,500
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
From County Reserve Capital Project Fund	500,000	-	30,000	30,000
Total other financing sources	500,000	-	30,000	30,000
Excess of other financing sources over expenditures	\$ -	\$ -	4,500	\$ 4,500
<b>FUND BALANCE</b>				
Beginning			-	
Ending			\$ 4,500	

## 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, 2015

	Neuse River Water and Sewer District	Total Nonmajor Enterprise Funds
<b>ASSETS</b>		
Current assets:		
Due from other government-current	\$ 5,000	\$ 5,000
Total current assets	<u>5,000</u>	<u>5,000</u>
<b>LIABILITIES</b>		
Current liabilities:		
General obligation bonds payable-current	5,000	5,000
Total current liabilities	<u>\$ 5,000</u>	<u>\$ 5,000</u>

**CRAVEN COUNTY, NORTH CAROLINA**

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

**June 30, 2015**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 16,843,911	\$ -	\$ 16,843,911
Accounts receivable, net of allowance for doubtful accounts	3,471,039	-	3,471,039
Total current assets	<u>20,314,950</u>	<u>-</u>	<u>20,314,950</u>
Noncurrent assets:			
Restricted net pension asset	50,341	-	50,341
Capital assets:			
Land	668,101	279,253	947,354
Improvements other than buildings	29,423,433	457,673	29,881,106
Buildings	563,318	-	563,318
Machinery and equipment	365,687	-	365,687
Construction in progress	-	10,945,210	10,945,210
Accumulated depreciation	(15,791,437)	-	(15,791,437)
Total capital assets, net of accumulated depreciation	<u>15,229,102</u>	<u>11,682,136</u>	<u>26,911,238</u>
Total noncurrent assets	<u>15,279,443</u>	<u>11,682,136</u>	<u>26,961,579</u>
Total assets	<u>35,594,393</u>	<u>11,682,136</u>	<u>47,276,529</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	35,991	-	35,991
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable (includes capital of \$4,636,149)	119,886	4,636,149	4,756,035
Accrued salaries and benefits	23,908	-	23,908
Customer deposits payable	294,762	-	294,762
Compensated absences liability - current	28,991	-	28,991
Obligations under capital lease - current	80,114	-	80,114
Total current liabilities	<u>547,661</u>	<u>4,636,149</u>	<u>5,183,810</u>
Noncurrent liabilities			
Compensated absences liability	25,028	-	25,028
Other postemployment benefit liability	51,355	-	51,355
Debt payable	-	4,800,227	4,800,227
Obligations under capital lease	724,580	-	724,580
Total noncurrent liabilities	<u>800,963</u>	<u>4,800,227</u>	<u>5,601,190</u>
Total liabilities	<u>1,348,624</u>	<u>9,436,376</u>	<u>10,785,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	121,166	-	121,166
<b>NET POSITION</b>			
Net investment in capital assets	14,424,408	6,881,909	21,306,317
Unrestricted	19,736,186	(4,636,149)	15,100,037
Total net position	<u>\$ 34,160,594</u>	<u>\$ 2,245,760</u>	<u>\$ 36,406,354</u>

**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, 2015**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,809,820	\$ -	\$ 3,809,820
Miscellaneous	204,505	313	204,818
Total operating revenues	<u>4,014,325</u>	<u>313</u>	<u>4,014,638</u>
<b>OPERATING EXPENSES</b>			
Cost of services	1,576,734	-	1,576,734
Depreciation	910,813	-	910,813
Total operating expenses	<u>2,487,547</u>	<u>-</u>	<u>2,487,547</u>
Operating income	<u>1,526,778</u>	<u>313</u>	<u>1,527,091</u>
<b>NONOPERATING REVENUES</b>			
Interest income	42,829	-	42,829
Total nonoperating revenues	<u>42,829</u>	<u>-</u>	<u>42,829</u>
Income before transfers	<u>1,569,607</u>	<u>313</u>	<u>1,569,920</u>
<b>TRANSFERS IN (OUT):</b>			
Between Water and Sewer funds	(23,087)	-	(23,087)
From General Fund	18,000	-	18,000
To General Fund	(123,000)	-	(123,000)
Total transfers in (out)	<u>(128,087)</u>	<u>-</u>	<u>(128,087)</u>
Change in net position	<u>1,441,520</u>	<u>313</u>	<u>1,441,833</u>
Net position, beginning, previously reported	32,786,360	2,245,447	35,031,807
Restatement	(67,286)	-	(67,286)
Net position, beginning, restated	<u>32,719,074</u>	<u>2,245,447</u>	<u>34,964,521</u>
Net position, ending	<u>\$ 34,160,594</u>	<u>\$ 2,245,760</u>	<u>\$ 36,406,354</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, 2015

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
<b>OPERATING REVENUES</b>			
Water and sewer sales	\$ 3,500,000	\$ 3,626,755	\$ 126,755
Tap and permit fees	150,620	183,065	32,445
Miscellaneous	95,500	204,505	109,005
Total operating revenues	3,746,120	4,014,325	268,205
<b>OPERATING EXPENDITURES</b>			
Personnel services:			
Salaries	522,811	511,953	10,858
Employee benefits	171,697	171,563	134
Retirement	35,992	3,539	32,453
Professional services:			
Audit and accounting fees	1,300	968	332
Legal fees	10,000	5,127	4,873
Engineering fees	5,000	2,833	2,167
Contractual services	59,445	53,794	5,651
Operating supplies	26,000	18,093	7,907
Utilities	281,000	259,340	21,660
Maintenance and repairs:			
Systems	176,623	176,622	1
Building and grounds	59,000	45,228	13,772
Vehicle expense	67,266	64,503	2,763
Equipment	9,500	2,789	6,711
Insurance	40,753	40,752	1
Tap outlays	37,044	37,044	-
Telephone and postage	20,500	19,268	1,232
Lockbox	98,000	96,281	1,719
Chemical and lab work	57,379	57,378	1
Capital outlay	1,904,868	107,004	1,797,864
Miscellaneous	13,385	9,659	3,726
Total operating expenditures	3,597,563	1,683,738	1,913,825
Excess of operating revenues over operating expenditures	148,557	2,330,587	2,182,030
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
Interest income	60,000	42,829	(17,171)
Interest paid	(23,442)	(23,087)	355
Principal payments	(80,115)	(80,114)	1
Total nonoperating revenues (expenditures)	(43,557)	(60,372)	(16,815)
Excess of revenues over expenditures	105,000	2,270,215	2,165,215

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, 2015  
(Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out):			
From General Fund	\$ 18,000	\$ 18,000	\$ -
To General Fund	(123,000)	(123,000)	-
Total other financing sources (uses)	<u>(105,000)</u>	<u>(105,000)</u>	-
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>2,165,215</u>	<u>2,165,215</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 2,165,215</u>	<u>\$ 2,165,215</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	\$ 2,165,215
Capital outlay	107,004
Payment on obligation under capital lease payable	80,114
Depreciation	<u>(910,813)</u>
Change in net position, full accrual basis	<u>\$ 1,441,520</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, 2015**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
<b>REVENUES</b>				
Interest revenue	\$ 14,330	\$ 13,866	\$ 313	\$ 14,179
<b>EXPENDITURES</b>				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	27,223,270	914,357	7,281,346	8,195,703
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	889,607	475,111	118,817	593,928
Engineering	4,074,109	2,362,952	515,406	2,878,358
Total expenditures	32,201,134	3,766,568	7,915,569	11,682,137
Excess of revenues under expenditures	(32,186,804)	(3,752,702)	(7,915,256)	(11,667,958)
<b>OTHER FINANCING SOURCES</b>				
Installment loan proceeds	16,178,995	2,854,643	1,945,584	4,800,227
Transfers in:				
From Craven County Water Operating Fund	16,007,809	2,231,581	-	2,231,581
Total other financing sources	32,186,804	5,086,224	1,945,584	7,031,808
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 1,333,522	\$ (5,969,672)	\$ (4,636,150)

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

Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above	\$ (5,969,672)
Capital outlay	7,915,569
Issuance of installment loan	(1,945,584)
Change in net position, full accrual basis	\$ 313

**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, 2015**

	Budget	Actual	Variance, Positive (Negative)
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
Interest income	\$ 23,442	\$ 23,087	\$ (355)
Interest paid	(23,442)	(23,087)	355
Principal payment	(80,115)	(80,114)	1
Total nonoperating revenues (expenditures)	<u>(80,115)</u>	<u>(80,114)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES</b>			
Direct financing lease proceeds	80,115	80,114	1
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above	\$ -		
Payment of bond principal		80,114	
Reduction of investment in direct financing lease receivable		<u>(80,114)</u>	
Net position, full accrual basis		<u>\$ -</u>	

Craven 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.

