

# **CRAVEN COUNTY, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**



**PREPARED BY THE FINANCE DEPARTMENT  
CRAIG A. WARREN, FINANCE OFFICER**

Craven County



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Craven County



## INTRODUCTORY SECTION

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

Craven County





December 13, 2016

To the Board of County Commissioners and  
Citizens of Craven County, North Carolina:

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2016 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 RSM US 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, 2016, 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, 2016, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component in 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 5,173 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 remaining mostly rural, Craven County has become much less dependent on agriculture as its main economic engine. The County has marketed 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 continues to grow and is a direct result of its popularity as a tourist destination. The 2010

Census revealed that the New Bern area has grown to more than 50,000 people prompting it to be named as an urbanized area. 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.

## **LOCAL ECONOMY**

Craven County's economy continues to show signs of improvement with the annual average unemployment rate in Craven County falling from 6.8 percent in calendar 2014 to 6.1 percent for calendar 2015. The rate in the County fell each month in 2015 to a low of 5.6 percent in the month of December. The statewide average for calendar year 2015 was 5.7 percent, down approximately one-half percent from 6.3 percent in 2014.

Total number of people employed in the County was up by 1.9 percent from 2014 to 2015 (using annual average figures) with both public and private sectors contributing equally to this increase. Government (federal, state and local) remains the largest sector of employment in the County with 31.5 percent of all jobs. Both state and local government employment remained largely unchanged from the prior year with federal government showing a 4.2 percent increase. Private sector employment increased from 26,032 to 26,530 in the calendar year 2015. The sectors showing the greatest employment change for the year includes: financial activities up 7.2 percent, manufacturing up 4.6 percent, goods producing up 3.3 percent and construction up 1.7 percent.

The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 14,234 personnel, including 5,173 civilian jobs. The same numbers a year ago were 13,752 and 5,018. 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 up 3.5 percent from the previous year. The total payroll for the base in calendar 2015, 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.

Per capita personal income in Craven County increased by 3.3 percent in calendar 2014 (the latest information available), to \$39,436. The change for the state of North Carolina in 2014 was a 3.7 percent increase and nationally the change was a 3.6 percent increase. The County's per capita income level is 101 percent of the state average and 86 percent of the national average. The County ranked 16th out of 100 counties in the state in per capita income, up from eighteenth. The 2004-2014 average annual growth rate of per capita personal income for the County was 2.4 percent, while the average annual growth rate for the state was also 2.4 percent and 3.0 percent for the nation. In the year 2004, the County also ranked 16th out of 100 counties in the state.

Although the County has experienced slow growth in residential development over the past year, one area that shows signs of improvement includes the number of homes sold. In fiscal 2016, home sales totaled 1,246 which represented a 21 percent increase over the 1,029 homes sold in fiscal 2015. The average home sales price in 2016 remained virtually unchanged at \$187,867 as compared to \$187,185 for fiscal 2015. The number of building inspections performed by the Craven County Inspection Department was up 18.31 percent in fiscal 2016 compared to 2015. Although number of inspections performed in 2016 is still only 69 percent of fiscal 2007, the peak of the boom market, the increase in fiscal 2016 indicates an upward trend in economic activity. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments.

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 \$130.55 million in calendar year 2015, an increase of 2.53 percent from 2014 setting a record high for visitor spending going back to 1990. Statewide the increase in tourism impact rose slightly higher than the County's at 3 percent. State and local tax revenues from travel to Craven County amounted to \$9.48 million which represents a \$96.72 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2015 there were 1,100 jobs in Craven County related to tourism with an annual payroll of \$25.39 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 increased to \$783,000 in fiscal 2016 from \$641,000 in fiscal 2015. This increase was mostly made up of additional space rental income and beverage sales directly resulting from more aggressive marketing efforts to regain military balls that were lost to competing facilities. The Center incurred an operating deficit of \$246,000 in fiscal 2016 compared to a budgeted deficit of \$393,000. 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 creating a multiplier effect of additional visitor spending throughout the community. The Center hosted 255 events in fiscal 2016 and generated approximately \$9.2 million of economic impact to the community during the fiscal year ended June 30, 2016. 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 FINANCIAL PLANNING**

Providing services desired by its citizens and those required by statute is a recurring challenge faced by all local governments. The County continues to remain committed to only expanding services when corresponding resources are available to support it. For fiscal year 2017, the County's total operating budget is \$104,169,402 with a General Fund tax rate of \$.5394 per one hundred dollars of assessed valuation. The estimate of property values for fiscal 2017 is \$8.90 billion and is based on the County's 2016 revaluation performed as of January 1, 2016. This valuation represents a \$1 billion or 10.10 percent decrease in the \$9.90 billion estimated valuation used for the fiscal 2016 budget. The decrease in the assessed valuation was due to the County completing its last revaluation 6 years ago as of January 1, 2010, a time not long after the economic downturn of 2008 when real estate values were in a period of decline but had not yet reach their lowest point. Property values have since stabilized with some increases but not back to pre-recessionary levels. This was the first time in many decades going back to the great depression era, the County's estimated tax base decreased after a county-wide reappraisal. The County has decided to decrease the time between revaluations by moving to a 4 year cycle beginning with the

next valuation to be performed as of January 1, 2020. It is expected that a shorter cycle will enhance stability on future tax rates by reducing the effects of fluctuating property values between revaluations. The County does anticipate some growth in the tax base going forward.

The most significant items affecting the budget include additional funding to public schools and social services. The County increased public school funding by approximately \$953,000 or 4.35 percent over the prior fiscal year. This increase accomplished the Board's main initiative of getting Craven County to the state average on per pupil spending and provided the schools with additional funding to offset reductions in federal and state allotments caused by declining enrollment. Major capital items funded included \$465,000 for technology replacement and \$250,000 to replace the roof at Vanceboro Farm Life Elementary. The 2017 Budget also included increases to Social Services funding by approximately \$650,000. This increase was due to higher administrative costs to comply with the U.S. Department of Agriculture and Centers for Medicare and Medicaid Services ruling in the way counties must perform benefit eligibility determinations on Food and Nutrition Services and Medicaid programs. The Federal ruling mandated that counties can only use merit based employees to perform certain parts of these functions. Craven like many counties had been using contract labor to assist with eligibility determinations at a much lower cost.

The County continues its effort to keep fiscal year expenditures within available resources without providing too much reliance on its fund balance. For fiscal year 2017, \$79,872 of fund balance was appropriated in the General Fund. Although the North Carolina State Treasurers Office recommends no less than an available fund balance of 8 percent, the County has a stated goal of maintaining available fund balance between 18 – 25 percent. At June 30, 2016, the County ended the year with an available General Fund balance of 24% of total expenditures and transfers out.

The County' Capital Improvement Plan (CIP) for fiscal 2017 totals \$3.9 million. Assessed annually, the CIP serves as the primary tool for planning the County's annual capital budget by establishing a framework for capital additions and the method of financing them 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. Budgeted transfers from the County's Capital Reserve Fund totaled \$2.0 million for 2016 however only transfers of \$600,911 were made for capital items. While there was no budgeted appropriation in the original budget for fiscal 2016 to the Capital Reserve Fund, there were budget amendments approved during the year to transfer approximately \$870,000 of unexpected revenues from the General Fund. As a result of this activity the County was able to increase the balance in the Capital Reserve by approximately \$310,000 during fiscal 2016.

## **MAJOR INITIATIVES**

The County continues to be involved in a number of major projects and programs going into fiscal year 2017. Highlights of these projects and programs are discussed in the following paragraphs.

In 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 efforts by forming a public-private partnership known as the Craven 100 Alliance (C1A). Members of this entity consist of Craven County, the cities of New Bern and Havelock, and the private business group known as the Committee of 100. The main purpose of this organization is to leverage resources in a collaborative effort creating long-term plans that provide sustainability and growth to economic development in Craven County. In fiscal 2016, the C1A raised \$1.2 million from local and regional investors to assist in the economic development of the County.

The Craven County Industrial Park continues to remain a highly valued asset to the County and its citizens with several positive developments occurring this year. In May 2016, Moen expanded its operations in Craven County by opening the doors of its new 200,000 square foot Component Warehouse in the Craven County Industrial Park. Moen purchased 21 acres from the County and began construction in September 2015. Moen's expansion brought nearly 100 new jobs to the county. BSH Home Appliances continues to experience growth, most recently exhibited by an announcement in December 2016 that it would expand its New Bern operations over the next five years, investing nearly \$80.7 million and adding 460 new jobs, including positions in production, logistics and administration. Part of the expansion includes building additional warehouse space at the Craven County Industrial Park. BSH bought 23 acres of land from Craven County for the expansion. In early 2016, Minges Bottling Group, the regions Pepsi distributor opened its new Distribution Center in the Craven County Industrial Park after purchasing 8 acres from the County in 2014. Minges added 25 jobs in conjunction with this new facility.

During fiscal 2016, Craven was one of eleven other communities awarded, "The Play Together Construction Grant for Accessible Playgrounds" from Trillium Health Resources in the amount of \$750,000 to build a new playground at Creekside Park. This new playground was designed with features to allow greater accessibility by all children, especially those with disabilities. Some of the main features include two separate play areas for varying age groups, rubber surfacing, triple zip lines, double ramp systems onto main structure, wider sidewalks, and the featured liberty swing, which is a specially designed swing for those who have permanent mobility challenges. Additional budgeted projects at the County's parks include building a new bathroom at Creekside Park to compliment a waterfront picnic shelter and lighting an additional baseball field at West Craven Park. In the upcoming fiscal year the County also plans to relocate its Hickman Hill Solid Waste Convenience Center. North Carolina Department of Transportation plans call for construction of a bypass along U.S. 70 running through the existing site. Over the past year, the County has been searching for a suitable location as a replacement. At the close of the fiscal year, a 3 acre site was identified and purchased less than 5 miles from the existing location. The County plans to fund this project completely out of reserves and is expected to be completed by the close of fiscal 2017.

Plans have been made to move forward with the expansion of the existing Animal Shelter going into next fiscal year. The current facility has reached its maximum capacity and additional space is needed in order to provide more time for possible adoption before they have to be put down. The County identified \$500,000 in the Capital Reserve for this project in 2015, however, when bids were received, they were considerably higher than the budgeted amount. The bids were rejected and the project scaled back for 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. The County at that point decided to move ahead with some of the improvements needed in the existing building on its own and hold off on the expansion of the kennel space. Those improvements included a new fire panel and air conditioning in the kennel area. In May 2016 this project was re-bid for a final time with bids coming back slightly lower than before but still higher than anticipated. The County decided this time to move forward with the project at an estimated cost of \$996,000.

The County's Water Treatment Plant project continues to progress and is expected to be completed in fiscal year 2017. 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 was expected to take 18 months and be completed mid-2016 with the plant coming on-line by 2017. As with any project of this scope and complexity, there have been delays due to a variety of issues including weather which have pushed back the estimated completion date further into 2017.

The project is funded by a combination of both debt and reserves 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 and was approved for a \$16.2 million loan from DENR for the construction phase of the project. The terms of this borrowing are twenty years at an interest rate of zero. The County accumulated funds for this project 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 is not expected to require any rate increase.

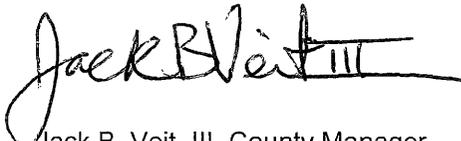
## **AWARDS AND ACKNOWLEDGEMENTS**

**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, 2015. This was the twenty sixth consecutive year that the County has received this award. 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 that our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

**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 Johnson, Christy Foreman, Rosie Brinson, Andrea Brookins, Donna Nelson, Rosemary Osterhus, Nancy Dawson, Craig Wilkie, and Lishelle Bunn. Also of significant assistance in the preparation of the report were Michelle Kiefer, William Alexander, Angela McKenzie, Patti Dudley, and Lou Cannon of RSM US 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



Craig Warren, 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, 2015**

Executive Director/CEO

**CRAVEN COUNTY, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2016

**BOARD OF  
COMMISSIONERS**

GEORGE LINER  
Chairman

JOHNNIE SAMPSON, JR.  
Vice-Chairman

THOMAS F. MARK

STEVE TYSON

THERON MCCABE

SCOTT C. DACEY

JASON JONES

**COUNTY OFFICIALS**

JACK B. VEIT III  
County Manager

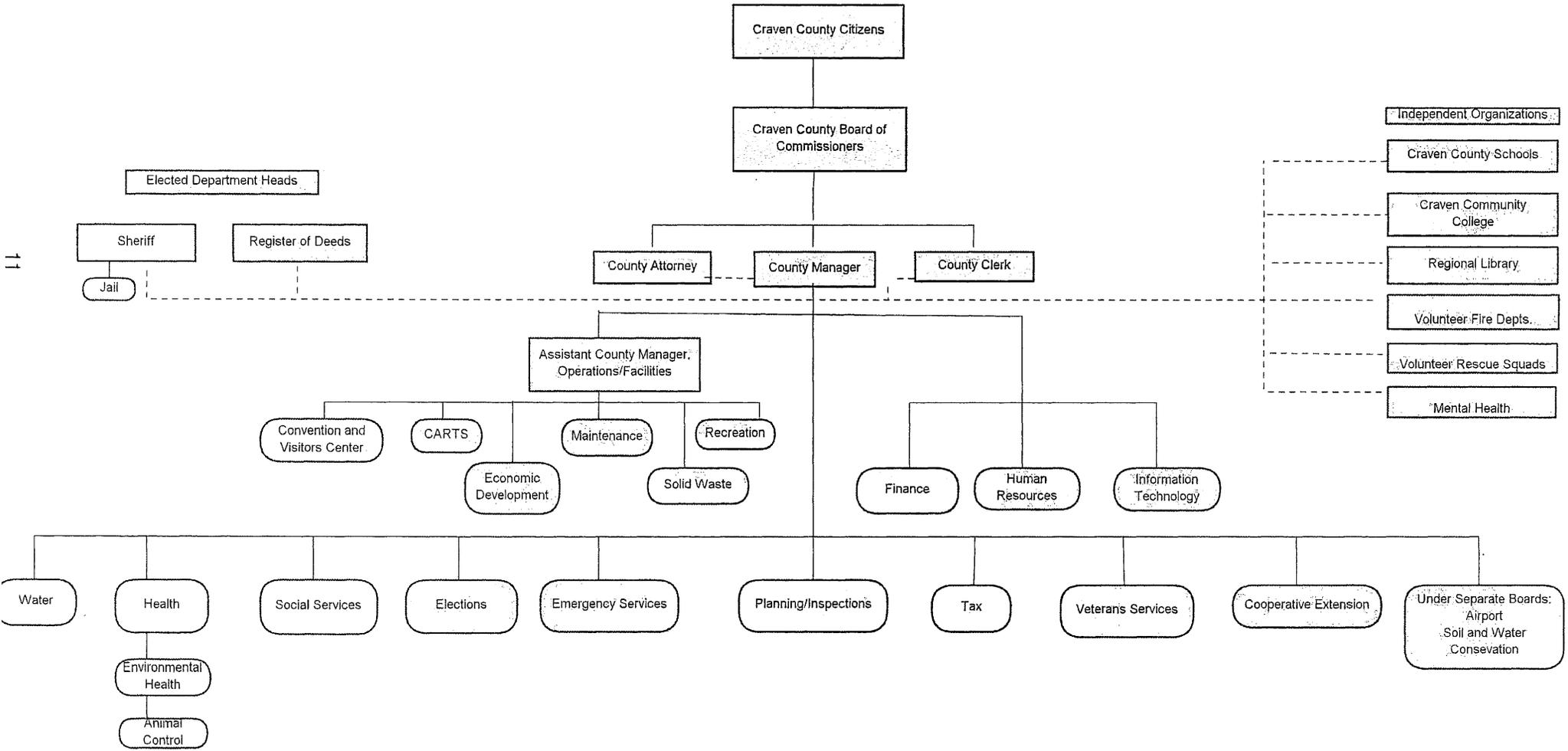
CRAIG A. WARREN  
Finance Officer

GENE HODGES  
Assistant County Manager

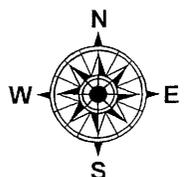
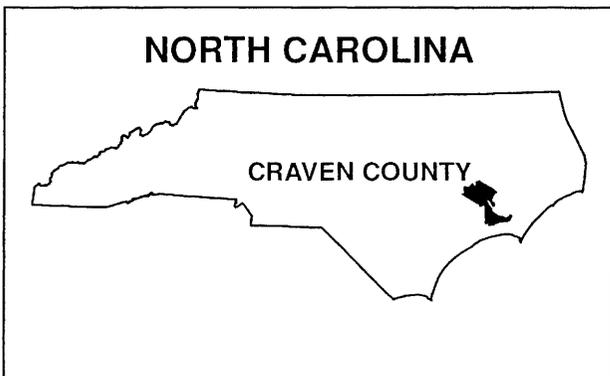
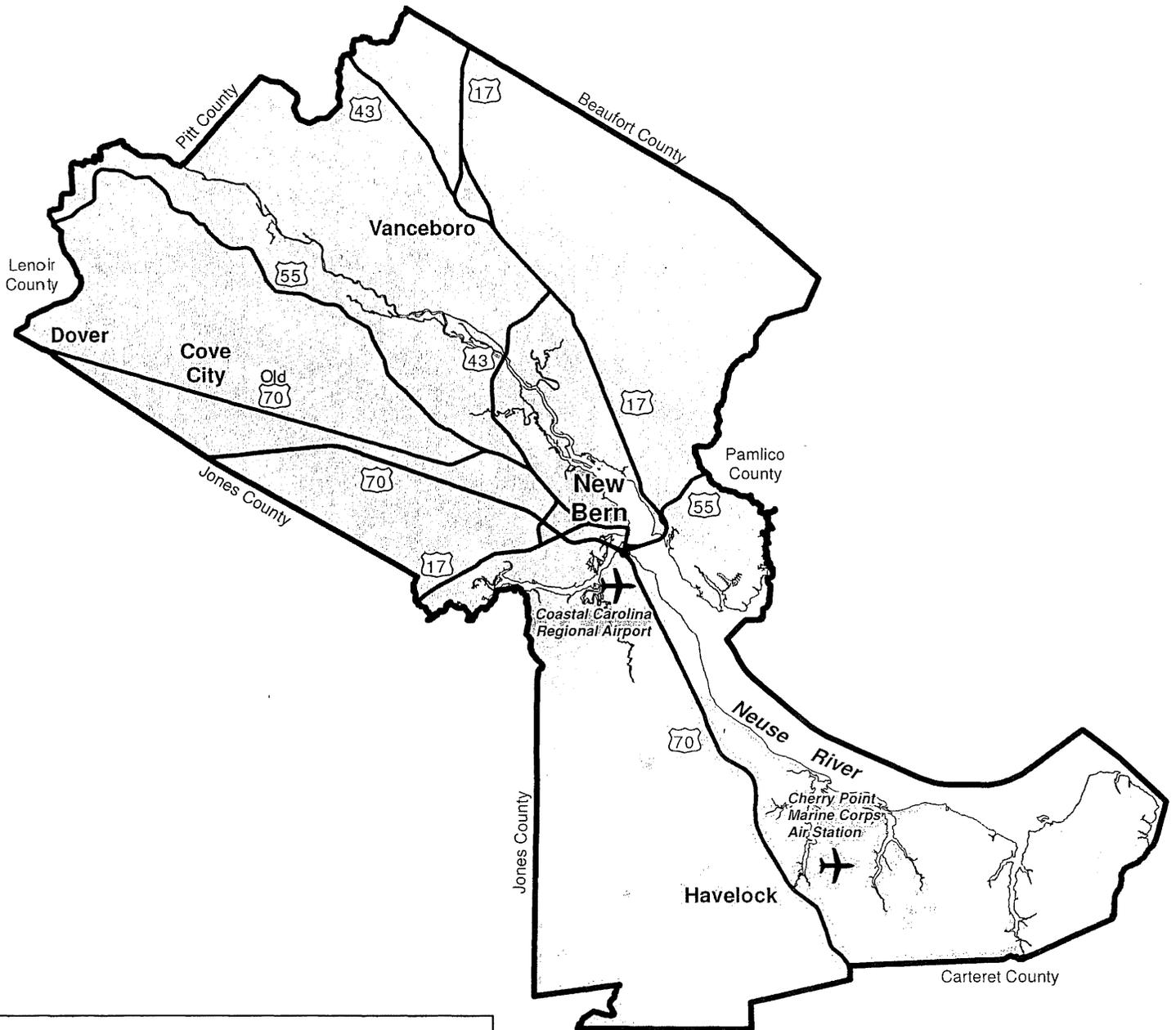
SHERRI B. RICHARD  
Register of Deeds

JERRY MONETTE  
Sheriff

# GRAVEN 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



1712



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, 2016, 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 collectively represented 93%, 92% and 99%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those financial 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 the ABC Board 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 the ABC Board and 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina as of June 30, 2016, 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 ended June 30, 2016, the County adopted new accounting guidance provided in Governmental Accounting Standards Board Statement Number 72, *Fair Value Measurement and Application*, and Governmental Accounting Standards Board Statement Number 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*. 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 18 through 28, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's and the Airport Authority's Proportionate Share of the Net Pension Liability (Asset) and County Contributions, and the Register of Deeds Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on pages 97 through 101, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 relate 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 section 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 13, 2016, 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.

**RSM US LLP**

New Bern, North Carolina  
December 13, 2016

Craven County



## MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County



**Craven County**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2016**

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, 2016. 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.

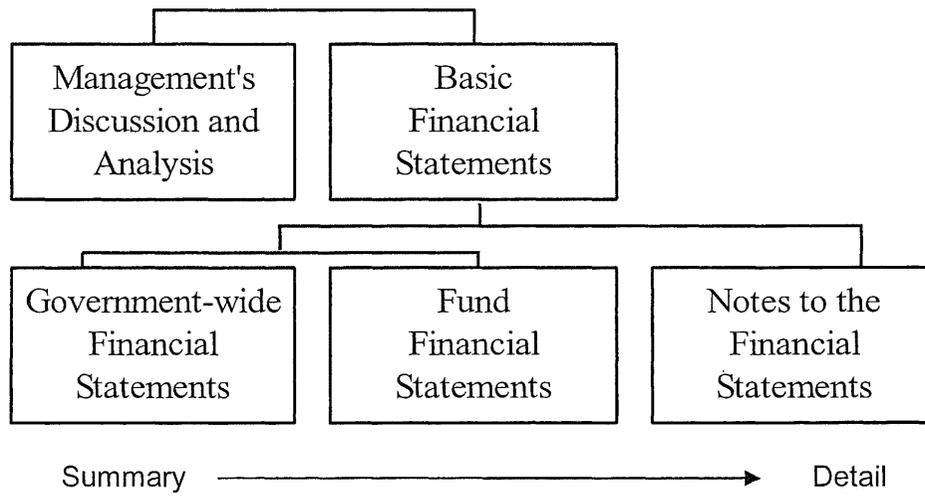
**Financial Highlights**

- 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 \$89,880,099 (*net position*).
- The government's total net position increased by \$7,491,059 in fiscal 2016. Of this amount, \$1,676,974 was an increase in the net position resulting from normal operations of the Water enterprise fund. The remaining \$5,814,085 increase in net position was in governmental activities and was primarily due to revenues exceeding projections and under spending appropriations by \$4,776,189 in the general fund.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$45,556,073, reflecting a net increase of \$1,318,282 for the year. Approximately 46.85 percent of the total amount or \$21,340,746 is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$24,262,888 or 25.23 percent of total General Fund expenditures excluding other financing uses for the fiscal year.
- The County's total long-term debt increased by \$3,856,925 during the fiscal year. Key factors of the increase were the retirement of \$6,901,414 in principal on existing debt and the addition of \$10,758,339 of debt for the Castle Hayne Aquifer Capital Project.
- 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 of resources exceeded its liabilities and deferred inflows of resources by \$89,880,099 as of June 30, 2016. The County's net position increased by \$7,491,059 for the fiscal year ended June 30, 2016. By far, the largest category of net position, totaling \$63,251,683 or 70.37 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 \$12,286,432 or 13.67 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 \$14,341,984 is unrestricted at June 30, 2016 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 school system and the community college. 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. At the end of the fiscal year, approximately \$32,465,350 of outstanding debt on the County's financial statements was related to assets

included in the school system's and community college's financial statements. Even though the debt has been issued to finance capital outlay and construction for the schools and community college, 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/College system debt	\$ (32,465,350)
All other	<u>46,807,334</u>
Total unrestricted net position	<u>\$ 14,341,984</u>

### Craven County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 54,665,330	\$ 55,553,952	\$ 13,556,022	\$ 20,370,291	\$ 68,221,352	\$ 75,924,243
Capital assets, net	58,964,103	60,859,361	42,415,931	26,911,238	101,380,034	87,770,599
Total assets	<u>113,629,433</u>	<u>116,413,313</u>	<u>55,971,953</u>	<u>47,281,529</u>	<u>169,601,386</u>	<u>163,694,842</u>
Total deferred outflows of resources	<u>6,305,013</u>	<u>6,958,943</u>	<u>36,064</u>	<u>35,991</u>	<u>6,341,077</u>	<u>6,994,934</u>
Long-term liabilities	62,766,858	67,810,137	16,422,424	5,711,743	79,189,282	73,521,880
Other liabilities	4,382,646	3,738,362	1,482,784	5,078,257	5,865,430	8,816,619
Total liabilities	<u>67,149,504</u>	<u>71,548,499</u>	<u>17,905,208</u>	<u>10,790,000</u>	<u>85,054,712</u>	<u>82,338,499</u>
Total deferred inflows of resources	<u>988,171</u>	<u>5,841,171</u>	<u>19,481</u>	<u>121,166</u>	<u>1,007,652</u>	<u>5,962,337</u>
Net position:						
Net investment in capital assets	37,118,543	40,687,026	26,133,140	21,306,317	63,251,683	61,993,343
Restricted	12,286,432	9,704,162	-	-	12,286,432	9,704,162
Unrestricted (deficit)	2,391,796	(4,408,602)	11,950,188	15,100,037	14,341,984	10,691,435
Total net position	<u>\$ 51,796,771</u>	<u>\$ 45,982,586</u>	<u>\$ 38,083,328</u>	<u>\$ 36,406,354</u>	<u>\$ 89,880,099</u>	<u>\$ 82,388,940</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 99.24, up from 99.20 from the previous year and higher than the statewide average of 98.60 percent.
- Total General Fund expenditures were less than projected by \$4.77 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 \$709,237 and \$309,588 respectively.