Crauen County



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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variance, Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Charge for services	\$ 4,974,102	\$ 4,612,696	\$ (361,406)
Miscellaneous	-	34,330	34,330
Total revenues	<u>4,974,102</u>	<u>4,647,026</u>	<u>(327,076)</u>
<b>OPERATING EXPENDITURES</b>			
Claims reimbursement	<u>4,994,102</u>	<u>4,973,192</u>	<u>20,910</u>
Excess of operating revenues under operating expenditures	(20,000)	(326,166)	(306,166)
<b>NONOPERATING REVENUES</b>			
Interest income	<u>20,000</u>	<u>13,379</u>	<u>(6,621)</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (312,787)</u>	<u>\$ (312,787)</u>

Crauen 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, 2015**

	<u>Social Services Trust Fund</u>
<b>ASSETS</b>	
Cash	<u>\$ 117,987</u>
<b>LIABILITIES</b>	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 117,987</u>

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

For the Fiscal Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>Social Services Trust Fund:</b>				
Assets, cash and investments	\$ 108,818	\$ 9,169	\$ -	\$ 117,987
Liabilities, accounts payable and accrued liabilities	\$ 108,818	\$ 9,169	\$ -	\$ 117,987
<b>Deed of Trust Fund:</b>				
Assets, cash and investments	\$ -	\$ 65,441	\$ 65,441	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 65,441	\$ 65,441	\$ -
<b>Municipal Property Tax Fund:</b>				
Assets, cash and investments	\$ -	\$ 19,240,656	\$ 19,240,656	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 19,240,656	\$ 19,240,656	\$ -
<b>Totals - All Agency Funds:</b>				
Assets, cash and investments	\$ 108,818	\$ 19,315,266	\$ 19,306,097	\$ 117,987
Liabilities, accounts payable and accrued liabilities	\$ 108,818	\$ 19,315,266	\$ 19,306,097	\$ 117,987

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, 2015**

**ASSETS**

Cash and cash equivalents	\$	<u>264,247</u>
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**LIABILITIES AND NET POSITION**

Net position:

Unrestricted	\$	<u>264,247</u>
Total net position		<u>264,247</u>

Total liabilities and net position	\$	<u>264,247</u>
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**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, 2015**

	Budget	Actual	Variance, Positive (Negative)
<b>REVENUES</b>			
Occupancy tax	\$ 456,976	\$ 501,647	\$ 44,671
Interest	1,000	434	(566)
Total revenues	<u>457,976</u>	<u>502,081</u>	<u>44,105</u>
<b>EXPENDITURES</b>			
Economic development	<u>487,093</u>	<u>487,049</u>	44
Excess of revenues over (under) expenditures	(29,117)	15,032	44,149
Fund balance appropriated	<u>29,117</u>	<u>10,786</u>	<u>(18,331)</u>
Net change in net position	-	25,818	25,818
<b>NET POSITION</b>			
Beginning	<u>160,000</u>	<u>238,429</u>	<u>78,429</u>
Ending	<u>\$ 160,000</u>	<u>\$ 264,247</u>	<u>\$ 104,247</u>
<b>Reconciliation of modified accrual basis with full accrual basis</b>			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ 25,818</u>	
Change in net position, full accrual basis		<u>\$ 25,818</u>	

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

**COMBINING STATEMENT OF NET POSITION  
 June 30, 2015**

	Airport Authority Operating Fund	Airport Improvement Program No. 37 Project Fund	Airport Reserve Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,019,280	\$ 60,253	\$ 587,742	\$ 2,667,275
Accounts receivable	205,447	-	-	205,447
	<u>2,224,727</u>	<u>60,253</u>	<u>587,742</u>	<u>2,872,722</u>
Net restricted pension asset	19,460	-	-	19,460
Capital assets:				
Land	9,616,306	3,627,307	-	13,243,613
Buildings	9,450,092	-	-	9,450,092
Improvements other than buildings	24,635,507	-	-	24,635,507
Machinery and equipment	1,950,094	-	-	1,950,094
Accumulated depreciation	(16,275,012)	-	-	(16,275,012)
Capital assets, net of accumulated depreciation	<u>29,376,987</u>	<u>3,627,307</u>	<u>-</u>	<u>33,004,294</u>
Total assets	<u>31,621,174</u>	<u>3,687,560</u>	<u>587,742</u>	<u>35,896,476</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>25,400</u>	<u>-</u>	<u>-</u>	<u>25,400</u>
<b>LIABILITIES</b>				
Accounts payable	43,904	-	-	43,904
Accrued salaries and benefits	67,546	-	-	67,546
Other postemployment benefit obligation	37,255	-	-	37,255
Total liabilities	<u>148,705</u>	<u>-</u>	<u>-</u>	<u>148,705</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>42,939</u>	<u>-</u>	<u>-</u>	<u>42,939</u>
<b>NET POSITION</b>				
Net investment in capital assets	29,376,987	3,627,307	-	33,004,294
Unrestricted	2,077,943	60,253	587,742	2,725,938
Total net position	<u>\$ 31,454,930</u>	<u>\$ 3,687,560</u>	<u>\$ 587,742</u>	<u>\$ 35,730,232</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, 2015**

	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 Improvement Program No. 37 Project Fund	Airport Reserve Fund	Totals
<b>OPERATING REVENUES</b>							
Charges for services	\$ 2,315,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,315,664
Total revenues	2,315,664	-	-	-	-	-	2,315,664
<b>OPERATING EXPENSES</b>							
Cost of sales and services	1,612,991	-	-	-	-	-	1,612,991
Depreciation and amortization	1,002,386	-	-	-	-	-	1,002,386
Total operating expenses	2,615,377	-	-	-	-	-	2,615,377
Operating loss	(299,713)	-	-	-	-	-	(299,713)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest income	3,267	-	-	-	-	1,209	4,476
Total nonoperating revenues	3,267	-	-	-	-	1,209	4,476
Income (Loss) before transfers	(296,446)	-	-	-	-	1,209	(295,237)
Transfers in (out) Airport Funds	2,294,616	(155,412)	(1,203,111)	(1,359,077)	422,984	-	-
Capital contributions - federal grants	101,095	-	19,957	401,794	3,264,576	-	3,787,422
Change in net position	2,099,265	(155,412)	(1,183,154)	(957,283)	3,687,560	1,209	3,492,185
Net position, beginning, previously reported	29,376,799	155,412	1,183,154	957,283	-	586,533	32,259,181
Restatement	(21,134)	-	-	-	-	-	(21,134)
Net position, beginning, restated	29,355,665	155,412	1,183,154	957,283	-	586,533	32,238,047
Net position, ending	\$ 31,454,930	\$ -	\$ -	\$ -	\$ 3,687,560	\$ 587,742	\$ 35,730,232

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

**COMBINING SCHEDULE OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2015  
(Page 1 of 2)**

	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 Improvement Program No. 37 Project Fund	Airport Reserve Fund	Totals
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 2,270,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,270,020
Payments to suppliers	(791,477)	-	(7,248)	(60,765)	-	-	(859,490)
Payments to employees	(831,881)	-	-	-	-	-	(831,881)
Net cash provided by (used in) operating activities	646,662	-	(7,248)	(60,765)	-	-	578,649
<b>CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition & construction of capital assets	(219,730)	-	(12,701)	(372,995)	(3,627,307)	-	(4,232,733)
Receipts from capital grants	101,095	-	19,957	401,794	3,264,576	-	3,787,422
Interest paid	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(118,635)	-	7,256	28,799	(362,731)	-	(445,311)
<b>CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	516,487	-	-	-	422,984	-	939,471
Transfers out	(932,468)	(505)	(8)	(6,491)	-	-	(939,472)
Net cash provided by (used in) noncapital financing activities	(415,981)	(505)	(8)	(6,491)	422,984	-	(1)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on cash and investments	3,267	-	-	-	-	1,209	4,476
Net cash provided by investing activities	3,267	-	-	-	-	1,209	4,476
Net increase (decrease) in cash and cash equivalents	115,313	(505)	-	(38,457)	60,253	1,209	137,813
<b>CASH AND CASH EQUIVALENTS</b>							
Beginning	1,903,967	505	-	38,457	-	586,533	2,529,462
Ending	\$ 2,019,280	\$ -	\$ -	\$ -	\$ 60,253	\$ 587,742	\$ 2,667,275

*Continued*

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

**COMBINING SCHEDULE OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2015  
 (Page 2 of 2)**

	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 Improvement Program No. 37 Project Fund	Airport Reserve Fund	Totals
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>							
Operating loss	\$ (299,713)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (299,713)
Adjustments to reconcile operating loss to net cash provided by operating activities:							
Depreciation and amortization	1,002,386	-	-	-	-	-	1,002,386
Pension expense	2,345	-	-	-	-	-	2,345
Change in assets and liabilities:							
Accounts receivable	(45,644)	-	-	-	-	-	(45,644)
Accounts payable and accrued expenses	12,688	-	(7,248)	(60,765)	-	-	(55,325)
(Increase) decrease in deferred outflows of resources for pensions	(25,400)	-	-	-	-	-	(25,400)
Net cash provided by (used in) operating activities	\$ 646,662	\$ -	\$ (7,248)	\$ (60,765)	\$ -	\$ -	\$ 578,649

**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, 2015

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,462,231	\$ 2,315,664	\$ (146,567)
<b>OPERATING EXPENDITURES</b>			
Personnel Services:			
Salaries	738,203	678,739	59,464
Employee benefits	124,233	94,729	29,504
Retirement	39,832	38,124	1,708
Professional Services:			
Audit and accounting fees	2,500	1,122	1,378
Legal fees	47,421	44,604	2,817
Contractual services	125,096	103,480	21,616
Operating supplies	72,201	67,129	5,072
Utilities	235,435	184,991	50,444
Maintenance and repairs:			
Building and grounds	109,433	104,862	4,571
Vehicle expense	30,000	17,840	12,160
Insurance	120,000	109,567	10,433
Telephone and postage	9,086	8,206	880
Capital outlay	223,592	219,730	3,862
Board Member fees	14,400	11,773	2,627
Miscellaneous	41,405	39,030	2,375
Travel/Training	26,425	19,513	6,912
Advertising	82,500	77,729	4,771
Dues and subscriptions	11,985	11,553	432
Total operating expenditures	<u>2,053,747</u>	<u>1,832,721</u>	<u>221,026</u>
Excess of operating revenues over (under) operating expenditures	<u>408,484</u>	<u>482,943</u>	<u>(367,593)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	5,000	3,267	(1,733)
Capital Contributions - intergovernmental grants	109,500	101,095	(8,405)
Total nonoperating revenues	<u>114,500</u>	<u>104,362</u>	<u>(10,138)</u>
Excess of revenues over expenditures	<u>522,984</u>	<u>587,305</u>	<u>64,321</u>

*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, 2015

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out):			
From airport project funds	\$ 409,996	\$ 3,227,084	\$ 2,817,088
To airport project funds	(932,980)	(932,468)	512
Total other financing sources (uses)	<u>(522,984)</u>	<u>2,294,616</u>	<u>2,817,600</u>
Excess revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,881,921</u>	<u>\$ 2,881,921</u>

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

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

\$ 2,881,921

Capital outlay

219,730

Depreciation

(1,002,386)