## Craven County's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 16,196,010	\$ 14,302,058	\$ 3,803,643	\$ 3,809,820	\$ 19,999,653	\$ 18,111,878
Operating grants and contributions	22,732,241	22,046,206	-	-	22,732,241	22,046,206
Capital grants and contributions	1,203,092	1,107,814	-	-	1,203,092	1,107,814
General revenues:						
Property taxes	49,058,073	48,065,864	-	-	49,058,073	48,065,864
Sales and use taxes	15,112,475	14,532,240	-	-	15,112,475	14,532,240
Other	1,692,215	1,756,259	468,207	247,647	2,160,422	2,003,906
<b>Total revenues</b>	<b>105,994,106</b>	<b>101,810,441</b>	<b>4,271,850</b>	<b>4,057,467</b>	<b>110,265,956</b>	<b>105,867,908</b>
<b>Expenses:</b>						
General government	10,291,366	9,219,322	-	-	10,291,366	9,219,322
Public safety	19,458,091	18,505,550	-	-	19,458,091	18,505,550
Environmental protection	4,998,475	5,121,002	-	-	4,998,475	5,121,002
Economic and physical development	4,349,446	4,035,005	-	-	4,349,446	4,035,005
Human services	30,570,241	29,698,510	-	-	30,570,241	29,698,510
Culture and recreation	2,403,064	2,289,270	-	-	2,403,064	2,289,270
Education	26,108,710	24,559,787	-	-	26,108,710	24,559,787
Interest on long term debt	2,105,628	2,360,526	-	-	2,105,628	2,360,526
Water and sewer districts	-	-	2,489,876	2,510,634	2,489,876	2,510,634
<b>Total expenses</b>	<b>100,285,021</b>	<b>95,788,972</b>	<b>2,489,876</b>	<b>2,510,634</b>	<b>102,774,897</b>	<b>98,299,606</b>
Increase in net position before transfers	5,709,085	6,021,469	1,781,974	1,546,833	7,491,059	7,568,302
Special item	-	850,000	-	-	-	850,000
Transfers	105,000	105,000	(105,000)	(105,000)	-	-
Increase in net position after transfers	5,814,085	6,976,469	1,676,974	1,441,833	7,491,059	8,418,302
Net position beginning of year	45,982,686	41,894,137	36,406,354	35,031,807	82,389,040	76,925,944
Restatement	-	(2,887,920)	-	(67,286)	-	(2,955,206)
Net position, beginning, restated	45,982,686	39,006,217	36,406,354	34,964,521	82,389,040	73,970,738
Net position ending	<b>\$ 51,796,771</b>	<b>\$ 45,982,686</b>	<b>\$ 38,083,328</b>	<b>\$ 36,406,354</b>	<b>\$ 89,880,099</b>	<b>\$ 82,389,040</b>

**Governmental Activities** - Governmental activities increased the County's net position by \$5,814,085 from the prior fiscal year. Key elements of this increase are as follows:

- Increases in charges for services were approximately \$1.9 million and consisted primarily of Medicaid cost settlements from prior years released by the State.
- The increase in property tax revenue of approximately \$1 million was due to continued diligence in collection efforts along with some growth in the tax base.
- Sales tax collections increased approximately \$580 thousand from the prior year due to a combination of higher retail sales and base expansion that included certain repairs and services not previously taxed.
- Overall, expenses increased \$4.49 million from the previous year with education expense making up the largest portion at \$1.54 million. Other categories making up part of the increase included General Government at \$1.07 million, Public Safety at \$952 thousand and Human Services at \$872 thousand.
- Many expenditure categories such as Human Services, Public Safety, and General Government came in under budget which resulted in an increase in net position.

**Business-type activities** - Business-type activities for the County's water utility increased the County's total net position by \$1,676,974. This increase was approximately \$235,000 higher than the increase last fiscal year.

- Water sales remained relatively flat compared to last fiscal year as there was no change to water rates in fiscal 2016. 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, 2016, the governmental funds of Craven County reported a combined fund balance of \$45,556,073, which represents a 3.0 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2016, the County's unassigned fund balance in the General Fund was \$24,262,888, while total fund balance reached \$33,114,749. 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 24 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 an 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 \$309,588 as a result of transfers in from the General Fund of \$870,000. This transfer consisted mostly of \$728,000 in Medicaid cost settlements received from the State that were held up in prior fiscal years due to disagreements in the methodology used to calculate the settlement. The transfer in was partially offset by funding capital expenditures as programmed in the County's capital improvement plan in the amount of \$600,911.

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

Total amendments to the General Fund increased budgeted revenues by \$2.1 million and included the following:

Sales tax revenue was increased by \$250,000 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 \$1.1 million from the original budget and consisted of the following items.

- Recreation was awarded a \$750,000 grant during the fiscal year from Trillium Health Resources to construct a new playground.
- Department of Social Services took advantage of a one-time enhanced federal reimbursement rate on the purchase of computer equipment used to perform benefit eligibility determinations. This resulted in an increase to budgeted revenues of \$70,000.
- Planning Department applied for and received a Pre-Disaster Mitigation grant totaling \$46,000 that was used to install storm shutters on the County's Emergency Operations Center.
- Throughout the fiscal year there was approximately \$142,000 of additional funding over original projections that increased budgeted revenues within the Social Services and Health Department functions.

Total budget for charges for service revenues was increased by \$662 thousand during the year due to the following:

- Fees for the Statewide Misdemeanant Confinement Program were adjusted up during the year by \$255,000 due to housing more State and less Federal inmates.
- The County's Hospice program had additional billings over projected that accounted for \$169,000 of the increase in budgeted charges for services.
- Rescue Squad fees collected by the County and paid to the Squads were higher than budgeted and made up \$110,000 of the increase.

Amendments to the budget of approximately \$1.49 million were made during the year by appropriating fund balance of the General Fund and included:

- \$282,000 was appropriated to the school system due to increases in retirement and insurance costs which became known after the State passed their budget.
- \$122,000 was appropriated for the purchase of three vehicles ordered for the County's Transportation Department with grant funds received in the prior fiscal year.
- \$77,000 was appropriated to match State grants awarded to the County's Rescue Squads for the purchase of equipment.
- \$74,000 was appropriated for higher than expected costs for mandated Adult Protective Services during the year.
- \$750,000 of additional revenues over projected was budgeted to be transferred to the County's Capital Reserve Fund for future capital needs.

Total expenditures in the final budget were increased by approximately \$3.38 million from the original budget. The increases in expenditures were a result of the amendments to revenues and fund balance appropriation mentioned above.

Net transfer outs were increased in the budget by approximately \$1.03 million and consisted of the \$250,000 in additional sales tax revenue designated for school capital expenditures transferred to the debt service fund and the fund balance appropriation of \$750,000 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 \$2.1 million to \$13 million. This was mostly the result of the increase in net investment in capital assets of \$3.8 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, 2016, totaled approximately \$101,380,034 (net of accumulated depreciation), an increase of \$13.61 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 \$18 million during the year included:

- 11 new vehicles for the Sheriff Department and 3 for Transportation (CARTS).
- Back file scanning project in the Register of Deeds.
- Expansion and renovation of Health Department's Adult Primary Health Clinic.
- New "All Inclusive" playground at Creekside Park.
- 3 new tennis courts at Creekside Park.
- Installation of lighting for football/soccer fields at West Craven Park.
- Continued construction of the County's new water treatment plant.

### Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 9,771,509	\$ 9,847,445	\$ 947,354	\$ 947,354	\$ 10,718,863	\$ 10,794,799
Buildings	67,242,332	67,243,237	563,318	563,318	67,805,650	67,806,555
Improvements	15,036,414	13,657,871	29,893,241	29,881,106	44,929,655	43,538,977
Machinery and equipment	5,717,237	5,653,146	186,971	186,971	5,904,208	5,840,117
Vehicles	6,068,687	5,922,130	217,947	178,716	6,286,634	6,100,846
Construction in progress	102,415	25,503	27,310,743	10,945,210	27,413,158	10,970,713
Total	103,938,594	102,349,332	59,119,574	42,702,675	163,058,168	145,052,007
Less accumulated depreciation	44,974,491	41,489,971	16,703,643	15,791,437	61,678,134	57,281,408
Total net of depreciation	\$ 58,964,103	\$ 60,859,361	\$ 42,415,931	\$ 26,911,238	\$ 101,380,034	\$ 87,770,599

Additional information on the County's capital assets can be found in Note 4 of the Basic Financial Statements.

**Long-term Debt** - As of June 30, 2016, Craven County had total bonded general obligation debt outstanding of \$15,930,000, all of which is backed by the full faith and credit of the County. All other debt is covered by pledged collateral and is subject to appropriation.

### Craven County's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
G. O. bonds	\$ 15,930,000	\$ 18,460,000	\$ -	\$ 5,000	\$ 15,930,000	\$ 18,465,000
Installment debt	37,758,350	42,044,650	16,279,594	5,601,369	54,037,944	47,646,019
Total	\$ 53,688,350	\$ 60,504,650	\$ 16,279,594	\$ 5,606,369	\$ 69,967,944	\$ 66,111,019

Craven County's total bonded and installment debt increased by \$3,856,925 or 5.8 percent during the fiscal year. This increase was the result of two items. First there was an increase in total debt relating to the water treatment plant project of \$10.7 million as the construction phase of this project continued into the current fiscal year. Total installment debt related to the water treatment

plant will eventually increase to \$16.2 million 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 retiring existing debt principal 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 \$748,036,000.

Additional information regarding Craven County's long-term debt can be found in Note 5 of the Basic Financial Statements.

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

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

- The County's average unemployment rate for calendar year 2015 was 6.1 percent, down from the 6.8 percent reported for the previous calendar year. The comparable rate for the entire State for 2015 was 5.7 percent. The County's rate decreased each month in 2015 to a low of 5.6 percent in the month of December.
- Per capita income for the years 2004-2014 for Craven County show an average annual growth rate of 2.4 percent, while the average annual growth rate for the State, during the same period, was 2.4 percent and 3.0 percent for the nation. The County's per capita income increased 3.3 percent in calendar 2014 (the latest information available) while the State increased by 3.7 percent and the nation increased by 3.6 percent. The County's per capita income level is 101 percent of the State average and 86 percent of the national average. Craven County reported total personal income of \$4.12 billion for calendar year 2015 and ranked 16th out of 100 counties in the State, up from 18th reported last year.
- Homes sales in fiscal 2016 totaled 1,246, a 21 percent increase over the 1,029 homes sold in fiscal 2015. The average home sales price for 2016 remained virtually unchanged at \$187,867 compared to \$187,185 for 2015. The total number of building inspections performed in fiscal 2016 was up 18.31 percent from fiscal 2015.
- The County completed its 2016 revaluation of all real property during the fiscal year which resulted in a new countywide valuation of \$8.9 billion. The new valuation represents an overall decline in assessed property values of \$1 billion or 10.10% and produced a revenue neutral tax rate of 52.94 cents per \$100 of assessed valuation as compared to 2016's tax rate of 46.75 cents. This was the last revaluation on the 6 year cycle as the County is moving to a 4 year cycle beginning with the next revaluation in 2020.

### **Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities** - The County approved a \$104.1 million General Fund budget for fiscal year 2017, an increase of \$2.6 million from the previous fiscal year. Estimated assessed property values for fiscal 2017 were \$8.9 billion and based on the County's 2016 property revaluation as of January 1, 2016. As previously mentioned, the County experienced a decline in assessed property values of \$1 billion from the estimated \$9.9 billion used for the fiscal 2016 budget. To offset this decline and maintain current service levels the County adopted the ad valorem tax rate of 53.94 cents per \$100 of assessed valuation as compared to the 46.75 cents per \$100 rate in 2016.

All revenues are budgeted conservatively with estimated increases of 4.1 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 \$79,872 of fund balance in order to balance the 2017 budget however management does not anticipate any fund balance will be expended as revenues and expenditures are budgeted conservatively.

Capital expenditures in the amount of \$2.9 million are included in the 2017 budget. Major capital acquisitions include:

- Improvements at the County's Industrial Park \$100,000
- Back up Emergency 911 call center \$230,000
- Information Technology projects and improvements \$358,000
- Vehicle replacements for Transportation (CARTS) \$369,000
- Expansion of Animal Shelter \$1,000,000
- Relocation of Solid Waste Convenience Facility \$1,000,000

Education is the largest category in terms of its portion of total expenditures. Appropriated operating and capital expenditures totaled \$26,992,906 or 25.91 percent of the fiscal year 2017 budget and includes funding for both the public school system and community college. This amount represents a 4.77 percent increase of approximately \$1.22 million in additional funding as compared to the previous fiscal years original budget. Additional funding may be provided to public schools from fund balance after any potential impacts of the State's budget are finalized. Also making up 21.22 percent of budgeted appropriations in fiscal 2017 are Social Services expenditures. Funding for Social Services was increased by approximately \$689,812 and was the result of higher administrative costs associated with Federal mandates imposed on Counties in how benefit eligibility determinations are managed.

**Business-type Activities:** The County approved a \$3.99 million budget for the operations of the County's water system with no change in water rates for fiscal 2017. 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 on the \$24 million water treatment plant continues and is expected to be completed in fiscal 2017. This project is financed in part with a \$16.2 million loan from the Division of Water Quality (DENR) and will be serviced over twenty years at zero percent interest. Annual debt service payments of \$808,950 for this loan will begin in fiscal 2018.