Change in net position, full accrual basis

\$ 2,099,265

**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, 2015**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 729,917	\$ 729,915	\$ -	\$ 729,915
Total revenues	<u>729,917</u>	<u>729,915</u>	<u>-</u>	<u>729,915</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	2,974	2,974	-	2,974
Capital outlay	28,800	28,799	-	28,799
Other	123,134	123,134	-	123,134
Total expenditures	<u>154,908</u>	<u>154,907</u>	<u>-</u>	<u>154,907</u>
Excess of revenues over expenditures	<u>575,009</u>	<u>575,008</u>	<u>-</u>	<u>575,008</u>
<b>OTHER FINANCING USES</b>				
Transfers in (out):				
From Airport Operating Fund	38,921	38,922	-	38,922
To Airport Operating Fund	(613,930)	(613,425)	(155,412)	(768,837)
Total other financing uses	<u>(575,009)</u>	<u>(574,503)</u>	<u>(155,412)</u>	<u>(729,915)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ (155,412)</u>	<u>\$ (154,907)</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			<u>\$ (155,412)</u>	
Change in net position, full accrual basis			<u>\$ (155,412)</u>	

**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, 2015**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 1,142,952	\$ 1,122,991	\$ 19,957	\$ 1,142,948
Total revenues	<u>1,142,952</u>	<u>1,122,991</u>	<u>19,957</u>	<u>1,142,948</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	11,135	7,059	4,074	11,133
Architect	1,191,972	1,183,343	8,627	1,191,970
Total expenditures	<u>1,203,107</u>	<u>1,190,402</u>	<u>12,701</u>	<u>1,203,103</u>
Excess of revenues over (under) expenditures	<u>(60,155)</u>	<u>(67,411)</u>	<u>7,256</u>	<u>(60,155)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
From Airport Operating Fund	60,163	60,163	-	60,163
To Airport Operating Fund	(8)	-	(1,203,111)	(1,203,111)
Total other financing sources (uses)	<u>60,155</u>	<u>60,163</u>	<u>(1,203,111)</u>	<u>(1,142,948)</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ (7,248)</u>	<u>\$ (1,195,855)</u>	<u>\$ (1,203,103)</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (1,195,855)	
Capital outlay			<u>12,701</u>	
Change in net position, full accrual basis			<u>\$ (1,183,154)</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, 2015**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 1,217,332	\$ 815,533	\$ 401,794	\$ 1,217,327
Total revenues	<u>1,217,332</u>	<u>815,533</u>	<u>401,794</u>	<u>1,217,327</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	7,027	1,819	5,208	7,027
Construction	1,194,782	853,894	340,884	1,194,778
Architect	150,781	123,878	26,903	150,781
Total expenditures	<u>1,352,590</u>	<u>979,591</u>	<u>372,995</u>	<u>1,352,586</u>
Excess of revenues over (under) expenditures	<u>(135,258)</u>	<u>(164,058)</u>	<u>28,799</u>	<u>(135,259)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
From Airport Operating Fund	141,750	141,750	-	141,750
To Airport Operating Fund	(6,492)	-	(1,359,077)	(1,359,077)
Total other financing sources	<u>135,258</u>	<u>141,750</u>	<u>(1,359,077)</u>	<u>(1,217,327)</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ (22,308)</u>	<u>\$ (1,330,278)</u>	<u>\$ (1,352,586)</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (1,330,278)	
Capital outlay			<u>372,995</u>	
Change in net position, full accrual basis			<u>\$ (957,283)</u>	

CRAVEN COUNTY, NORTH CAROLINA  
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)  
 TERMINAL AREA DEVELOPMENT SITE NO. 37 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, 2015

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 3,806,859	\$ -	\$ 3,264,576	\$ 3,264,576
Total revenues	<u>3,806,859</u>	<u>-</u>	<u>3,264,576</u>	<u>3,264,576</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	5,000	-	64	64
Construction	4,224,843	-	3,627,243	3,627,243
Total expenditures	<u>4,229,843</u>	<u>-</u>	<u>3,627,307</u>	<u>3,627,307</u>
Excess of revenues under expenditures	<u>(422,984)</u>	<u>-</u>	<u>(362,731)</u>	<u>(362,731)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
From Airport Operating Fund	422,984	-	422,984	422,984
Total other financing sources	<u>422,984</u>	<u>-</u>	<u>422,984</u>	<u>422,984</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,253</u>	<u>\$ 60,253</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ 60,253	
Capital outlay			<u>3,627,307</u>	
Change in net position, full accrual basis			<u>\$ 3,687,560</u>	

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING  
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS  
 From Inception and for the Fiscal Year Ended June 30, 2015**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Interest	\$ -	\$ 37,619	\$ 1,209	\$ 38,828
Total revenues	-	37,619	1,209	38,828
<b>OTHER FINANCING SOURCES (USES)</b>				
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	\$ -	\$ 586,533	\$ 1,209	\$ 587,742

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

Excess of revenues and other financing sources over expenditures, modified accrual basis, above	\$ 1,209
Change in net position, full accrual basis	\$ 1,209

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

Craven County



**CRAVEN COUNTY  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Governmental funds capital assets:		
Land	\$ 9,847,445	\$ 10,010,344
Buildings	67,243,237	67,243,237
Other Improvements	13,657,871	11,547,252
Equipment & Vehicles	11,575,276	11,489,852
Construction in Progress	25,503	1,321,802
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 102,349,332</u>	<u>\$ 101,612,487</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 13,473,955	\$ 14,077,106
Capital Projects	78,704,443	77,364,447
Prior to June, 1992*	10,170,934	10,170,934
	<hr/>	<hr/>
Total investment in governmental funds capital assets	<u>\$ 102,349,332</u>	<u>\$ 101,612,487</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, 2015

	Land	Buildings	Other Improvement	Equipment & Vehicles	Total
<b>General Government:</b>					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 10,726	\$ 10,726
0201 Administration	-	-	-	-	-
0301 Personnel	-	-	-	-	-
0401 Information Technology	-	-	2,416,553	693,619	3,110,166
0404 GIS	-	-	89,304	39,174	128,478
0501 Finance	-	-	-	15,510	15,510
0560 Non Department	-	-	-	275,938	275,938
0601 Elections	-	-	-	275,346	275,346
0801 Tax Assessor	-	-	-	5,995	5,995
0804 Tax Assessor -Mapping	-	-	-	-	-
0805 Tax Assessor -Appraisal	-	-	-	239,905	239,905
0901 Tax Collections	-	-	-	-	-
0904 Tax Assessor -GIS	-	-	-	-	-
1001 Register of Deeds	-	-	-	38,139	38,139
1201 Public Buildings	4,667,318	9,066,225	373,149	247,660	14,354,352
1212 Housekeeping	-	-	-	36,406	36,406
1301 Court Facilities	126,790	4,604,270	1,403,451	31,067	6,165,578
1401 Maintenance	-	57,000	500	156,704	214,204
1501 Central Maintenance	-	-	-	33,204	33,204
<b>Total General Government</b>	<b>4,794,108</b>	<b>13,727,495</b>	<b>4,282,957</b>	<b>2,099,393</b>	<b>24,903,953</b>
<b>Public Safety:</b>					
2001 Sheriff	-	-	727,327	2,268,519	2,995,846
2008 Jail	1,718,426	30,856,746	25,000	150,446	32,750,618
2315 Communications	-	-	14,000	315,266	329,266
2301 Emergency Services	-	-	-	534,244	534,244
2401 Inspections	-	-	-	72,751	72,751
2501 E 911	-	-	1,438,796	935,428	2,374,224
2601 Animal Control	-	401,288	2,997	61,901	466,186
<b>Total Public Safety</b>	<b>1,718,426</b>	<b>31,258,034</b>	<b>2,208,120</b>	<b>4,338,555</b>	<b>39,523,135</b>
<b>Environmental Protection:</b>					
3101 Environmental Health	-	-	-	280,101	280,101
3201 Solid Waste	15,640	27,853	1,246	412,951	457,690
4101 Soil Conservation	-	-	-	22,308	22,308
4201 Cooperative Extension	-	765,129	85,014	51,816	901,959
<b>Total Environmental Protection</b>	<b>15,640</b>	<b>792,982</b>	<b>86,260</b>	<b>767,176</b>	<b>1,662,058</b>
<b>Economic and Physical Development:</b>					
4001 Planning	-	-	-	54,817	54,817
4401 Economic Development	149,592	-	750,780	26,052	926,424
8201 Convention Center	1,192,410	10,752,459	819,365	428,938	13,193,172
<b>Total Economic and Physical Development</b>	<b>1,342,002</b>	<b>10,752,459</b>	<b>1,570,145</b>	<b>509,807</b>	<b>14,174,413</b>
<b>Health</b>					
5001 Health	-	5,070,283	579,861	1,285,549	6,935,693
<b>Total Health</b>	<b>-</b>	<b>5,070,283</b>	<b>579,861</b>	<b>1,285,549</b>	<b>6,935,693</b>
<b>Social Services:</b>					
7001 CARTS	-	-	-	1,329,587	1,329,587
7201 DSS	-	5,324,840	876,249	920,704	7,121,793
<b>Total Social Services</b>	<b>-</b>	<b>5,324,840</b>	<b>876,249</b>	<b>2,250,291</b>	<b>8,451,380</b>
<b>Recreation:</b>					
8001 Recreation	1,977,269	307,335	4,054,279	324,505	6,663,388
Library- Havelock	-	9,809	-	-	9,809
<b>Total Recreation</b>	<b>1,977,269</b>	<b>317,144</b>	<b>4,054,279</b>	<b>324,505</b>	<b>6,673,197</b>
<b>Total</b>	<b>\$ 9,847,445</b>	<b>\$ 67,243,237</b>	<b>\$ 13,657,871</b>	<b>\$ 11,575,276</b>	<b>\$ 102,323,829</b>
					<b>Construction in Progress</b>
					<b>25,503</b>
					<b>Total Government Funds Capital Assets</b>
					<b>\$ 102,349,332</b>

CRAVEN COUNTY  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY  
 YEAR ENDED JUNE 30, 2015

Function and Activity	Governmental Funds Capital			Governmental
	Assets July 1, 2014	Additions	Deductions	Funds Capital Assets June 30, 2015
<b>General Government:</b>				
0101 Commissioners	\$ 10,727	\$ -	\$ -	\$ 10,727
0201 Administration	-	-	-	-
0301 Personnel	6,797	-	6,797	-
0401 Information Technology	2,951,432	158,739	-	3,110,171
0404 GIS	155,075	7,921	34,518	128,478
0501 Finance	15,510	-	-	15,510
0560 Non Department	129,761	414,429	268,251	275,939
0601 Elections	447,102	275,346	447,102	275,346
0801 Tax Assessor	5,995	-	-	5,995
0805 Tax Assessor -Appraisal	210,305	29,600	-	239,905
0901 Tax Collections	-	-	-	-
1001 Register of Deeds	38,139	-	-	38,139
1201 Public Buildings	14,334,742	252,878	233,267	14,354,353
1212 Housekeeping	36,406	-	-	36,406
1301 Court Facilities	5,991,957	173,620	-	6,165,577
1401 Maintenance	214,204	-	-	214,204
1501 Central Maintenance	54,657	-	21,454	33,203
Total General Government	24,602,809	1,312,533	1,011,389	24,903,953
<b>Public Safety:</b>				
2001 Sheriff	2,911,035	390,663	305,853	2,995,845
2008 Jail	32,714,552	36,065	-	32,750,617
2315 Communications	329,266	-	-	329,266
2301 Emergency Services	534,244	-	-	534,244
2401 Inspections	72,751	-	-	72,751
2501 E 911	943,644	1,339,998	-	2,283,642
2601 Animal Control	515,902	40,868	-	556,770
Total Public Safety	38,021,394	1,807,594	305,853	39,523,135
<b>Environmental Protection:</b>				
3101 Environmental Health	314,057	7,995	41,951	280,101
3201 Solid Waste	443,317	14,373	-	457,690
4101 Soil Conservation	22,308	-	-	22,308
4201 Cooperative Extension	901,959	-	-	901,959
Total Environmental Protection	1,681,641	22,368	41,951	1,662,058
<b>Economic and Physical Development:</b>				
4001 Planning	47,587	27,290	20,059	54,818
4401 Economic Development	939,027	-	12,603	926,424
8201 Convention Center	13,149,245	43,926	-	13,193,171
Total Economic and Physical Development	14,135,859	71,216	32,662	14,174,413
<b>Health</b>				
5001 Health	6,962,182	277,369	303,858	6,935,693
Total Health	6,962,182	277,369	303,858	6,935,693
<b>Social Services:</b>				
7001 CARTS	1,414,990	67,557	152,960	1,329,587
7201 DSS	6,976,390	202,878	57,475	7,121,793
Total Social Services	8,391,380	270,435	210,435	8,451,380
<b>Recreation:</b>				
8001 Recreation	6,485,611	189,373	11,596	6,663,388
Library- Havelock	9,809	-	-	9,809
Total Recreation	6,495,420	189,373	11,596	6,673,197
<b>Construction in Progress</b>				
	1,321,802	43,697	1,339,996	25,503
Total governmental funds capital assets	\$ 101,612,487	\$ 3,994,585	\$ 3,257,740	\$ 102,349,332

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.



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 40,687,026
Restricted	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	9,704,162
Unrestricted (deficit)	<u>(12,381,079)</u>	<u>(16,368,150)</u>	<u>(17,948,088)</u>	<u>(17,350,746)</u>	<u>(13,245,067)</u>	<u>(14,757,288)</u>	<u>(13,148,958)</u>	<u>(11,378,791)</u>	<u>(8,377,381)</u>	<u>(4,408,502)</u>
Total governmental activities net position	<u>\$ 16,734,078</u>	<u>\$ 17,691,742</u>	<u>\$ 18,251,702</u>	<u>\$ 20,674,091</u>	<u>\$ 25,038,663</u>	<u>\$ 31,217,952</u>	<u>\$ 32,967,353</u>	<u>\$ 36,457,663</u>	<u>\$ 41,894,137</u>	<u>\$ 45,982,686</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 21,306,317
Unrestricted	<u>6,890,711</u>	<u>7,822,174</u>	<u>7,651,538</u>	<u>9,909,504</u>	<u>11,522,108</u>	<u>13,198,583</u>	<u>14,546,045</u>	<u>14,736,630</u>	<u>18,968,230</u>	<u>15,100,037</u>
Total business-type activities net position	<u>\$ 24,179,878</u>	<u>\$ 25,658,454</u>	<u>\$ 27,194,399</u>	<u>\$ 28,240,159</u>	<u>\$ 29,802,607</u>	<u>\$ 30,995,716</u>	<u>\$ 32,297,280</u>	<u>\$ 33,680,776</u>	<u>\$ 35,031,807</u>	<u>\$ 36,406,354</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 61,993,343
Restricted	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	9,704,162
Unrestricted (deficit)	<u>(5,490,368)</u>	<u>(8,545,976)</u>	<u>(10,296,550)</u>	<u>(7,441,242)</u>	<u>(1,722,959)</u>	<u>(1,558,705)</u>	<u>1,397,087</u>	<u>3,357,839</u>	<u>10,590,849</u>	<u>10,691,535</u>
Total primary government net position	<u>\$ 40,913,956</u>	<u>\$ 43,350,196</u>	<u>\$ 45,446,101</u>	<u>\$ 48,914,250</u>	<u>\$ 54,841,270</u>	<u>\$ 62,213,668</u>	<u>\$ 65,264,633</u>	<u>\$ 70,138,439</u>	<u>\$ 76,925,944</u>	<u>\$ 82,389,040</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 (as reclassified)	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 9,219,322
Public safety	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	18,505,550
Social services	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	21,913,659
Economic and physical development	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	4,035,005
Environmental protection	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	5,121,002
Health	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	7,784,851
Cultural and recreation	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	2,289,270
Education	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	24,559,787
Interest on long term debt	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	2,360,526
Total governmental activities	82,751,640	94,866,009	100,194,198	94,508,713	90,182,147	93,961,218	96,649,668	95,459,075	95,568,546	95,788,972
Business-type activities:										
Water	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	2,510,634
Total primary government expenses	\$ 85,203,871	\$ 97,216,430	\$ 102,572,466	\$ 97,323,424	\$ 92,441,438	\$ 96,494,802	\$ 99,154,449	\$ 97,888,051	\$ 98,127,975	\$ 98,299,606
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 2,406,806	\$ 2,116,173	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684	\$ 1,633,809	\$ 2,056,024	\$ 2,194,205	\$ 3,493,235
Public safety	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	2,947,087
Social services	626,859	600,994	708,758	905,238	895,360	705,484	746,897	920,099	597,505	572,655
Economic and physical development	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	925,772
Environmental protection	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	2,428,100
Health	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	3,866,147
Cultural and recreation	38,948	50,690	43,309	58,393	70,223	72,418	75,810	80,782	89,512	69,062
Operating grants and contributions:										
General government	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	2,306,404
Public safety	651,655	612,213	634,277	551,977	858,361	928,821	845,729	824,904	645,226	430,833
Social services	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	16,040,514
Economic and physical development	50,750	219,000	499,293	24,755	44,816	0	32,998	34,034	0	1,453,613
Environmental protection	168,890	138,582	183,564	169,132	196,072	130,108	143,389	143,267	253,420	196,894
Health	1,473,080	1,407,586	1,495,242	1,627,356	2,069,631	1,821,323	1,701,749	1,704,070	1,645,752	1,556,948
Cultural and recreation	9,250	35,300	75,233	45,000	18,000	61,500	49,500	37,500	51,500	61,000
Capital grants and contributions:										
General government	417,447	0	0	104,129	43,609	0	0	0	0	0
Public safety	34,526	0	0	0	99,999	10,696	4,472	0	0	0
Social services	228,739	112,514	185,910	193,612	103,938	109,337	117,377	134,820	255,086	181,004
Economic and physical development	0	0	0	106,721	184,344	950,510	580,782	452,809	204,085	0
Cultural and recreation	65,625	106,185	343,815	50,000	56,875	395,394	0	47,731	0	0
Education	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	926,810
Total governmental activities program revenues	30,301,465	29,732,743	32,789,345	32,498,355	33,578,832	37,088,660	35,888,530	36,140,010	35,472,964	37,456,078

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charge for services - Water	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	3,809,820
Total business-type activities program revenues	<u>3,296,858</u>	<u>3,350,661</u>	<u>3,387,837</u>	<u>3,609,669</u>	<u>3,688,563</u>	<u>3,652,217</u>	<u>3,709,076</u>	<u>3,733,491</u>	<u>3,828,806</u>	<u>3,809,820</u>
Total primary government program revenues	\$ <u>33,598,323</u>	\$ <u>33,083,404</u>	\$ <u>36,177,182</u>	\$ <u>36,108,024</u>	\$ <u>37,267,395</u>	\$ <u>40,740,877</u>	\$ <u>39,597,606</u>	\$ <u>39,873,501</u>	\$ <u>39,301,770</u>	\$ <u>41,265,898</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (58,332,894)
Business-type activities	<u>844,627</u>	<u>1,000,240</u>	<u>1,009,569</u>	<u>794,958</u>	<u>1,423,540</u>	<u>1,118,833</u>	<u>1,204,295</u>	<u>1,304,515</u>	<u>1,269,377</u>	<u>1,299,186</u>
Total primary government net (expense)/revenue	\$ <u>(51,605,548)</u>	\$ <u>(64,133,026)</u>	\$ <u>(66,395,284)</u>	\$ <u>(61,215,400)</u>	\$ <u>(55,179,775)</u>	\$ <u>(55,938,289)</u>	\$ <u>(59,556,843)</u>	\$ <u>(58,014,550)</u>	\$ <u>(58,826,205)</u>	\$ <u>(57,033,708)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 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	\$ 48,065,864
Local option sales tax	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	14,532,240
Other taxes and licenses	716,807	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214
Investment earnings	1,250,704	2,452,049	3,500,775	1,375,589	544,629	282,690	231,554	228,358	156,285	163,783
Miscellaneous	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	658,262
Transfers	45,799	45,799	70,150	96,800	96,200	106,200	105,000	102,620	83,240	105,000
Special item	0	0	0	0	0	0	0	0	1,516,317	850,000
Total governmental activities:	<u>59,203,148</u>	<u>66,090,930</u>	<u>67,964,813</u>	<u>64,432,747</u>	<u>60,967,887</u>	<u>63,236,191</u>	<u>62,510,539</u>	<u>63,776,328</u>	<u>65,532,056</u>	<u>65,309,363</u>
Business-type activities:										
Investment earnings	246,435	370,366	429,842	239,026	127,572	72,310	67,396	70,659	57,122	42,829
Miscellaneous	123,506	153,769	166,684	108,576	101,804	114,098	134,873	110,942	107,772	204,818
Transfers	<u>(45,799)</u>	<u>(45,799)</u>	<u>(70,150)</u>	<u>(96,800)</u>	<u>(96,200)</u>	<u>(106,200)</u>	<u>(105,000)</u>	<u>(102,620)</u>	<u>(83,240)</u>	<u>(105,000)</u>
Total business-type activities	<u>324,142</u>	<u>478,336</u>	<u>526,376</u>	<u>250,802</u>	<u>133,176</u>	<u>80,208</u>	<u>97,259</u>	<u>78,981</u>	<u>81,654</u>	<u>142,647</u>
Total primary government	\$ <u>59,527,290</u>	\$ <u>66,569,266</u>	\$ <u>68,491,189</u>	\$ <u>64,683,549</u>	\$ <u>61,101,063</u>	\$ <u>63,316,399</u>	\$ <u>62,607,808</u>	\$ <u>63,855,309</u>	\$ <u>65,613,710</u>	\$ <u>65,452,010</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 6,976,469
Business-type activities	<u>1,168,769</u>	<u>1,478,576</u>	<u>1,535,945</u>	<u>1,045,760</u>	<u>1,556,716</u>	<u>1,198,841</u>	<u>1,301,564</u>	<u>1,383,496</u>	<u>1,351,031</u>	<u>1,441,833</u>
Total primary government	\$ <u>7,921,742</u>	\$ <u>2,436,240</u>	\$ <u>2,095,905</u>	\$ <u>3,468,149</u>	\$ <u>5,921,288</u>	\$ <u>7,378,130</u>	\$ <u>3,050,965</u>	\$ <u>5,840,759</u>	\$ <u>6,787,505</u>	\$ <u>8,418,302</u>