### 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).

Craven County



## BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
 June 30, 2016

	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	\$ 13,157,761	\$ 12,417,400	\$ 25,575,161	\$ 270,952	\$ 3,240,939	\$ 30,331,645	\$ 2,232,113
Short-term investments	20,702,386	-	20,702,386	-	-	38,456,342	-
Accounts receivables (net)	4,261,441	1,093,119	5,354,560	-	209,628	43,600,095	-
Taxes receivables (net)	5,723,586	-	5,723,586	-	-	-	-
Accrued interest receivable	545,656	-	545,656	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	49,570	45,503	95,073	-	3,381	7,290,637	951,369
Long-term cash and investments	9,967,242	-	9,967,242	-	-	5,877,283	21,808
Other assets	-	-	-	-	-	252,908,643	-
Restricted net pension asset	257,688	-	257,688	-	-	125,002	-
Capital assets:							
Land and construction in progress	9,873,924	28,258,097	38,132,021	-	10,391,766	17,383,359	189,501
Other capital assets, net of depreciation/amortization	49,090,179	14,157,834	63,248,013	-	22,991,607	99,426,081	812,848
Total capital assets	58,964,103	42,415,931	101,380,034	-	33,383,373	116,809,440	1,002,349
Total assets	113,629,433	55,971,953	169,601,386	270,952	36,837,321	495,399,087	4,207,639
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,305,013	36,064	6,341,077	-	37,958	-	56,011
<b>LIABILITIES</b>							
Accounts payable	4,234,348	1,152,352	5,386,700	75	102,586	46,405,439	1,484,984
Accrued salaries and benefits	-	30,463	30,463	-	58,127	16,305,890	28,025
Accrued interest payable	148,298	3,197	151,495	-	-	-	-
Customer deposits	-	296,772	296,772	-	-	-	-
Long-term liabilities:							
Net pension liability-LGERS	1,711,607	36,715	1,748,322	-	17,502	-	32,986
Net pension liability-LEOSSA	612,686	-	612,686	-	-	-	-
Due within one year	8,457,722	106,304	8,564,026	-	-	-	-
Due in more than one year	51,984,843	16,279,405	68,264,248	-	40,942	-	-
Total liabilities	67,149,504	17,905,208	85,054,712	75	219,157	62,711,329	1,545,995
<b>DEFERRED INFLOWS OF RESOURCES</b>	988,171	19,481	1,007,652	-	9,097	-	17,227
<b>NET POSITION</b>							
Net investment in capital assets	37,118,543	26,133,140	63,251,683	-	33,373,545	116,809,440	1,002,349
Restricted for:							
Stabilization by State statute	9,792,420	-	9,792,420	-	-	-	-
Education	448,646	-	448,646	-	-	-	-
Public safety	841,146	-	841,146	-	-	-	-
Economic and physical development	1,204,220	-	1,204,220	-	-	-	-
Other purposes	-	-	-	-	-	-	295,998
Unrestricted (deficit)	2,391,796	11,950,188	14,341,984	270,877	3,273,480	315,878,318	1,402,081
Total net position	\$ 51,796,771	\$ 38,083,328	\$ 89,880,099	\$ 270,877	\$ 36,647,025	\$ 432,687,758	\$ 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, 2016

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board		
<b>Primary government:</b>													
Governmental:													
General government	\$ 10,291,366	\$ 3,170,663	\$ 2,122,023	\$ -	\$ (4,998,680)	\$ -	\$ (4,998,680)						
Public safety	19,458,091	3,190,889	651,546	-	(15,615,656)	-	(15,615,656)						
Social Services	22,231,898	630,752	15,798,488	120,012	(5,682,646)	-	(5,682,646)						
Economic and physical development	4,349,446	1,052,562	1,252,208	-	(2,044,676)	-	(2,044,676)						
Environmental protection	4,998,475	2,432,969	158,994	-	(2,406,512)	-	(2,406,512)						
Health	8,338,343	5,652,030	2,185,702	-	(500,611)	-	(500,611)						
Cultural and recreation	2,403,064	66,145	563,280	-	(1,773,639)	-	(1,773,639)						
Education	26,108,710	-	-	1,083,080	(25,025,630)	-	(25,025,630)						
Interest on long-term debt	2,105,628	-	-	-	(2,105,628)	-	(2,105,628)						
Total governmental activities	100,285,021	16,196,010	22,732,241	1,203,092	(60,153,678)	-	(60,153,678)						
Business-type:													
Water	2,489,876	3,803,643	-	-	-	1,313,767	1,313,767						
Total business-type activities	2,489,876	3,803,643	-	-	-	1,313,767	1,313,767						
Total primary government	\$ 102,774,897	\$ 19,999,653	\$ 22,732,241	\$ 1,203,092	(60,153,678)	1,313,767	(58,839,911)						
<b>Component units:</b>													
Tourism Development Authority	\$ 564,378	\$ 564,818	\$ -	\$ -				\$ 440	\$ -	\$ -	\$ -		
Airport Authority	2,767,279	2,240,405	-	1,438,780				-	911,906	-	-		
Health System	316,841,050	320,560,527	-	-				-	-	3,719,477	-		
ABC Board	7,696,799	7,695,949	-	-				-	-	-	-	(850)	
Total component units	\$ 327,869,506	\$ 331,061,699	\$ -	\$ 1,438,780				440	911,906	3,719,477	(850)		
<b>General revenues:</b>													
Taxes:													
Property taxes, levied for general purposes					49,058,073	-	49,058,073						
Local option sales tax					15,112,475	-	15,112,475						
Other taxes					1,065,391	-	1,065,391						
Investment earnings, unrestricted					154,860	19,192	174,052	391	4,887	(4,956,221)	850		
Miscellaneous, unrestricted					471,964	449,015	920,979	5,799	-	3,382,187	-		
Transfers					105,000	(105,000)	-	-	-	-	-		
Total general revenues, transfers, and special item					65,967,763	363,207	66,330,970	6,190	4,887	(1,574,034)	850		
Change in net position					5,814,085	1,676,974	7,491,059	6,630	916,793	2,145,443	-		
Net position, beginning					45,982,686	36,406,354	82,389,040	264,247	35,730,232	430,542,315	2,700,428		
Net position, ending					\$ 51,796,771	\$ 38,083,328	\$ 89,880,099	\$ 270,877	\$ 36,647,025	\$ 432,687,758	\$ 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, 2016

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,396,712	\$ 4,970,186	\$ 1,104,193	\$ 9,471,091
Short-term investments	20,702,386	-	-	20,702,386
Taxes receivable	5,694,474	-	29,112	5,723,586
Accounts receivable	2,678,742	891,096	677,352	4,247,190
Due from other funds	1,237,906	-	1,059,064	2,296,970
Prepaid expenses	37,570	-	-	37,570
Long-term investments	4,989,863	4,977,379	-	9,967,242
Total assets	<u>\$ 38,737,653</u>	<u>\$ 10,838,661</u>	<u>\$ 2,869,721</u>	<u>\$ 52,446,035</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,157,756	\$ -	\$ 40	\$ 2,157,796
Accrued salaries and benefits	1,393,369	-	-	1,393,369
Due to other funds	1,059,064	-	1,237,906	2,296,970
Total liabilities	<u>4,610,189</u>	<u>-</u>	<u>1,237,946</u>	<u>5,848,135</u>
Deferred inflows of resources	1,012,715	-	29,112	1,041,827
Fund balances:				
Restricted				
Stabilization by state statute	8,690,228	891,096	211,095	9,792,419
Public safety	81,761	-	759,385	841,146
Economic and physical development	-	973,122	231,098	1,204,220
Education, schools	-	-	448,646	448,646
Committed:				
Capital projects	-	8,974,443	-	8,974,443
Assigned:				
Subsequent years expenditures	79,872	-	-	79,872
Unassigned	24,262,888	-	(47,561)	24,215,327
Total fund balances	<u>33,114,749</u>	<u>10,838,661</u>	<u>1,602,663</u>	<u>45,556,073</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,737,653</u>	<u>\$ 10,838,661</u>	<u>\$ 2,869,721</u>	<u>\$ 52,446,035</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, 2016**

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

Total Fund Balance, Governmental Funds	\$ 45,556,073
Charges relating to advance refunding debt issue	4,593,826
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	58,964,103
Net pension asset	257,688
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	1,642,507
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	545,650
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.	3,029,737
Deferred inflows of resources for tax and fee receivables.	966,648
Pension related deferrals	(844,305)
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>(62,915,156)</u>
Net position of governmental activities (page 32)	<u><u>\$ 51,796,771</u></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, 2016

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 46,942,385	\$ -	\$ 2,192,037	\$ 49,134,422
Sales	14,506,193	-	606,282	15,112,475
Tourism Room	-	-	1,065,391	1,065,391
Intergovernmental	21,400,908	-	2,534,430	23,935,338
Charges for services	16,333,950	-	-	16,333,950
Interest	106,914	40,499	1,040	148,453
Miscellaneous	979,965	-	-	979,965
Total revenues	100,270,315	40,499	6,399,180	106,709,994
<b>EXPENDITURES</b>				
Current:				
General government	10,213,411	-	-	10,213,411
Public safety	14,972,855	-	2,919,770	17,892,625
Environmental protection	5,079,891	-	-	5,079,891
Economic and physical development	2,761,405	-	1,189,585	3,950,990
Health	8,379,656	-	-	8,379,656
Social services	22,305,810	-	-	22,305,810
Culture and recreation	3,028,748	-	-	3,028,748
Education	26,108,710	-	-	26,108,710
Debt service:				
Principal	2,649,650	-	4,166,650	6,816,300
Interest	660,816	-	1,059,755	1,720,571
Total expenditures	96,160,952	-	9,335,760	105,496,712
Excess of revenues over (under) expenditures	4,109,363	40,499	(2,936,580)	1,213,282
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,521,587	870,000	4,033,713	6,425,300
Transfers out	(4,921,713)	(600,911)	(797,676)	(6,320,300)
Total other financing sources (uses)	(3,400,126)	269,089	3,236,037	105,000
Net change in fund balances	709,237	309,588	299,457	1,318,282
<b>FUND BALANCES:</b>				
Beginning	32,405,512	10,529,073	1,303,206	44,237,791
Ending	\$ 33,114,749	\$ 10,838,661	\$ 1,602,663	\$ 45,556,073

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, 2016**

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

Net change in fund balances - total governmental funds	\$ 1,318,282
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.	(1,753,267)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(141,992)
The contributions to the pension plans in the current fiscal year are not included in the statement of activities	1,642,507
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(74,889)
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.	6,184,567
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	(942,296)
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>(418,827)</u>
Change in net position of governmental activities (page 33)	<u>\$ 5,814,085</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, 2016

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 46,258,110	\$ 46,320,110	\$ 46,942,385	\$ 622,275
Sales	14,261,343	14,511,343	14,506,193	(5,150)
Intergovernmental	22,359,613	23,498,856	21,400,908	(2,097,948)
Charges for services	15,207,969	15,870,519	16,333,950	463,431
Interest	100,050	100,050	106,914	6,864
Miscellaneous	1,084,168	1,088,568	979,965	(108,603)
Total revenues	<u>99,271,253</u>	<u>101,389,446</u>	<u>100,270,315</u>	<u>(1,119,131)</u>
<b>EXPENDITURES</b>				
General government:				
Commissioners	601,029	590,509	588,036	2,473
Administration	668,289	545,574	537,602	7,972
Human resources	386,055	387,895	385,164	2,731
Information technology	1,170,394	1,209,858	1,164,591	45,267
Finance	984,219	950,834	925,320	25,514
Elections	566,229	558,178	522,438	35,740
Tax assessor	1,037,541	1,018,762	993,394	25,368
Tax collections	735,575	765,832	757,959	7,873
Register of deeds	793,140	1,014,759	968,278	46,481
Public buildings	566,202	578,111	559,222	18,889
Housekeeping	280,917	284,479	276,618	7,861
Court facilities	366,028	380,165	365,799	14,366
GIS/Mapping	342,735	345,454	321,585	23,869
Maintenance	667,950	659,380	650,793	8,587
Non-departmental	1,315,122	1,259,671	1,196,612	63,059
Total general government	<u>10,481,425</u>	<u>10,549,461</u>	<u>10,213,411</u>	<u>336,050</u>
Public safety:				
Animal control	407,340	408,617	332,334	76,283
Medical examiner	75,000	135,950	119,600	16,350
Sheriff	5,930,471	5,986,373	5,871,968	114,405
Jail	3,998,676	4,320,885	4,210,043	110,842
Fire marshal/ Emergency management	969,115	978,994	946,321	32,673
Inspections	543,708	548,629	541,700	6,929
Other - Professional Services	15,000	13,500	13,500	-
Volunteer rescue squads	2,836,848	3,018,322	2,903,129	115,193
Special appropriation	480,000	480,000	34,260	445,740
Total public safety	<u>15,256,158</u>	<u>15,891,270</u>	<u>14,972,855</u>	<u>918,415</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, 2016