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

General Fund	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Restricted:										
Stabilization by state statute	\$ 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	\$ 6,619,013
Public Safety	683,951	501,980	915	80,589	82,387	86,034	84,542	117,324	104,005	89,738
Register of Deeds	0	8,840	46,557	21,750	55,348	58,208	37,222	30,700	3,030	
Assigned										
Subsequent year's expenditures	1,112,286	278,250	1,057,114	979,722	1,562,592	0	416,953	0	186,332	131,509
Unassigned	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	25,565,252
Total General Fund	\$ 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	\$ 32,405,512
<b>All Other Governmental Funds</b>										
Restricted:										
Stabilization by state statute	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699	\$ 288,406	\$ 326,340	\$ 194,002	\$ 161,598	\$ 183,592
Public Schools	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	647,407
Public Safety	417,160	456,779	469,202	742,288	954,430	1,237,435	1,670,825	2,045,351	595,537	567,449
Economic and Physical Development	0	0	0	0	0	0	0	46,975	1,475,800	1,596,963
Committed										
Capital projects	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	8,981,920
Unassigned	0	0	0	0	0	(141,851)	(196,990)	(19,890)	(268,169)	(145,052)
Total all other governmental funds	\$ 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	\$ 11,832,279

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									
Revenues	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes:										
Property	\$ 37,876,551	\$ 40,031,721	\$ 42,261,507	\$ 43,716,305	\$ 43,829,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725	\$ 48,823,450	\$ 48,452,331
Sales	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	14,532,240
Other	716,807	730,206	798,930	768,861	790,980	857,817	1,003,991	827,554	862,997	934,214
Total taxes	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	63,918,785
Intergovernmental	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	23,154,019
Charges for Services	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	14,617,799
Interest	1,190,972	2,370,690	3,403,401	1,321,851	506,334	262,321	212,830	209,474	142,116	150,404
Miscellaneous	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	1,428,429
Total Revenues	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	103,289,438
Expenditures										
General Government	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	9,948,357
Public Safety	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	17,185,318
Environmental Protection	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	5,140,583
Economic Development	2,194,383	2,241,260	3,043,309	2,720,535	2,603,966	3,596,818	3,134,830	3,059,513	2,784,612	3,612,837
Health	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	7,644,382
Social Services	22,624,569	23,790,287	24,829,156	23,149,487	21,983,411	23,293,001	23,000,499	22,457,994	22,150,591	22,355,542
Culture and Recreation	2,136,565	2,261,117	2,878,542	3,583,707	2,258,013	2,644,812	2,150,943	2,197,876	2,314,351	2,341,104
Education	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	24,559,787
Capital Outlay	0	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	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	6,831,446
Interest	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	1,976,022
Bond issuance costs			490,800							
Total Expenditures	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	101,595,378
Excess of revenues over (under) expenditures	\$ 2,743,201	(4,803,572)	(18,503,172)	(21,822,253)	(4,873,343)	600,000	(799,984)	(65,720)	(324,328)	1,674,058
Other Financing Sources (Uses)										
Transfers in	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	7,619,608
Transfers out	(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)	(7,514,608)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	0	0	0	0	21,800,000	0	0	33,950,000	0	0
Refunding bond premium	0	0	0	0	1,037,279	0	0	0	0	0
Payment to refunding escrow agent	0	0	0	0	(22,346,479)	0	0	(33,890,117)	0	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	0	18,900,000	39,013,563	0	0	2,163,000	0	0	0	0
Special item	0	0	0	0	0	0	0	0	1,516,317	850,000
Total other financing sources (uses)	45,799	18,945,799	39,110,362	96,800	587,000	2,269,200	162,404	162,503	1,599,557	955,000
Net change in fund balances	\$ 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	\$ 2,629,058
Debt service as a percentage of noncapital expenditures	7.37%	7.06%	9.75%	11.02%	11.16%	10.62%	9.87%	9.57%	9.28%	8.84%

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)					
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
2015	5,902,879,610	2,162,096,295	46,574,740	139,682,484	1,522,563,337	130,349,522	9,904,145,988	0.4675	8,753,885,441

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 2015 figure is based on property sales which took place in calendar 2014 and the sales to assessment ration was 113.14%.)
- (5) Property in Craven County will be reassessed January 1, 2016 and thereafter will be every four 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>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>	<u>2015</u>
Craven County Direct Rate	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675	\$ 0.4675
<b><u>Municipality Rates:</u></b>										
Bridgeton	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Cove City	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Dover	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	0.4500	0.4900	0.4900	0.5300	0.5300	0.4650	0.4650	0.4650	0.4650	0.4850
New Bern	0.4700	0.4700	0.5050	0.5050	0.5050	0.4100	0.4100	0.4100	0.4100	0.4100
River Bend	0.2200	0.2200	0.2500	0.2800	0.2800	0.2650	0.2650	0.2650	0.2650	0.2650
Trent Woods	0.2700	0.2700	0.2700	0.2700	0.2700	0.1900	0.1700	0.1700	0.1700	0.1700
Vanceboro	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600	0.4600	0.4600	0.4600
<b><u>Fire Districts Rates:</u></b>										
West New Bern II (Rhems)	0.0375	0.0375	0.0425	0.0425	0.0475	0.0314	0.0414	0.0414	0.0389	0.0389
Township #1	0.0238	0.0238	0.0238	0.0263	0.0263	0.0250	0.0250	0.0250	0.0250	0.0250
Tri Community	0.0350	0.0350	0.0350	0.0350	0.0350	0.0277	0.0277	0.0277	0.0277	0.0377
Little Swift Creek	0.0590	0.0590	0.0590	0.0590	0.0590	0.0499	0.0549	0.0549	0.0549	0.0549
Township #3	0.0681	0.0681	0.0681	0.0781	0.0781	0.0624	0.0624	0.0624	0.0624	0.0624
Township #5	0.0570	0.0570	0.0620	0.0620	0.0620	0.0453	0.0453	0.0453	0.0453	0.0453
Township #6	0.0675	0.0675	0.0675	0.0600	0.0600	0.0516	0.0516	0.0516	0.0480	0.0480
Township #7	0.0270	0.0270	0.0270	0.0240	0.0240	0.0177	0.0177	0.0177	0.0177	0.0177
West New Bern	0.0362	0.0362	0.0362	0.0422	0.0422	0.0324	0.0324	0.0324	0.0324	0.0324
Township #9	0.0713	0.0713	0.0713	0.0713	0.0713	0.0582	0.0582	0.0582	0.0582	0.0682
Sandy Point	0.0567	0.0567	0.0567	0.0567	0.0567	0.0352	0.0352	0.0352	0.0352	0.0377

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 2015			Fiscal Year 2006		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 201,482,386	1	2.03%	\$ 192,858,331	1	3.20%
BSH Home Appliances Corp	Home appliance manufacturer	91,988,631	2	0.93%	95,202,993	2	1.58%
Weyerhaeuser Company	Real estate investment trust	63,627,860	3	0.64%	included above		
Duke Energy Progress Inc.	Electric utility	49,618,047	4	0.50%	37,778,831	4	0.63%
Atlantic Marine Corps Communities, LLC	Real estate development	32,823,775	5	0.33%			
Carolina Telephone & Telegraph Co.	Communications utility	30,803,102	6	0.31%	47,903,394	3	0.80%
Craven Wood Energy LTD	Electricity manufacturer	26,030,745	7	0.26%	15,610,128	6	0.26%
New Bern Riverfront Development LLC	Real estate development	24,890,230	8	0.25%			
WalMart Real Estate Business Trust	Real estate development	24,871,830	9	0.25%			
Wyndham Vacation Resorts Inc	Real estate development	17,038,710	10	0.17%			
DDR Xenia & New Bern LLC	Real estate development				13,536,930	7	0.22%
Hatteras Yachts	Yacht builder				27,454,508	5	0.46%
Amital Spinning Corp	Yarn manufacturer				13,205,703	9	0.22%
Fairfield Communities	Real estate development				13,390,190	8	0.22%
Twin Rivers Mall	Real estate development				12,368,230	10	0.21%
Totals		\$ 563,175,316		5.69%	\$ 469,309,238		7.79%

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
2006	\$ 36,919,653	\$ (321,980)	\$ 36,597,673	\$ 35,915,565	98.14%	\$ 602,416	\$ 36,517,981	99.78%
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	608,610	38,639,907	99.76%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	620,613	40,788,314	99.75%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	702,059	42,296,939	99.75%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	751,310	42,496,935	99.75%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	839,734	45,649,008	99.75%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	790,395	45,338,097	99.65%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	706,386	45,639,243	99.57%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	323,617	46,590,172	99.49%
2015	46,074,580	354,529	46,429,109	46,059,154	99.20%	-	46,059,154	99.20%

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			
2006	\$ 40,575,535	\$ 10,851,937	\$ 0	\$ 1,282,500	\$ 1,711,408	\$ 54,421,380	559	1.76%
2007	37,943,982	28,527,792	0	839,500	1,598,771	68,910,045	705	2.13%
2008	35,347,429	63,981,568	0	377,000	1,486,135	101,192,132	1,016	2.90%
2009	32,785,876	60,015,627	0	245,000	1,373,498	94,420,001	922	2.58%
2010	32,706,707	56,070,408	0	195,000	1,260,861	90,232,976	866	2.40%
2011	29,915,363	54,142,701	0	145,000	1,148,224	85,351,288	815	2.24%
2012	27,144,019	50,442,473	62,415	95,000	1,041,486	78,785,393	749	2.01%
2013	24,402,675	50,902,921	41,651	45,000	2,820,859	78,213,106	749	1.91%
2014	21,711,331	46,597,703	20,145	25,000	3,735,899	72,090,078	690	1.76%
2015	19,059,987	42,252,485	0	5,000	5,601,369	66,918,841	637	*

\*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 20143 personal income not available to calculate fiscal year 2015.

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			
2006	\$ 41,858,035	\$ 1,785,303	\$ 40,072,732	1.30%	0.55%	\$ 412
2007	38,783,482	3,901,084	34,882,398	1.08%	0.38%	357
2008	35,724,429	4,420,993	31,303,436	0.90%	0.31%	314
2009	33,030,876	3,298,769	29,732,107	0.81%	0.29%	290
2010	32,901,707	2,773,461	30,128,246	0.80%	0.29%	289
2011	30,060,363	1,790,762	28,269,601	0.74%	0.29%	270
2012	27,239,019	802,960	26,436,059	0.68%	0.28%	251
2013	24,447,675	858,942	23,588,733	0.58%	0.26%	226
2014	21,736,331	1,104,604	20,631,727	0.50%	0.23%	197
2015	19,064,987	647,407	18,417,580	*	0.21%	175

\*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 2014 personal income not available to calculate fiscal year 2015.

(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)

	<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>	<u>2015</u>
Assessed Value of Property	\$ 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	\$ 9,904,146
Debt Limit, 8% of Assessed Value (Statutory Limitation)	481,728	507,272	535,478	554,973	558,221	766,570	769,023	779,044	800,455	792,332
Amount of Debt Applicable to Limit										
Gross debt	54,421	68,896	101,192	94,420	90,233	85,351	78,785	78,213	72,090	66,919
Less: Amount available for repayment of g. o. bonds	1,785	3,901	4,421	3,318	2,773	1,791	803	859	1,105	647
Debt outstanding for water and sewer purposes	2,994	2,438	1,863	1,618	1,456	1,293	1,136	2,866	3,761	5,606
Revenue bonds	<u>0</u>									
Total net debt applicable to limit	49,642	62,557	94,908	89,484	86,004	82,267	76,846	74,488	67,225	60,665
Legal Debt Margin	<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>	<u>\$ 731,667</u>
Total net debt applicable to the limit as a % of debt limit	10.31%	12.33%	17.72%	16.12%	15.41%	10.73%	9.99%	9.56%	8.40%	7.66%

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

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

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2006	97,345	\$ 3,090,213	\$ 32,622	14,609	4.70%	12,633
2007	97,709	3,234,873	33,375	14,632	4.40%	13,000
2008	99,626	3,490,666	35,683	14,538	4.30%	9,682
2009	102,381	3,665,246	36,865	14,597	6.00%	7,123
2010	104,162	3,761,100	36,901	14,513	10.50%	7,262
2011	104,696	3,816,083	36,732	14,817	11.00%	9,537
2012	105,240	3,910,918	37,420	14,749	11.00%	9,498
2013	104,446	4,094,203	39,078	14,606	9.70%	8,530
2014	104,513	4,100,424	39,243	14,472	9.00%	7,811
2015	105,040	*	*	14,297	6.80%	7,538

\* 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**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Department of Defense (1)	5,018	1	13.20%	5,515	1	13.50%
CarolinaEast Health Systems	2,239	2	5.89%	1,992	2	4.88%
Craven County Schools	1,951	3	5.13%	1,819	3	4.45%
BSH Home Appliances	1,150	4	3.02%	1,105	5	2.70%
Moen Incorporated	900	5	2.37%	1,010	6	2.47%
State of North Carolina	886	6	2.33%	951	7	2.33%
Wal-Mart	790	7	2.08%	525	9	1.29%
Craven County	588	8	1.55%	596	8	1.46%
City of New Bern	479	9	1.26%			
Craven Community College	451	10	1.19%	518	10	1.27%
Hatteras Yachts				1,215	4	2.97%
	<u>14,452</u>		<u>38.01%</u>	<u>15,246</u>		<u>37.32%</u>

178

Source: N.C. Employment Security Commission

Notes: (1) Excludes 8,734 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>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>	<u>2015</u>
General government	87	83	82	81	79	75	72	77	80	78
Public safety	129	134	134	141	148	148	151	142	158	154
Social services	207	204	206	213	213	213	208	191	197	188
Economic and physical development	23	19	21	20	21	23	18	22	21	20
Environmental protection	33	36	33	33	30	32	30	29	30	31
Health	97	111	115	116	117	106	104	102	97	90
Cultural and recreation	7	8	9	16	16	16	12	11	11	14
Water/Sewer (Business activity)	13	13	14	14	11	13	12	13	13	13
<b>Total</b>	<u>596</u>	<u>608</u>	<u>614</u>	<u>634</u>	<u>635</u>	<u>626</u>	<u>607</u>	<u>587</u>	<u>607</u>	<u>588</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Public Safety</u></b>										
Fire/Rescue calls to County E911 (A)	7,517	8,083	8,882	8,002	8,399	9,629	9,216	9,294	8,587	9,457
Average daily population in jail (B)	175	185	200	198	186	236	302	259	277	261
<b><u>Health Services (C)</u></b>										
Food and lodging inspections	1,647	1,150	1,615	1,388	1,013	1,280	1,364	1,354	1,322	1,312
Visits to health department	27,579	26,199	25,400	27,901	28,422	26,372	27,085	27,268	28,774	30,576
<b><u>Transportation Services (D)</u></b>										
Number of miles driven	808,771	761,466	782,257	796,036	783,197	810,130	857,716	794,110	772,009	708,841
Number of trips provided	101,235	100,754	93,984	98,738	101,664	106,118	108,026	105,965	91,554	86,927
<b><u>Tax/Real Estate Services (E)</u></b>										
Deed transfers processed	6,405	6,134	4,677	3,944	2,795	2,770	2,728	3,449	3,953	3,970
Number of real estate parcels	52,163	54,469	55,035	55,739	56,112	56,358	56,505	56,774	56,898	57,097
Number of tax bills generated (4)	147,675	150,126	153,477	152,424	151,915	148,943	149,366	150,381	114,148	65,112
<b><u>Economic and Physical Development</u></b>										
County tourism revenues (1)(2) (F)	87	94	102	105	99	108	116	119	121	127
Economic impact of convention center (2) (G)	9	9	13	10	9	10	9	9	9	9
Number of registered voters (H)	60,653	61,668	64,110	65,274	66,624	67,073	68,318	68,770	69,455	66,478
Number of enplanements at airport (I) (3)	90,221	110,882	120,293	120,224	134,863	132,035	134,631	129,529	128,157	54,750
<b><u>Water Services</u></b>										
Number of service connections (J)	12,001	12,300	12,697	12,857	13,091	13,027	13,199	13,378	13,459	13,495

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.
- (4) Fiscal 2015 decrease due to DMV billing for motor vehicles property tax at time of registration renewal

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

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Public Safety (A)</u></b>										
Correction facility rated capacities	161	161	161	161	292	292	292	292	292	292
<b><u>Parks and Land Use (B)</u></b>										
Number of county parks	2	2	3	3	4	4	4	4	4	4
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
<b><u>Water Service (C)</u></b>										
Miles of water main	645	650	653	660	667	668	668	668	668	668
Number of elevated water tanks (1)	9	9	9	9	9	9	9	9	9	9
Number of system wells	5	5	10	10	10	10	10	10	10	10
<b><u>Transportation Services (D)</u></b>										
Number of CARTS vehicles	32	32	32	32	32	32	32	32	32	32
<b><u>Economic and Physical Development</u></b>										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of remaining acres in Industrial Park (E)	220	220	220	220	220	219	219	213	213	183
<b><u>Airport (F)</u></b>										
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



**COMPLIANCE SECTION**

Crauen County





RSM US LLP

**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, 2015, 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 1, 2015. Our report includes a reference to other auditors who 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 on 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. 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 a 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2015-001 that we consider to be a material weakness.

## **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*.

## **County's Response to Finding**

Craven County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Craven County's response was not subject to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

## **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.



New Bern, North Carolina  
December 1, 2015

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RSM US LLP

**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 and the Passenger Facility Charge 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, 2015. 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, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-005. Our opinion on each major federal program and is not modified with respect to these matters.

Craven County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Craven County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 each 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as findings 2015-002 through 2015-005 that we consider to be significant deficiencies.

Craven County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Craven County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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*

New Bern, North Carolina  
December 1, 2015

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Crauen County



**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, 2015. 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 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, 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, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as findings 2015-006 - 009. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 each 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as findings 2015-006 through 2015-009 that we consider to be significant deficiencies.