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 3,523,214	\$ 3,528,612	\$ 3,491,300	\$ 37,312
Environmental health	1,180,714	1,261,563	1,176,902	84,661
Soil conservation	146,019	148,491	142,542	5,949
Cooperative extension	282,599	288,981	269,147	19,834
Total environmental protection	<u>5,132,546</u>	<u>5,227,647</u>	<u>5,079,891</u>	<u>147,756</u>
Economic and physical development:				
Planning	594,561	658,977	651,668	7,309
Economic Development Commission	417,688	921,589	812,765	108,824
Convention Center	1,395,406	1,398,292	1,296,972	101,320
Total economic and physical development	<u>2,407,655</u>	<u>2,978,858</u>	<u>2,761,405</u>	<u>217,453</u>
Health:				
Dental	422,296	429,201	361,559	67,642
Maternity	1,295,702	1,301,502	1,184,224	117,278
Child health	1,216,716	1,216,728	1,155,732	60,996
Risk Reduction	156,700	164,244	148,463	15,781
WIC	650,282	665,620	617,330	48,290
Adult Health Services	846,829	968,177	835,092	133,085
Communicable Disease	206,277	208,277	182,799	25,478
Bio-Terrorism	39,524	59,524	41,492	18,032
Family planning	814,668	831,157	753,698	77,459
Home health	1,404,643	1,574,043	1,471,798	102,245
Mental health	276,827	282,227	280,298	1,929
Other - unclassified	1,372,330	1,401,316	1,347,171	54,145
Total health	<u>8,702,794</u>	<u>9,102,016</u>	<u>8,379,656</u>	<u>722,360</u>
Social services:				
Transportation	1,869,445	1,999,084	1,426,803	572,281
Administration	2,996,887	2,955,441	2,692,219	263,222
Employment assistance	3,720,399	3,830,971	3,599,208	231,763
Adult/child services	1,161,348	1,291,242	1,219,965	71,277
Veterans services	157,675	163,021	157,215	5,806
Senior services	464,882	499,377	449,005	50,372
Public assistance payments	6,744,101	6,834,187	6,605,906	228,281
TANF	5,490,895	5,517,872	5,089,438	428,434
Child support enforcement	1,202,563	1,202,563	1,066,051	136,512
Total social services	<u>23,808,195</u>	<u>24,293,758</u>	<u>22,305,810</u>	<u>1,987,948</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, 2016  
(Page 3 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Recreation	\$ 1,197,086	\$ 1,949,562	\$ 1,577,121	\$ 372,441
Libraries	1,343,693	1,343,693	1,343,693	-
Special appropriation	147,462	162,462	107,934	54,528
Total culture and recreation	<u>2,688,241</u>	<u>3,455,717</u>	<u>3,028,748</u>	<u>426,969</u>
Education, schools				
Public schools - current expenditures	20,552,681	20,849,456	20,849,456	-
Public schools - fines and forfeitures	60,000	99,000	79,931	19,069
Public schools - capital outlay	1,118,375	1,146,375	1,146,375	-
Community college	4,032,948	4,032,948	4,032,948	-
Total education	<u>25,764,004</u>	<u>26,127,779</u>	<u>26,108,710</u>	<u>19,069</u>
Debt service:				
Principal	2,649,651	2,649,651	2,649,650	1
Interest	660,984	660,984	660,816	168
Total debt service	<u>3,310,635</u>	<u>3,310,635</u>	<u>3,310,466</u>	<u>169</u>
Total expenditures	<u>97,551,653</u>	<u>100,937,141</u>	<u>96,160,952</u>	<u>4,776,189</u>
Excess of revenues over expenditures	<u>1,719,600</u>	<u>452,305</u>	<u>4,109,363</u>	<u>3,657,058</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,126,599	2,933,151	1,521,587	(1,411,564)
Transfers out	(4,006,139)	(5,044,857)	(4,921,713)	123,144
Total other financing sources (uses)	<u>(1,879,540)</u>	<u>(2,111,706)</u>	<u>(3,400,126)</u>	<u>(1,288,420)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(159,940)</u>	<u>(1,659,401)</u>	<u>709,237</u>	<u>2,368,638</u>
Appropriated fund balance	<u>159,940</u>	<u>1,659,401</u>	<u>-</u>	<u>(1,659,401)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>709,237</u>	<u>\$ 709,237</u>
<b>FUND BALANCE</b>				
Beginning			<u>32,405,512</u>	
Ending			<u>\$ 33,114,749</u>	

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

Craven County



**CRAVEN COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest		Total	
		Craven Water and Sewer District	Eliminations		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 12,417,400	\$ -	\$ -	\$ 12,417,400	\$ 3,686,670
Accounts receivable, net of allowance for doubtful accounts	1,093,119	-	-	1,093,119	14,250
Prepaid expenses	45,503	-	-	45,503	12,000
Capital lease receivable-current	-	83,311	(83,311)	-	-
Total current assets	13,556,022	83,311	(83,311)	13,556,022	3,712,920
Noncurrent Assets:					
Capital lease receivable-noncurrent	-	640,914	(640,914)	-	-
Capital assets:					
Land	947,354	-	-	947,354	-
Improvements other than buildings	29,893,241	-	-	29,893,241	-
Buildings	563,318	-	-	563,318	-
Machinery and equipment	404,918	-	-	404,918	-
Construction in progress	27,310,743	-	-	27,310,743	-
Less accumulated depreciation	(16,703,643)	-	-	(16,703,643)	-
Total capital assets (net of accumulated depreciation)	42,415,931	-	-	42,415,931	-
Total noncurrent assets	42,415,931	640,914	(640,914)	42,415,931	-
Total assets	55,971,953	724,225	(724,225)	55,971,953	3,712,920
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	36,064	-	-	36,064	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable (includes capital of \$543,787)	1,152,352	-	-	1,152,352	683,183
Accrued salaries and benefits	30,463	-	-	30,463	-
Accrued interest payable	-	3,197	-	3,197	-
Customer deposits payable	296,772	-	-	296,772	-
Compensated absences liability - current	26,190	-	-	26,190	-
Installment notes payable-current	-	80,114	-	80,114	-
Obligations under capital lease-current	83,311	-	(83,311)	-	-
Total current liabilities	1,589,088	83,311	(83,311)	1,589,088	683,183
Noncurrent liabilities:					
Compensated absences liability	24,112	-	-	24,112	-
Net pension liability	36,715	-	-	36,715	-
Other postemployment benefit liability	55,813	-	-	55,813	-
Installment notes payable	15,558,566	640,914	-	16,199,480	-
Obligations under capital lease	640,914	-	(640,914)	-	-
Total noncurrent liabilities	16,316,120	640,914	(640,914)	16,316,120	-
Total liabilities	17,905,208	724,225	(724,225)	17,905,208	683,183
<b>DEFERRED INFLOWS OF RESOURCES</b>	19,481	-	-	19,481	-
<b>NET POSITION</b>					
Net investment in capital assets	26,133,140	-	-	26,133,140	-
Unrestricted	11,950,188	-	-	11,950,188	3,029,737
Total net position	\$ 38,083,328	\$ -	\$ -	\$ 38,083,328	\$ 3,029,737

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, 2016

	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	\$ 3,803,643	\$ -	\$ 3,803,643	\$ 5,060,718
Miscellaneous	449,015	-	449,015	65,262
Total operating revenues	4,252,658	-	4,252,658	5,125,980
<b>OPERATING EXPENSES</b>				
Cost of services	1,556,716	-	1,556,716	5,551,214
Depreciation and amortization	912,205	-	912,205	-
Total operating expenses	2,468,921	-	2,468,921	5,551,214
Operating income (loss)	1,783,737	-	1,783,737	(425,234)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	19,192	-	19,192	6,407
Interest expense	-	(20,955)	(20,955)	-
Total net nonoperating revenues (expenses)	19,192	(20,955)	(1,763)	6,407
Income (loss) before transfers	1,802,929	(20,955)	1,781,974	(418,827)
Transfers in	18,000	20,955	38,955	-
Transfers out	(143,955)	-	(143,955)	-
Total transfers in (out)	(125,955)	20,955	(105,000)	-
Change in net position	1,676,974	-	1,676,974	(418,827)
Net position, beginning	36,406,354	-	36,406,354	3,448,564
Net position, ending	\$ 38,083,328	\$ -	\$ 38,083,328	\$ 3,029,737

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, 2016

(Page 1 of 2)

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 6,632,588	\$ -	\$ -	\$ 6,632,588	\$ 5,111,730
Payments to customers and suppliers	(5,060,352)	-	-	(5,060,352)	(5,358,340)
Payments to employees	(697,100)	-	-	(697,100)	-
Net cash provided by (used in) operating activities	875,136	-	-	875,136	(246,610)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition & construction of capital assets	(15,873,109)	-	-	(15,873,109)	-
Repayment of installment notes and bonds	-	(80,114)	-	(80,114)	-
Proceeds from installment notes payable	10,758,339	-	-	10,758,339	-
Payments on obligations under capital lease payable	(80,114)	-	-	(80,114)	-
Proceeds from investment in direct finance leasing	-	80,114	-	80,114	-
Interest paid	-	(20,955)	-	(20,955)	-
Net cash used in capital and related financing activities	(5,194,884)	(20,955)	-	(5,215,839)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	18,000	20,955	-	38,955	-
Transfers out	(143,955)	-	-	(143,955)	-
Net cash provided by (used in) noncapital financing activities	(125,955)	20,955	-	(105,000)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on cash and investments	19,192	-	-	19,192	6,407
Net cash provided by investing activities	19,192	-	-	19,192	6,407
Net decrease in cash and cash equivalents	(4,426,511)	-	-	(4,426,511)	(240,203)
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning	16,843,911	-	-	16,843,911	3,926,873
Ending	\$ 12,417,400	\$ -	\$ -	\$ 12,417,400	\$ 3,686,670

Continued

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, 2016

(Page 2 of 2)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,783,737	\$ -	\$ -	\$ 1,783,737	\$ (425,234)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	912,205	-	-	912,205	-
Change in assets and liabilities:					
Accounts receivable	2,377,920	-	-	2,377,920	(14,250)
Prepaid items	(45,503)	-	-	(45,503)	5,000
Decrease in net pension asset	50,341	-	-	50,341	-
Increase in net pension liability	36,715	-	-	36,715	-
Decrease in deferred inflows of resources-pensions	(101,685)	-	-	(101,685)	-
Accounts payable and accrued expenses	(4,140,531)	-	-	(4,140,531)	187,874
Customer deposits payable	2,010	-	-	2,010	-
(Increase) decrease in deferred outflows of resources for pensions	(73)	-	-	(73)	-
Net cash provided by (used in) operating activities	\$ 875,136	\$ -	\$ -	\$ 875,136	\$ (246,610)
<b>SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES</b>					
Repayment of installment notes and bonds by other governments	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ -

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, 2016**

	<u>All Agency Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	<u>\$ 113,887</u>
Total assets	<u><u>\$ 113,887</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	<u>\$ 113,887</u>
Total liabilities	<u><u>\$ 113,887</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.

Craven County



## 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, 2015 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, 2016 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 their operations are reported in aggregate in the County's water fund which operates the separate systems for the various districts. 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, Neuse River 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. During the June 30, 2016 year, the CCFC had no activity.

**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 non-major governmental and non-major 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange 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.

Capital Reserve 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 County 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. The County utilizes North Carolina Association of County Commissioners to insure these programs.

#### 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 non-operating 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 non-operating 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, 2015, and the budget as amended at June 30, 2016.

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.

## 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 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 from several 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 majority of the County and its component unit's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The North Carolina Capital Management Trust ("NCCMT") cash portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio' securities are valued at fair value. 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 which are reported at 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. Short-term investments include marketable securities representing the investment of cash available for current operations. They are not considered cash equivalents since the System considers them part of their investing activities.

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

Craven County, North Carolina

Notes to Financial Statements

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

County property tax revenues result in current receivables as defined by the GASB, they are recognized when levied. 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, 2016:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2015)	\$ 17,055,037

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, 2016, 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 received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

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.

Deferred outflows/inflows of resources. In addition to assets, the statement of net position 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 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 financial position and governmental funds 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.

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.

## Craven County, North Carolina

### Notes to Financial Statements

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

Long-term obligations. In the government-wide financial statements and in the proprietary fund 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.

#### Net Position

Net position in government-wide and proprietary fund financial statements is 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 or liability, 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 \$6,240,698 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.	\$ 103,938,594
Less accumulated depreciation	(44,974,491)
Net capital assets	<u>58,964,103</u>
Net pension asset	257,688
Contributions to the pension plan in the current fiscal year	1,642,507
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the governmental funds	545,650
Deferred outflows of resources related to refunding-included on government-wide statement of net position but are not current financial resources	4,593,826
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	966,648
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	3,029,737
Pension related deferrals	(844,305)
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	(37,758,350)
Bonds financing	(15,930,000)
Deferred bonds premium	(622,560)
Accrued interest payable	(148,298)
Other postemployment benefits	(3,429,726)
Compensated absences	(2,701,929)
Net pension obligation (LEOSSA)	(612,686)
Net pension obligation	(1,711,607)
Total adjustment (LGERS)	<u>\$ 6,240,698</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 \$4,495,803 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,441,715
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	(4,194,982)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(141,992)
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	6,816,300
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,642,507
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	61,132
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.	(307,808)
County's portion of collective pension expense	(942,296)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	27,676
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.	(74,889)
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	(418,827)
Total adjustment	<u>\$ 4,495,803</u>

Craven County, North Carolina

Notes to Financial Statements

**Note 2. Stewardship, Compliance, and Accountability**

B. Excess of Expenditures over Appropriations

Beginning with the fiscal year ended June 30, 2012, the ABC Board was required to operate under a balanced budget in accordance with G.S. 18B-702. At June 30, 2016, the ABC Board had budgetary lines that exceeded the amended budget at the level of detail in which the budget was authorized as follows:

	Original Budget	Revised Budget	Actual	Negative Variance
Capital Outlay	\$ 9,750	\$ 92,500	\$ 92,528	\$ 28
Distributions	857,179	996,221	1,076,475	80,254

**Note 3. Cash on Deposit and Investments**

At June 30, 2016, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$ 15,925
Carrying value of deposits	25,559,236
Investments	30,669,628
	<u>\$ 56,244,789</u>

Statement of net position reconciliation:

Cash and cash equivalents	\$ 25,575,161
Investments - unrestricted	30,669,628
	<u>\$ 56,244,789</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.