Craven County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Craven County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*McGladrey LLP*

New Bern, North Carolina  
December 1, 2015

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**CRAVEN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2015**

**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?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>    X    </u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency(ies) identified?	<u>    X    </u> Yes	<u>          </u> None Reported

(Continued)

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2015**

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?

X

Yes

No

\_\_\_\_\_

\_\_\_\_\_

Identification of major federal programs:

Program Name

CFDA

Medical Assistance Program

93.778

Dollar threshold used to distinguish

between Type A and Type B Programs

\$ 2,993,375

\_\_\_\_\_

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, 2015**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes  No
- Significant deficiency(ies) identified? 

X	Yes		None reported
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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
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Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
Child Welfare Services – Adoption Subsidy	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)

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2015**

**Section II. Financial Statement Findings**

**Material Weakness – Financial Reporting**

**Finding: 2015-001**

**Criteria:** 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 when liabilities are incurred, regardless of when the related cash flows take place.

**Condition and Context:** The County did not properly accrue an invoice related to services performed prior to June 30, 2015 that was received in July 2015. Error resulted in the material understatement in an amount of \$2,150,447 related to accounts payable (a liability on the full accrual basis of accounting) and construction in progress (an asset on the full accrual basis of accounting) in the Water Operating Fund at June 30, 2015. Although there was no impact in "net position" in the fund financial statements, both assets and liabilities were understated by an amount material to the fund financial statements.

**Effect:** Accounts payable and construction in progress were materially understated.

**Cause:** The County received the invoice and approved it for payment, but due to an oversight it was not accrued in fiscal 2015.

**Recommendation:** We recommend the County review established year end closing procedures, make any necessary revisions, and take any action required to ensure that they are adhered to for all transactions.

**Views of responsible officials and planned correction action:** The County agrees with the recommendation and will comply. Year end closing procedures will be reviewed and revised if necessary. The importance of recording transactions in the proper fiscal period will be stressed to the finance department staff.

**Section III. Federal Award Findings and Questioned Costs**

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2015-002**

**Criteria:** Per the NC DHHS, Division of Medical Assistance requirements, it is the County Department of Social Services' (DSS) responsibility to complete the recertification process and ensure that proper benefit certification periods are determined for each individual case file.

**Condition and Context:** Of the sixty case files sampled, we noted three instances in which incorrect certification periods were utilized.

**Effect:** Potential exists that individuals did not receive benefits they were eligible for.

**Cause:** Administrative oversight.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2015**

**Questioned Costs:** None noted.

**Recommendation:** We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend random audits of case files by supervisors to ensure program requirements have been met.

**Views of responsible officials and planned corrective action:** Supervisors are utilizing reports generated out of NC Fast to review workers progress during the month to try to prevent any cases going overdue or having to extend certification periods. Supervisors hold monthly meetings with staff to review policy. Random second party reviews will be conducted by supervisors and or lead worker for internal quality control.

**Significant Deficiency and Noncompliance - Eligibility  
Finding: 2015-003**

**Criteria:** Per the NC DHHS, Division of Medical Assistance eligibility requirements, the County DSS is responsible for completing the application process and ensuring proper documentation is maintained in individual case files to verify eligibility.

**Condition and Context:** Of the sixty case files sampled, we noted six instances in which there was either an error in the budget calculation of countable income or maintenance limit amount, an error in the amount keyed into the EIS system or there was no budget calculation present in the case file. Additionally, we noted one instance where the online verification form was not present and one instance where the total liquid assets amount keyed into NCFast system was incorrect.

**Effect:** Potential exists for an individual to incorrectly be deemed eligible or ineligible for program benefits.

**Cause:** Administrative oversight.

**Questioned costs:** None noted.

**Recommendation:** We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend random audits of case files by supervisors to ensure program requirements have been met.

**Views of responsible officials and planned corrective action:** All cases are keyed into the NC Fast system as EIS is now obsolete. All verifications are required to be scanned into NC Fast as we no longer utilize paper records. Supervisors hold monthly meetings with staff to review policy. Random second party reviews will be conducted by supervisors and or lead worker for internal quality control.

**Significant Deficiency and Noncompliance - Eligibility  
Finding: 2015-004**

**Criteria:** Per the NC DHHS, Division of Medical Assistance requirements, the County DSS is responsible for completing recertification for case files in order to ensure a participant is still eligible. Participants who receive social security benefits based on income qualifications are automatically eligible to receive Medicaid benefits. If a participant is deemed to no longer be eligible for these benefits, the County is responsible for terminating the case.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2015**

**Condition and Context:** Of the twenty-five social security cases tested, we noted one instance where participant benefits were not terminated timely once social security income payments were ceased. Additionally, we noted one out of twenty-five cases tested where the NCFAST system was still showing a participant as active however, benefits had been terminated.

**Effect:** Potential for ineligible applicant to receive benefits.

**Cause:** Administrative oversight.

**Questioned costs:** No reportable questioned costs noted

**Recommendation:** We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend random audits of case files by supervisors to ensure program requirements have been met.

**Views of responsible officials and planned corrective action:** The SSI caseload has been divided among all Adult Medicaid workers and will be managed in this manner. A log and written instructions are now in place for accountability. Supervisors hold monthly meetings with staff to review policy. Random second party reviews will be conducted by supervisors and or lead worker for internal quality control.

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2015-005**

**Criteria:** Per the NC DHHS, Division of Medical Assistance requirements, the County DSS is responsible for completing recertification for case files in order to ensure a participant is still eligible. If a participant is deemed to no longer be eligible, the County is responsible for terminating the case.

**Condition and Context:** Of the sixty files sampled, we noted two instances where the incorrect budget calculation was performed. The budget was calculated under traditional rules, when it should have been calculated under the Modified Adjusted Gross Income method.

**Effect:** As a result of using the incorrect method to calculate the budget, ineligible applicants received benefits.

**Cause:** Administrative oversight.

**Questioned costs:** No reportable questioned costs noted.

**Recommendation:** We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend random audits of case files by supervisors to ensure program requirements have been met.

**Views of responsible officials and planned corrective action:** All cases are entered into NC Fast, therefore budgeting is completed by the NC Fast system. Supervisors hold monthly meetings with staff to review policy. Random second party reviews will be conducted by supervisors and or lead worker for internal quality control.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2015**

**Section IV. State Award Findings and Questioned Costs**

**Finding: 2015-006**

See Section III. Federal Award Findings and Questioned Costs, Finding 2015-002

**Finding: 2015-007**

See Section III. Federal Award Findings and Questioned Costs, Finding 2015-003

**Finding: 2015-008**

See Section III. Federal Award Findings and Questioned Costs, Finding 2015-004

**Finding: 2015-009**

See Section III. Federal Award Findings and Questioned Costs, Finding 2015-005

**CRAVEN COUNTY, NORTH CAROLINA  
STATUS OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2015**

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, 2015**  
 **(Page 1 of 5)**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>FEDERAL AWARDS:</b>					
<b>US Department of Agriculture</b>					
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	\$ 2,381,826	\$ -	\$ -
Administered by County Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:					
Food Stamp Administration	10.561		951,982	-	951,982
Food Stamp Issuance	10.561		22,813	-	22,813
Food Stamp Fraud Administration	10.561		33,201	-	33,201
Food Stamp Tax Intercept	10.561		7,140	-	-
Total Food Stamp Cluster			1,015,136	-	1,007,996
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants, and Children:					
AGRI-SFP Food Program Meal	10.557		589,502	-	(1,821)
	10.559		889	-	-
			590,391	-	(1,821)
Total US Department of Agriculture			3,987,353	-	1,006,175
<b>US Department of Housing and Urban Development</b>					
Pass through NC Department of Commerce					
Administered by Craven county Planning					
Scattered Sites	14.228	12-C-2413	74,943	-	-
Water and Sewer Infrastructure Project	14.228	12-C-2493	308,310	-	-
Total US Department of Housing and Urban Development			383,253	-	-
<b>US Department of Justice:</b>					
Passed through Bureaus of Justice Assistance					
Administered by Craven County Sheriff					
State Criminal Alien Assistance Program	16.606		5,474	-	-
SRT Justice Assistance Grant	16.738	2013-DJ-BX-0895	10,546	-	-
Equitable Sharing Program	16.922		27,649	-	-
Total US Department of Justice			43,669	-	-
<b>US Department of Transportation</b>					
<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	12,075	-	636
Airport Improvement Project No. 36	20.106	3-37-0050-36	341,537	-	37,949
Airport Improvement Project No. 37	20.106	3-37-0050-37	3,264,573	-	362,731
			3,618,185	-	401,316
Passed through NC Department of Transportation:					
Administered by Craven Area Rural Transportation System:					
Administration	20.509	36233.31.13.1	307,536	19,221	57,663
Operations	20.509	36233.31.13.2	58,404	-	58,404
Capital	20.509	36233.31.13.3	160,892	20,112	20,112
			526,832	39,333	136,179
Pass through NC Department of Public Safety					
Division of Emergency Management					
Administered by Craven County Emergency Services					
Haz Mat Emer Preparedness	20.703	HMEP -2011-314	9,000	-	-
Total US Department of Transportation			4,154,017	39,333	537,495
<b>US Department of Homeland Security</b>					
Division of Emergency Management:					
Passed through NC Department of Crime Control and Public Safety:					
Administered by Craven County Emergency Services:					
Emergency Management Performance Grant	97.042	EMPG-2011-37049	51,711	-	-
			51,711	-	-

**CRAVEN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES**  
**For the Fiscal Year Ended June 30, 2015**  
**(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	13,172	4,391	-
Hazard Mitigation Plan - Elevation Project 4 Structures	97.039	HMGP 4019-0028	364,656	121,552	-
Hazard Mitigation Plan - Buyout Replace 2 Structures	97.039	HMGP 4019-0027	288,394	96,131	-
Flood Mitigation Assistance Grant - Elevation of 11 Structures	97.039	FMA-FJ-04-NC-2013-006	57,932	-	-
			<u>724,154</u>	<u>222,074</u>	<u>-</u>
Transportation Security Administration: Administered by Craven Regional Airport:					
Law Enforcement Officer Reimbursement Program	97.090	HSTS0213HSLR020	101,095	-	-
			<u>101,095</u>	<u>-</u>	<u>-</u>
Total US Department of Homeland Security			<u>876,960</u>	<u>222,074</u>	<u>-</u>
<b>US Department of Health and Human Services</b>					
<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		48,920	2,878	5,755
Administered by Coastal Community Action: Senior Companion Program					
	93.045		21,951	3,874	2,869
Administered by Craven County Department of Social Services:					
Congregate Meals	93.045		32,853	5,798	4,295
USDA Congregate	93.045		5,108	-	-
Home Delivered Meals	93.045		138,863	24,505	18,152
USDA Home Delivered Meals	93.045		30,196	-	-
In Home Level II	93.667		146,625	25,875	19,167
Care Management Administration	93.633		67,706	11,948	8,850
Title III Health Promotion	93.043		5,927	349	697
Senior Center General Purpose	93.044		3,893	-	1,298
Adult Protective Services	93.052		38,500	-	12,833
Family Care Giver	93.052		7,831	522	-
Services for the Blind	Unknown		32,843	5,474	5,474
			<u>581,216</u>	<u>81,223</u>	<u>79,390</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		648,684	(25)	-
Work First Administration	93.558		284,733	-	209,547
Work First Service	93.558		1,417,839	-	562,627
Family Support Payments	93.560		(302)	(83)	(83)
			<u>2,350,954</u>	<u>(108)</u>	<u>772,091</u>
Refugee Assistance Administration	93.566		33,579	-	-
IV-D Child Support Enforcement:					
Coop Agreements	93.563		701,323	-	361,287
IV-D Offset Fees-ESC	93.563		207	-	107
IV-D Offset Fees-Federal	93.563		4,322	-	2,226
Non-AFDC	93.563		1,056	-	544
			<u>706,908</u>	<u>-</u>	<u>364,164</u>
Low-Income Home Energy Assistance:					
Administration	93.568		64,760	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		458,500	-	-
Crisis Intervention Payments	93.568		324,514	-	-
			<u>847,774</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health: Child Welfare Services:					
Permanency Planning:					
Permanency Planning - Special	93.645		27,482	-	9,161
Adoption Subsidy	93.645		-	319,611	92,805
			<u>27,482</u>	<u>319,611</u>	<u>101,966</u>
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
Administration	93.658		21,364	6,665	14,621
Foster Care - At Risk	93.658		383,370	-	377,773
IV-E CPS	93.658		98,682	142,120	41,737
Foster Care - Direct Benefit Payments	93.658		118,964	30,421	30,767
Title IV-E Adoption Subsidy	93.659		450,366	118,020	118,020
Total Foster Care and Adoption Cluster			<u>1,072,746</u>	<u>297,226</u>	<u>582,918</u>

CRAVEN COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES  
 For the Fiscal Year Ended June 30, 2015  
 (Page 3 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>Subsidized Child Care</b>					
Child Care Development Fund Cluster					
Division of Child Development					
Child Care & Development Fund - Discretionary	93.575		2,065,784	-	-
Child Care & Development Fund - Mandatory	93.596		718,819	-	-
Child Care & Development Fund - Match	93.596		676,904	239,964	-
Total Child Care Fund Cluster			3,461,507	239,964	-
Temporary Assistance for Needy Families	93.558		560,091	-	-
Foster Care Title IV-E	93.658		43,246	22,398	-
State Appropriations			-	310,978	-
TANF-MOE			-	282,282	-
CPS TANF	93.667		70,905	-	-
Total Subsidized Child Care Cluster			4,135,749	855,622	-
<b>Administered by County Department of Social Services:</b>					
Social Services Block Grant:					
Family Planning:					
Adopt FC	93.667		75,440	-	234
In-Home Services	93.667		36,348	-	5,193
In-Home Services over 60	93.667		4,150	-	593
Other Services and Training	93.667		337,485	36,722	124,736
			453,423	36,722	130,756
<b>Passed through NC Department of Health and Human Services:</b>					
Administered by County Department of Social Services:					
Independent Living - Foster Care	93.674		16,286	3,179	-
<b>Health Care Financing Administration</b>					
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778		2,477,896	-	825,965
Medical Transportation Service	93.778		6,484	3,358	-
State County Special Assistance	93.778		73,888	-	24,629
Eligibility Workers Administration - MA	93.778		2,135	-	2,135
Medical Transportation Administration	93.778		135,245	-	135,245
Medicaid At-Risk Administration	93.778		22,707	-	1,479
MAC Cord/Transportation	93.778		16,184	-	16,184
Family Preservation	93.556		26,075	-	-
Other:					
Adult Care Home Case Management	93.778		47,928	7,412	40,516
Transportation Regular	93.778		522,221	-	-
NC Health Choice	93.767		73,278	3,037	19,969
Direct Benefit Payments:					
Medical Assistance Program	93.778		74,953,932	40,774,929	382,498
NC Health Choice	93.767		1,225,786	388,427	-
			79,583,759	41,177,163	1,448,620
<b>Health Resources and Services Administration</b>					
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Family Planning	93.217		129,021	-	420,071
Immunization Action Plan/ Aid to County Funding	93.268		33,707	-	41,896
Centers for Disease Control And Prevention					
Emergency Preparedness	93.069		39,524	-	(2,541)
Coop Agreement for Breast and Cervical Cancer	93.919		34,155	12,750	(13,489)
Communicable Disease Expansion Budget	93.940		103,999	-	(2,466)
Temporary Assistance for Needy Families	93.558		10,186	-	-
CDDG-Discretionary	93.575		-	-	-
Refugee	93.576		13,134	-	839
Statewide Health Promotion Program	93.991		20,546	-	-
Maternal and Child Health Services Block Grant:					
Maternal Health	93.994		44,478	119,995	1,078,318
Womens Preventive Health	93.994		59,936	50,211	-
Child Health	93.994		35,361	34,564	948,565
			524,047	217,520	2,471,193
<b>Total US Department of Health and Human Services</b>			<b>90,333,923</b>	<b>42,988,158</b>	<b>5,951,098</b>

CRAVEN COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES  
 For the Fiscal Year Ended June 30, 2015  
 (Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>STATE ASSISTANCE</b>					
<b>NC Department of Health and Human Services</b>					
Division of Social Services:					
Administered by County Department of Social Services:					
State/County Special Assistance Benefits Payments			\$ -	\$ 532,771	\$ 532,771
Energy Assistance, Carolina Power & Light Project			-	10,301	-
State Child Welfare/CPS/CS LD			-	88,917	-
AFDC Incentive/Program Integrity			-	501	-
State Foster Home			-	88,592	85,724
			-	721,082	618,495
Division of Public Health:					
Administered by County Health Department:					
General			-	131,675	-
Environmental Health			-	24,404	1,066,838
Public Health Nurse Training			-	600	-
Communicable Disease			-	6,343	75,028
Tuberculosis			-	31,615	21,669
AIDS - State			-	15,013	24,998
Risk Reduction/Health Promotion			-	6,285	(131)
TB Medical Services			-	2,023	-
			-	217,958	1,188,402
Total NC Department of Health and Human Services			-	939,040	1,806,897
<b>NC Department of Juvenile Justice and Delinquency Prevention</b>					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Passed through County Finance Department:					
Committee for Children		825000	-	1,200	-
Structured Day Reporting		825006	-	121,570	-
Juvenile Restitution		825053	-	62,918	-
Teen Court		825032	-	68,882	-
			-	254,570	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	254,570	-
<b>NC Department of Environment and Natural Resources</b>					
Natural Resources Division:					
Administered by County Soil Conservation Department:					
Technical Assistance Funds			-	26,631	-
State Matching Funds			-	3,600	-
Craven SWCD Stream Debris Removal Project		G40100014713SWC	-	40,750	-
			-	70,981	-
Total Division of Soil and Water Conservation			-	70,981	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program			-	8,045	-
Noncash Program:					
Administered by Craven County Water and Finance:					
NC Clean Water Revolving Loan and Grant Program		H-LRX-R-DW-1759FP	-	1,945,584	-
Total NC Department of Environment and Natural Resources			-	2,024,610	-
<b>NC Department of Transportation:</b>					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	81,164	-
General Public Transportation Craven		GPT	-	115,009	-
General Public Transportation Jones		GPT	-	24,174	-
General Public Transportation Pamlico		GPT	-	45,892	-
Temporary Assistance for Needy Families - Jones County		Work First	-	2,322	-
Temporary Assistance for Needy Families - Pamlico County		Work First	-	2,106	-
Temporary Assistance for Needy Families - Craven County		Work First	-	33,600	-
Total NC Department of Transportation			-	304,267	-

**GRAVEN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 5 of 5)**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>NC Department of Commerce:</b>					
Pass Through Craven County Economic Development Commission					
One NC Grant - Brunswick Corporation			\$ -	\$ 1,105	\$ -
Defending MCAS Cherry Point and FRC East			-	-	-
Total NC Department of Commerce			-	1,105	-
<b>NC Department of the State Treasurer:</b>					
Public School Building Capital Fund-Lottery Proceeds			-	926,810	-
Total NC Department of Public Instruction			-	926,810	-
<b>NC Department of Insurance:</b>					
Administered by Cooperative Extension					
Senior Health Insurance Information Program (SHIIP)			-	3,105	-
Total Federal Expenditures			<u>\$ 99,779,175</u>		
Total State Expenditures				<u>\$ 47,703,072</u>	
Total Local Expenditures					<u>\$ 9,301,665</u>
<b>Federal Aviation Administration:</b>					
Administered by Craven Regional Airport:					
Passenger Facility Charges		96-01-C-00-EWN	<u>\$ 520,337</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the Schedule of Expenditures of Federal and State Awards.

**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, 2015**

**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 \$23,113,673 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 10 to the financial statements) 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 \$520,337 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, 2015 consists of \$487,612 for passenger facility charges plus \$27 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.

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Balance July 1, 2014</u>	<u>Loan Proceeds</u>	<u>Principal Repayments</u>	<u>Loan Balance June 30, 2015</u>
NC Clean Water Revolving Loan and Grant Program	N/A	\$ 2,854,643	\$ 1,945,584	-	\$ 4,800,227