Craven County, North Carolina

Notes to Financial Statements

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**Note 3. Cash on Deposit and Investments (Continued)**

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, 2016, the County's (primary government) deposits had a carrying amount of \$25,559,236 and a bank balance of \$26,366,001. Of the bank balance, \$310,000 was covered by federal depository insurance and \$26,056,001 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, 2016, the County's agency fund deposits had a carrying amount of \$113,887 and a bank balance of \$113,887. The bank balance was covered by collateral held under the pooling method.

Component Unit Information

At June 30, 2016, both the carrying amount and bank balance of deposits for the Tourism Development Authority were \$270,952. The bank balance was covered by collateral held under the pooling method.

At June 30, 2016, both the carrying amount and bank balance of deposits for the Airport Authority were \$3,240,939. The bank balance was covered by collateral held under the pooling method.

At June 30, 2016, the ABC Board had \$12,900 in cash on hand, and deposits in financial institutions with a carrying amount of \$2,219,213 and a bank balance of \$2,183,785. Of the bank balance, \$341,467 was covered by federal depository insurance and \$1,842,318 was covered by collateral held under the pooling method.

At September 30, 2015, the carrying amount of deposits for the Health System was \$30,115,739 and the bank balance was \$30,745,137. Of the bank balance, \$500,000 was covered by federal depository insurance and \$30,245,137 was covered by collateral held under the pooling method. Cash and cash equivalents consist of the following as of September 30, 2015:

Cash on hand	\$	8,980
Deposits		30,115,739
Mutual fund money markets		206,926
	\$	<u>30,331,645</u>

Craven County, North Carolina

Notes to Financial Statements

Note 3. Cash on Deposit and Investments (Continued)

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, 2016 consist of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less Than Six Months	6 - 12 Months
NC Capital Management Trust, Cash Portfolio	Amortized Cost	\$ 20,713,387	\$ 20,713,387	\$ -
Commercial paper:				
Credit Suisse NY	Fair Value-Level 2	4,977,379	-	4,977,379
JP Morgan Securities	Fair Value-Level 2	4,978,863	-	4,978,863
<b>Total investments</b>		<b>\$ 30,669,629</b>	<b>\$ 20,713,387</b>	<b>\$ 9,956,242</b>

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*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, 2016, 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 A-1 by Moody's, F-1 by Fitch Ratings, and P-1 by Standard & Poor's.

## Craven County, North Carolina

### Notes to Financial Statements

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#### Note 3. Cash on Deposit and Investments (Continued)

*Custodial Credit Risk:* 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, 2015, 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>Maturity</b>
US Government Agency Mutual Funds	\$ 65,370	N/A
Vanguard Bond Mutual Funds-Corp	35,257	N/A
Equity Securities and Mutual Funds	160,242	N/A
Hedge Funds	165	N/A
Short Term Cash Equivalents	6,201	N/A
NC Capital Management Trust	24,337	N/A
<b>Total</b>	<b>\$ 291,572</b>	

The above table includes \$206,926 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 3. Cash on Deposit and Investments (Continued)

As of September 30, 2015, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Total
US Government Agency Mutual Funds	100.00%						100.00%
Corporate/Other Bond Mutual Funds	16.38%	11.26%	36.30%	36.06%			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 4. Capital Assets**

Capital asset activity for the primary government for the year ended June 30, 2016 was as follows:

	Capital Assets			Capital Assets
	June 30, 2015	Additions	Retirements	June 30, 2016
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land, other	\$ 9,847,445	\$ 91,798	\$ (167,734)	\$ 9,771,509
Construction in progress	25,503	118,170	(41,258)	102,415
Total capital assets not being depreciated	<u>\$ 9,872,948</u>	<u>\$ 209,968</u>	<u>\$ (208,992)</u>	<u>\$ 9,873,924</u>
Capital assets, being depreciated:				
Buildings	\$ 67,243,237	\$ -	\$ (905)	\$ 67,242,332
Vehicles	5,922,130	614,345	(467,788)	6,068,687
Equipment	5,653,146	266,417	(202,326)	5,717,237
Other improvements	13,657,871	1,392,243	(13,700)	15,036,414
Total capital assets being depreciated	<u>92,476,384</u>	<u>2,273,005</u>	<u>(684,719)</u>	<u>94,064,670</u>
Less accumulated depreciation for:				
Buildings	27,208,427	2,125,165	(905)	29,332,687
Vehicles	4,847,047	550,941	(469,863)	4,928,125
Equipment	3,553,017	517,708	(225,654)	3,845,071
Other improvements	5,881,480	1,001,168	(14,040)	6,868,608
Total accumulated depreciation	<u>41,489,971</u>	<u>4,194,982</u>	<u>(710,462)</u>	<u>44,974,491</u>
Total capital assets, being depreciated, net	<u>\$ 50,986,413</u>			<u>\$ 49,090,179</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	\$ -	\$ -	\$ 947,354
Construction in progress	10,945,210	16,365,533	-	27,310,743
Total capital assets not being depreciated	<u>\$ 11,892,564</u>	<u>\$ 16,365,533</u>	<u>\$ -</u>	<u>\$ 28,258,097</u>
Capital assets, being depreciated:				
Buildings & other improvements	\$ 30,444,425	\$ 12,134	\$ -	\$ 30,456,559
Vehicles	178,716	39,231	-	217,947
Equipment	186,971	-	-	186,971
Total capital assets being depreciated	<u>30,810,112</u>	<u>51,365</u>	<u>-</u>	<u>30,861,477</u>
Less accumulated depreciation for:				
Buildings & other improvements	15,457,227	893,644	-	16,350,871
Vehicles	178,612	18,561	-	197,173
Equipment	155,599	-	-	155,599
Total accumulated depreciation	<u>15,791,438</u>	<u>912,205</u>	<u>-</u>	<u>16,703,643</u>
Total capital assets, being depreciated, net	<u>\$ 15,018,674</u>			<u>\$ 14,157,834</u>

Craven County, North Carolina

Notes to Financial Statements

**Note 4. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 1,012,032
Public safety	1,730,388
Social Services	419,033
Economic and physical development	504,980
Health	316,853
Environmental protection	42,520
Culture and recreation	169,176
Total depreciation expense, governmental activities	<u>\$ 4,194,982</u>
Business-type activities:	
Water Fund	<u>\$ 912,205</u>
Total depreciation expense-business-type activities	<u>\$ 912,205</u>

**Construction commitments**

The government has active construction project as of June 30, 2016. The project includes the Castle Hayne Aquifer project that includes a new water plant. At June 30, 2016, the government's commitment with a contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Water Plant	\$ 27,310,743	\$ 2,100,000

**Discretely presented component units**

The following is a summary of the capital assets of the Airport Authority at June 30, 2016:

Capital assets, not being depreciated:	
Land	\$ 9,616,306
Construction in Progress	775,460
Total capital assets, not being depreciated	<u>10,391,766</u>
Capital assets, being depreciated:	
Buildings	9,450,092
Improvements other than buildings	28,869,129
Machinery, equipment, and vehicles	2,034,711
Total capital assets being depreciated	<u>40,353,932</u>
Less accumulated depreciation	17,362,325
Total capital assets being depreciated, net	<u>22,991,607</u>
Capital assets, net	<u>\$ 33,383,373</u>

Craven County, North Carolina

Notes to Financial Statements

**Note 4. Capital Assets (Continued)**

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.

The following is a summary of the Health System capital asset activity for the year ended September 30, 2015:

	Year Ended September 30, 2015			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 9,047,024	\$ -	\$ -	\$ 9,047,024
Construction in progress	2,314,352	15,136,492	(9,114,509)	8,336,335
Total capital assets, not being depreciated	11,361,376	15,136,492	(9,114,509)	17,383,359
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	4,652,308	425,088	-	5,077,396
Building and fixtures	152,603,570	3,145,147	-	155,748,717
Equipment	179,930,379	11,255,665	(2,477,367)	188,708,677
Total capital assets being depreciated	352,913,970	14,825,900	(2,477,367)	365,262,503
Less accumulated depreciation/amortization for:				
Intangible assets	(11,054,202)	(518,424)	-	(11,572,626)
Land improvements, building and fixtures, and equipment	(236,285,056)	(20,424,752)	2,446,012	(254,263,796)
	(247,339,258)	(20,943,176)	2,446,012	(265,836,422)
Total capital assets being depreciated/amortized, net	105,574,712			99,426,081
Health System capital assets, net	<u>\$ 116,936,088</u>			<u>\$ 116,809,440</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, 2015. The estimated cost to complete the projects is approximately \$10,315,000.

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 4. Capital Assets (Continued)**

The following is a summary of the capital assets of the ABC Board at June 30, 2016:

Capital assets, not being depreciated:

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

Capital assets, being depreciated:

Buildings	\$ 1,144,527
Furniture & equipment	577,357
Leasehold improvements	4,907
Automobile	<u>125,289</u>
Total capital assets being depreciated	1,852,080
Less accumulated depreciation	<u>1,039,232</u>
Total capital assets being depreciated, net	<u>\$ 812,848</u>

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 5. 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 <u>Interest Rates</u>	<u>Amounts</u>
General government bonds:		
The County's general obligation bonds payable at June 30, 2016 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%	\$ 15,014,000
\$1,061,750 2009 Advance Refunding Bonds issued for 2001 Community College Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$7,500 to \$209,600 plus interest) through May 1, 2019	2.0% - 4.0%	586,000
\$13,855,000 2004 General Obligation Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$330,000 to \$1,300,000 plus interest) through June 1, 2017	3.0% - 3.75%	330,000
		<u>15,930,000</u>

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

<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest
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	2,305,000	238,000
2022 – 2023	3,645,000	200,200
Total	<u>\$ 15,930,000</u>	<u>\$ 2,243,725</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Convention Center	4.72%	\$ 2,200,000
Qualified School Construction Bond	4.72%	973,350
New School/School Projects/Fiber Optic	4.5%-5.0%	1,270,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	1,555,000
2013 LOB Refunded School Projects/Fiber Optic	2.07%	14,292,000
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	17,468,000
Total General Government		<u>37,758,350</u>
Enterprise:		
Water line expansion project-		
Northwest Craven Water and		
Sewer District	2.66% - Drinking Water Revolving Loan	721,028
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	15,558,566
Total Enterprise		<u>16,279,594</u>
Total loans and installment notes payable		<u>\$ 54,037,944</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 5. 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, 2016, only \$15,558,566 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
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	3,348,150	401,580	889,064	10,655
2022 – 2026	15,020,000	1,046,489	4,365,207	21,311
2027 - 2031	2,760,000	28,566	4,044,750	-
2032 - 2037	-	-	4,233,267	-
Total	<u>\$ 37,758,350</u>	<u>\$ 4,064,150</u>	<u>\$ 16,279,594</u>	<u>\$ 95,896</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Changes in long-term liabilities:

Changes in long-term obligations for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 18,460,000	\$ -	\$ 2,530,000	\$ 15,930,000	\$ 2,560,000
Deferred premium on debt	807,822	-	185,262	622,560	-
Loans and installment notes	42,044,650	-	4,286,300	37,758,350	4,331,300
Net pension obligation (LEOSSA)	582,534	30,152	-	612,686	-
Other postemployment benefit obligation	3,152,070	767,072	489,416	3,429,726	-
Net pension liability (LGERS)	-	1,711,607	-	1,711,607	-
Compensated absences	2,763,061	1,566,422	1,627,554	2,701,929	1,566,422
Governmental activity Long-term liabilities	<u>\$ 67,810,137</u>	<u>\$ 4,075,253</u>	<u>\$ 9,118,532</u>	<u>\$ 62,766,858</u>	<u>\$ 8,457,722</u>
Due within one year					\$ 8,457,722
Due in more than one year					54,309,136
Total Governmental Activities					<u>\$ 62,766,858</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -
Other postemployment benefit obligation	51,355	12,317	7,859	55,813	-
Net pension liability (LGERS)	-	36,715	-	36,715	-
Compensated absences	54,019	22,473	26,190	50,302	26,190
Loans and installment notes	5,601,369	10,758,339	80,114	16,279,594	80,114
Business-type activities	<u>\$ 5,711,743</u>	<u>\$ 10,829,844</u>	<u>\$ 119,163</u>	<u>\$ 16,422,424</u>	<u>\$ 106,304</u>
Due within one year					\$ 106,304
Due in more than one year					16,316,120
Total Business-type Activities					<u>\$ 16,422,424</u>

## Craven County, North Carolina

### Notes to Financial Statements

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#### Note 5. 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 end 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 \$53,862,259 of its legal debt limitation of \$801,898,309, leaving a legal debt margin of \$748,035,050 at June 30, 2016.

#### Component Unit Information:

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

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2016.

The Health System does not have any general obligation bonds outstanding at September 30, 2015.

#### Note 6. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2016 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 1,059,064
Non-Major Funds	General Fund	1,237,907
		<u>\$ 2,296,971</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 non-operating revenues (expenses) in the Proprietary Funds. Transfers within fund types have been eliminated.

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 6. Interfund Assets/Liabilities and Transfers (Continued)**

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2016:

Transfers out:	Transfers In:					Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	
General Fund	\$ -	\$ 870,000	\$ 4,033,713	\$ 18,000	\$ -	\$ 4,921,713
Non-Major Governmental Funds	797,676	-	-	-	-	797,676
County Reserve Fund	600,911	-	-	-	-	600,911
Water Fund	123,000	-	-	-	20,955	143,955
<b>Total Transfers out</b>	<b>\$ 1,521,587</b>	<b>\$ 870,000</b>	<b>\$ 4,033,713</b>	<b>\$ 18,000</b>	<b>\$ 20,955</b>	<b>\$ 6,464,255</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 7. 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 8. 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, 2016. During the year ended June 30, 2016, the County appropriated \$1,343,693 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 \$320,221. 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 8. 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, 2016. 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, 2016. 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, 2016. The County appropriated \$280,298 to the THR during the fiscal year ended June 30, 2016, 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, \$586,000 is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,732,948 and \$300,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2016. In addition, the County made debt service principal payments of \$108,400 during the fiscal year ended June 30, 2016. 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, 2016. 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 9. 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, 2016.

**Note 10. 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 11. 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	\$ 114,032,083
Temporary Assistance to Needy Families	484,035
Special Assistance	508,679
WIC	2,249,315
Health Choice	1,497,312
Other programs	892,848
	<u>\$ 119,664,272</u>

Craven County, North Carolina

Notes to Financial Statements

Note 12. Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 4,593,826	\$ -
Pensions - difference between expected and actual experience		
LGERS	-	415,219
Register of Deeds (ROD's)	14,039	-
Pensions - difference between projected and actual investment earnings - (LGERS and ROD's)	-	497,749
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - (LGERS and ROD's)	55,686	19,504
Contributions to pension plan in 2015-2016 fiscal year - (LGERS and ROD's)	1,677,526	-
Prepaid taxes not yet earned (General Fund)	-	75,180
Total reported in government wide statements	<u>6,341,077</u>	<u>1,007,652</u>
Property taxes receivable, net (General Fund)	-	785,902
Property taxes receivable, net (Special Revenue Fund)	-	29,112
Recycling fees receivable (General Fund)	-	151,634
Total	<u>\$ 6,341,077</u>	<u>\$ 1,974,300</u>

Note 13. 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 \$4,959,736 in claims was incurred for benefits during fiscal year 2016. Payments received from the insurer for claims over the limit of \$74,196 and \$38,600 during fiscal 2016 and fiscal 2015, 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
2015-2016	\$ 450,000	\$ 4,959,736	\$ 4,759,736	\$ 650,000
2014-2015	\$ 350,000	\$ 4,544,650	\$ 4,444,650	\$ 450,000

Craven County, North Carolina

Notes to Financial Statements

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**Note 13. 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 \$126,902 in claims or changes in estimates were incurred for benefits during fiscal year 2016. 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
2015-2016	\$ 43,771	\$ 126,902	\$ 139,110	\$ 31,563
2014-2015	\$ 98,406	\$ (7,912)	\$ 46,723	\$ 43,771

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 \$5,900,000 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 13. 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 2015 and 2014 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2014-2015	\$ 1,400,000	\$ 21,616,936	\$ 20,916,936	\$ 2,100,000
2013-2014	\$ 1,200,000	\$ 18,323,516	\$ 18,123,516	\$ 1,400,000

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.

Notes to Financial Statements

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**Note 13. 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 \$20,115 during the fiscal year 2015.

The Virginia Insurance Reciprocal ("ROA") case was purchased by Providence Washington Insurance Company whereby all responsibility for paying, administering, processing and handling of all workers compensation claims within this book of business was assumed by the new carrier effective December 29, 2014. Subsequently, \$278,000 was removed from reserves as the Health System has no additional financial liability for the ROA case. The Health System continues to maintain reserves to cover reimbursement obligations relating to one other case and claims that remain pending. This includes a professional liability matter that may involve substantial exposure for both indemnity and defense expenses. The nature and extent of the reserve is periodically reviewed for adequacy and reasonableness by management.

Professional Liability: The Health System spent \$702,772 for General, Professional, and Umbrella coverage in fiscal year 2015. 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.

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 14. 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

Notes to Financial Statements

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**Note 14. Retirement Systems (Continued)**

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).

*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	6.76%	7.15%
Airport Authority	6.97%	
ABC Board	7.35%	

Craven County, North Carolina

Notes to Financial Statements

**Note 14. Retirement Systems (Continued)**

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 \$1,667,585, \$23,663 and \$39,851, respectively, for the year ended June 30, 2016.

*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.

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

At June 30, 2016, the County, Airport Authority and ABC Board reported liabilities of \$1,748,322, \$17,502 and \$32,986, respectively, for their proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2015. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County, Airport Authority and ABC Board's proportion of the net pension liabilities 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, 2015, the County, Airport Authority and ABC Board's proportions were .390%, .004% and .00735%, respectively, which were decreases of .002%, .001% and .00114%, respectively, from their proportions measured as of June 30, 2014.

For the year ended June 30, 2016, the County, Airport Authority and ABC Board's recognized pension expense of \$811,491, \$11,977 and \$21,628, respectively.

At June 30, 2016, 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	\$ -	\$ 410,954
Net difference between projected and actual earnings on pension plan investments	-	497,742
Changes in proportion and differences between County contributions and proportionate share of contributions	54,631	18,957
County contributions subsequent to the measurement date	1,667,585	-
Total	<u>\$ 1,722,216</u>	<u>\$ 927,653</u>

Craven County, North Carolina

Notes to Financial Statements

Note 14. Retirement Systems (Continued)

At June 30, 2016, the Airport 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	\$ -	\$ 4,114
Net difference between projected and actual earnings on pension plan investments	-	4,983
Changes in proportion and differences between Airport Authority's contributions and proportionate share of contributions	14,295	-
Airport Authority's contributions subsequent to the measurement date	23,663	-
Total	<u>\$ 37,958</u>	<u>\$ 9,097</u>

At June 30, 2016, the ABC Board 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	\$ -	\$ 7,754
Net difference between projected and actual earnings on pension plan investments	-	9,391
Changes in proportion and differences between ABC Board's contributions and proportionate share of contributions	16,160	82
ABC Board's contributions subsequent to the measurement date	39,851	-
Total	<u>\$ 56,011</u>	<u>\$ 17,227</u>

\$1,667,585, \$23,663 and \$39,851 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
2017	\$ (566,681)	\$ (1,819)	\$ (6,739)
2018	(566,681)	(1,819)	(6,739)
2019	(566,133)	(1,824)	(6,727)
2020	826,473	10,660	19,138
2021	-	-	-
Thereafter	-	-	-
Total	<u>\$ (873,022)</u>	<u>\$ 5,198</u>	<u>\$ (1,067)</u>

Craven County, North Carolina

Notes to Financial Statements

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**Note 14. Retirement Systems (Continued)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 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, 2014 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, 2015 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	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.00%. All rates of return and inflation are annualized.

**Craven County, North Carolina**

**Notes to Financial Statements**

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**Note 14. Retirement Systems (Continued)**

*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 liability (asset) to changes in the discount rate.* The following presents the County's proportionate share of the net pension liability (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:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 12,191,293	\$ 1,748,322	\$ (7,049,650)
Airport Authority's proportionate share of the net pension liability (asset)	\$ 122,051	\$ 17,502	\$ (70,576)
ABC Board's proportionate share of the net pension liability (asset)	\$ 230,016	\$ 32,986	\$ 133,007

*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.

Craven County, North Carolina

Notes to Financial Statements

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**Note 14. Retirement Systems (Continued)**

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

At December 31, 2015 the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Active plan members	72
Total	<u>81</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, non-employer contributing entities, the plan administrator, and plan members.

*Contributions.* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned 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. Administration costs of the Separation Allowance are financed through investment earnings. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method, the level dollar closed amortization method over a remaining amortization period of 15 years, and market value asset valuation method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 3.50% to 7.35% 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 14. Retirement Systems (Continued)**

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

Annual Required Contribution	\$ 169,362
Interest on Net Pension Obligation	29,127
Adjustment to Annual Required Contribution	<u>(51,191)</u>
Annual Pension Cost	147,298
Benefit payments made for fiscal year ending June 30, 2016	<u>117,146</u>
Increase in Net Pension Obligation	30,152
Net Pension Obligation, beginning of fiscal year	582,534
Net Pension Obligation, end of fiscal year	<u><u>\$ 612,686</u></u>

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	\$ 115,645	78.04%	\$ 530,542
6/30/2015	143,572	63.79%	582,534
6/30/2016	147,298	79.53%	612,686

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,618,123, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,618,123. The covered payroll (annual payroll of active employees covered by the plan) was \$3,070,038, and the ratio of the UAAL to the covered payroll was 52.71 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

## Craven County, North Carolina

### Notes to Financial Statements

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#### Note 14. Retirement Systems (Continued)

##### Supplemental Retirement Income Plan for Law Enforcement Officers (continued):

ended June 30, 2016 were \$250,747 which consisted of \$157,178 (required and actual) from the County and \$93,569 from the law enforcement officers.

##### Supplemental Retirement Income Plan for Non-Law Enforcement Officers:

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. All non-law enforcement employees employed by the County participate in the Plan after a six-month probationary period with the County. The County has no requirement or obligation under State statutes to contribute to this Plan.

*Funding Policy.* The County contributes each month an amount equal to two percent of each covered non-law enforcement employees' compensation and also contributes up to an additional two percent match of employees contributions dollar for dollar, and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 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

Craven County, North Carolina

Notes to Financial Statements

**Note 14. Retirement Systems (Continued)**

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, 2016.

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

At June 30, 2016, the County reported an asset of \$257,688 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 1.11%, which was an increase of .35% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(4,858). At June 30, 2016, 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	\$ 12,778	\$ 4,265
Net difference between projected and actual earnings on pension plan investments	1,261	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,157	547
County contributions subsequent to the measurement date	9,941	-
Total	<u>\$ 25,137</u>	<u>\$ 4,812</u>

\$9,941 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:**

2017	\$ 2,934
2018	1,325
2019	2,672
2020	3,453
Total	<u>\$ 10,384</u>

## Craven County, North Carolina

### Notes to Financial Statements

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#### Note 14. Retirement Systems (Continued)

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 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, 2014 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, 2015 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.

Notes to Financial Statements

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**Note 14. 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)	\$ (257,688)	\$ (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 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 \$63,535,819 for the year ended September 30, 2015. Total contributions were \$3,812,149 for the year ended September 30, 2015, which represents 6 percent of covered payroll. Effective January 1, 2014, the effective contribution percentage reduced from ten percent to six percent.

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 14. Retirement Systems (Continued)**

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$66,039,666 for the year ended September 30, 2015. The Health System's contributions were \$1,320,793 or 2 percent of covered payroll for the year ended September 30, 2015. Employee contributions to the plan totaled \$5,832,322 or 8.83% of covered payroll for the year ended September 30, 2015. Employee contributions to the 457(b) plan totaled \$1,329,127 for the year ended September 30, 2015. These plans are not included in the Health System's reporting entity and do not issue separate, stand alone financial reports.

**Note 15. 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, 2016, 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.

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

**Craven County, North Carolina**

**Notes to Financial Statements**

**Note 16. 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. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. A separate report was not issued for the plan.

Retired Employees’ Years of Creditable Service	
Less than 15 years	Not eligible for coverage
15-19 years with LGERS and County	Full coverage paid by the retiree
20+ years with LGERS, 15 from the County	Full coverage a portion paid by the County based on years over 20, balance paid by the retiree

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	26	10
Active plan members	491	73
Total	517	83

\*The General employees group above includes active plan members for governmental activities, business-type activities, and the Airport Authority totaling 579, 14 and 7, 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 3.84% of annual covered payroll. For the current year, the County contributed \$503,774 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 13. The County’s obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

Craven County, North Carolina

Notes to Financial Statements

**Note 16. Other Postemployment Benefits (Continued)**

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

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

Annual required contribution (1)	\$ 783,782
Interest on net OPEB obligation	129,627
Adjustment to annual required contribution	<u>(123,834)</u>
Annual OPEB cost (expense)	789,575
Benefit payments made (1)	<u>(503,774)</u>
Increase (decrease) in net OPEB obligation	285,801
Net OPEB obligation, beginning of year	<u>3,240,680</u>
Net OPEB obligation, end of year (1)	<u><u>\$ 3,526,481</u></u>

(1) The net OPEB obligation at June 30, 2016 consists of liabilities of \$3,429,726, \$55,813 and \$40,942 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 \$761,444, \$12,227 and \$10,111 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$489,416, \$7,859 and \$6,499 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
2016	\$ 789,575	63.8%	\$ 3,526,481
2015	\$ 766,225	62.0%	\$ 3,240,680
2014	\$ 726,995	56.2%	\$ 2,949,163

*Funded Status and Funding Progress.* As of December 31, 2015, 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 \$10,481,987. The covered payroll (annual payroll of active employees covered by the plan) was \$23,583,699, and the ratio of the UAAL to the covered payroll was 44.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Craven County, North Carolina

Notes to Financial Statements

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**Note 16. Other Postemployment Benefits (Continued)**

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

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

In the December 31, 2015 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, 2015, was 30 years.

**Health System Plans:**

*Plan Description.* CarolinaEast Health Center sponsors and has 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	49
Active plan members	184
Total	<u>233</u>

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

Craven County, North Carolina

Notes to Financial Statements

**Note 16. Other Postemployment Benefits (Continued)**

*Annual OPEB Cost and Net OPEB Obligation.* The Health System's OPEB cost (expense) for the fiscal year ended September 30, 2015 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, 2015.

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, 2015, 2014 and 2013, were as follows:

Fiscal Year Ended	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2013	\$574,181	100.00%	\$-
09/30/2014	\$ -	100.00%	\$-
09/30/2015	\$ -	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
01/01/2013	\$6,104,475	\$5,515,515	(\$588,960)	111%
01/01/2014	\$6,689,547	\$5,073,611	(\$1,615,936)	132%
01/01/2015	\$6,701,469	\$5,114,569	(\$1,586,900)	131%

Craven County, North Carolina

Notes to Financial Statements

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**Note 16. Other Postemployment Benefits (Continued)**

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

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.0%
Health care costs trend rates	7.75% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

**Note 17. 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 18. 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, 2016, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2017	11,400
2018	11,400
2019	11,400
	<hr/>
	\$ 34,200

At June 30, 2016, the County also has an active construction project in the Castle Hayne Aquifer Capital Project Fund. The County's remaining commitment at June 30, 2016 is \$2.1 million. The financing for this construction project was obtained through the Department of Natural Resources.

## Craven County, North Carolina

### Notes to Financial Statements

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#### **Note 19. Subsequent Events**

The County has evaluated its subsequent events (events occurring after June 30, 2016) through December 13, 2016 which represents the date the financial statements were available to be issued.

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

The County, Authority and ABC Board implemented Governmental Accounting Standards Board (GASB) statement 72, Fair Value Measurement and Application, and a portion of statement 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 in the fiscal year ending June 30, 2016. The implementation of these statements did not have any effect on net position.

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

The GASB has issued several pronouncements prior to June 30, 2016 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. 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."

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.

## REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of Funding Progress 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 Asset (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- Schedule of County Contributions (ROD)

Craven 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, 2016**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll for Year Ending on Valuation Date (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
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%
12/31/2015	-	1,618,123	1,618,123	-	3,070,038	52.71%

**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	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.57%
Projected salary increases	3.50-7.35%
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%
12/31/2015	\$ -	\$ 10,481,987	\$ 10,481,987	0.0%	\$ 23,583,699	44.4%

**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%
2016	\$ 783,782	64.3%

**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	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.0%
Pre-medicare trend rate	7.75% down to 5.0%
Year of Ultimate trend rate	3.0%
*Includes inflation at	None

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.390%	0.406%	0.408%
County's proportionate share of the net pension liability (asset) \$	\$ 1,748,322	\$ (2,397,200)	\$ 4,922,788
County's covered-employee payroll	\$ 24,162,555	\$ 24,220,773	\$ 24,447,979
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.24%	( 9.90%)	20.14%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	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 3 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,667,585	\$ 1,718,722	\$ 1,718,740
Contributions in relation to the contractually required contribution	1,667,585	1,718,722	1,718,740
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 24,774,857	\$ 24,162,555	\$ 24,220,773
Contributions as a percentage of covered-employee payroll	6.73%	7.11%	7.10%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.111%	1.108%	1.123%
County's proportionate share of the net pension liability (asset) \$	\$ (257,688)	\$ (251,203)	\$ (239,811)
County's covered-employee payroll	\$ 57,661	\$ 56,197	\$ 53,086
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(446.90%)	(447.00%)	(451.74%)
Plan fiduciary net position as a percentage of the total pension liability	197.29%	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 3 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,941	\$ 8,897	\$ 9,049
Contributions in relation to the contractually required contribution	9,941	8,897	9,049
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 60,129	\$ 57,561	\$ 56,197
Contributions as a percentage of covered-employee payroll	16.53%	15.46%	16.10%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) %	0.003%	0.003%	0.004%
Authority's proportionate share of the net pension liability (asset) \$	\$ 17,502	\$ (19,462)	\$ 43,394
Authority's covered-employee payroll \$	\$ 345,577	\$ 314,856	\$ 277,758
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.06%	( 6.18%)	15.62%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

**Schedule of Authority Contributions  
Local Governmental Employees' Retirement System  
Last 3 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 23,663	\$ 25,400	\$ 23,551
Contributions in relation to the contractually required contribution	23,663	25,400	23,551
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll \$	\$ 354,738	\$ 345,577	\$ 314,856
Contributions as a percentage of covered-employee payroll	6.67%	7.35%	7.48%

Crauen County



## **OTHER SUPPLEMENTARY INFORMATION**

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

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

Craven County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2016

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2015	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2016
2016	\$	\$ 46,948,201	\$ 46,591,996	\$ 356,205
2015	369,955	-	224,745	145,210
2014	238,906	-	62,732	176,174
2013	196,973	-	22,308	174,665
2012	157,407	-	16,632	140,775
2011	114,032	-	10,546	103,486
2010	107,706	-	6,799	100,907
2009	104,597	-	3,739	100,858
2008	103,573	-	3,509	100,064
2007	91,213	-	3,655	87,558
2006	79,692	-	79,692	-
	\$ <u>1,564,054</u>	\$ <u>46,948,201</u>	\$ <u>47,026,353</u>	\$ <u>1,485,902</u>

Less allowance for uncollectible  
ad valorem taxes receivable

700,000  
\$ 785,902

Reconciliation with revenues:

Ad valorem taxes- General Fund	\$ 46,942,385
Less: Collection of taxes older than ten years	14,459
Plus: Abatements and adjustments of prior year taxes	<u>98,427</u>
Total collections and credits	<u>\$ 47,026,353</u>

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
For the Fiscal Year Ended June 30, 2016

	County-wide		Total Levy		
			Property excluding Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$9,749,348,335	\$0.4675	\$45,578,223	\$42,677,899	\$2,900,324
Motor vehicles taxed at prior year's rate	208,773,983.00	0.4675	976,018.00	-	976,018.00
Penalties	-		106,847	106,847	-
	<u>\$9,958,122,318</u>		<u>\$46,661,088</u>	<u>\$42,784,746</u>	<u>\$3,876,342</u>
DISCOVERIES	92,158,107		433,670	433,670	-
	<u>\$10,050,280,425</u>		<u>\$47,094,758</u>	<u>\$43,218,416</u>	<u>\$3,876,342</u>
ABATEMENTS	(26,551,561)		(146,557)	(146,557)	0
Total property valuation	<u><u>\$10,023,728,864</u></u>				
Net Levy			\$46,948,201	\$43,071,859	\$3,876,342
Uncollected taxes at June 30, 2016			356,205	356,205	-
Current year's taxes collected			<u>\$46,591,996</u>	<u>\$42,715,654</u>	<u>\$3,876,342</u>
Current levy collection percentage			<u>99.24%</u>	<u>99.17%</u>	<u>100.00%</u>

**COMBINING SCHEDULES OF NONMAJOR FUNDS**

Craven County



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CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,104,193	\$ -	\$ -	\$ 1,104,193
Taxes receivable	29,112	-	-	29,112
Accounts receivable	677,352	-	-	677,352
Due from other funds	-	-	1,059,064	1,059,064
Total assets	<u>\$ 1,810,657</u>	<u>\$ -</u>	<u>\$ 1,059,064</u>	<u>\$ 2,869,721</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 40	\$ -	\$ -	\$ 40
Due to other funds	513,818	113,670	610,418	1,237,906
Total liabilities	<u>513,858</u>	<u>113,670</u>	<u>610,418</u>	<u>1,237,946</u>
Deferred inflows of resources:				
Tax receivable	29,112	-	-	29,112
Total deferred inflows of resources	<u>29,112</u>	<u>-</u>	<u>-</u>	<u>29,112</u>
Fund balances:				
Restricted				
Stabilization by state statute	211,095	-	-	211,095
Public safety	873,055	(113,670)	-	759,385
Economic and physical development	231,098	-	-	231,098
Education, schools	-	-	448,646	448,646
Unassigned	(47,561)	-	-	(47,561)
Total fund balances	<u>1,267,687</u>	<u>(113,670)</u>	<u>448,646</u>	<u>1,602,663</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,810,657</u>	<u>\$ -</u>	<u>\$ 1,059,064</u>	<u>\$ 2,869,721</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2016

	Fire District Funds	Emergency Telephone System	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	Flood Hazard Assistance	Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ 391,667	\$ 481,428	\$ 231,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,104,193
Taxes receivable	29,112	-	-	-	-	-	-	-	-	29,112
Accounts receivable	190,202	21,938	-	-	-	-	-	465,212	-	677,352
Total assets	<u>\$ 610,981</u>	<u>\$ 503,366</u>	<u>\$ 231,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,212</u>	<u>\$ -</u>	<u>\$ 1,810,657</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
Due to other funds	554	-	-	-	-	-	-	465,212	48,052	513,818
Total liabilities	<u>554</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,212</u>	<u>48,052</u>	<u>513,858</u>
Deferred inflows of resources:										
Tax receivable	29,112	-	-	-	-	-	-	-	-	29,112
Total deferred inflows of resources	<u>29,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,112</u>
Fund balances:										
Restricted										
Stabilization by state statute	189,157	21,938	-	-	-	-	-	-	-	211,095
Public safety	391,667	481,388	-	-	-	-	-	-	-	873,055
Economic and physical development	-	-	231,098	-	-	-	-	-	-	231,098
Unassigned	491	-	-	-	-	-	-	-	(48,052)	(47,561)
Total fund balances	<u>581,315</u>	<u>503,326</u>	<u>231,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,052)</u>	<u>1,267,687</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 610,981</u>	<u>\$ 503,366</u>	<u>\$ 231,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,212</u>	<u>\$ -</u>	<u>\$ 1,810,657</u>

CRAVEN COUNTY, NORTH CAROLINA

BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUND  
June 30, 2016

	<u>Animal Shelter Project Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
Total assets	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Due to other funds	\$ 113,670
Total liabilities	<u>113,670</u>
Fund Balances:	
Restricted	
Public safety	<u>\$ (113,670)</u>
	<u>(113,670)</u>
Total liabilities and fund balances	<u>\$ -</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, 2016

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,863,710	\$ -	\$ -	\$ 3,863,710
Intergovernmental	1,451,350	-	1,083,080	2,534,430
Interest	810	-	230	1,040
Total revenues	<u>5,315,870</u>	<u>-</u>	<u>1,083,310</u>	<u>6,399,180</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	2,801,600	118,170	-	2,919,770
Economic and physical development	1,189,585	-	-	1,189,585
Debt service:				
Principal	-	-	4,166,650	4,166,650
Interest	-	-	1,059,755	1,059,755
Total expenditures	<u>3,991,185</u>	<u>118,170</u>	<u>5,226,405</u>	<u>9,335,760</u>
Excess of revenues over (under) expenditures	<u>1,324,685</u>	<u>(118,170)</u>	<u>(4,143,095)</u>	<u>(2,936,580)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	89,379	-	3,944,334	4,033,713
Transfers out	(797,676)	-	-	(797,676)
Total other financing sources (uses)	<u>(708,297)</u>	<u>-</u>	<u>3,944,334</u>	<u>3,236,037</u>
Net change in fund balances	616,388	(118,170)	(198,761)	299,457
<b>FUND BALANCES:</b>				
Beginning	<u>651,299</u>	<u>4,500</u>	<u>647,407</u>	<u>1,303,206</u>
Ending	<u>\$ 1,267,687</u>	<u>\$ (113,670)</u>	<u>\$ 448,646</u>	<u>\$ 1,602,663</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Fiscal Year Ended June 30, 2016

	Fire District Funds	Emergency Telephone System	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	Flood Hazard Assistance	Totals
<b>REVENUES</b>										
Taxes	\$ 2,798,319	\$ -	\$ 1,065,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,863,710
Intergovernmental	-	263,261	-	25,780	217,809	18,176	67,312	859,012	-	1,451,350
Interest	-	702	108	-	-	-	-	-	-	810
Total revenues	<u>2,798,319</u>	<u>263,963</u>	<u>1,065,499</u>	<u>25,780</u>	<u>217,809</u>	<u>18,176</u>	<u>67,312</u>	<u>859,012</u>	<u>-</u>	<u>5,315,870</u>
<b>EXPENDITURES</b>										
Current:										
Public safety	2,692,094	109,506	-	-	-	-	-	-	-	2,801,600
Economic and physical development	-	-	97,000	-	203,746	750	38,957	801,080	48,052	1,189,585
Total expenditures	<u>2,692,094</u>	<u>109,506</u>	<u>97,000</u>	<u>-</u>	<u>203,746</u>	<u>750</u>	<u>38,957</u>	<u>801,080</u>	<u>48,052</u>	<u>3,991,185</u>
Excess of revenues over (under) expenditures	<u>106,225</u>	<u>154,457</u>	<u>968,499</u>	<u>25,780</u>	<u>14,063</u>	<u>17,426</u>	<u>28,355</u>	<u>57,932</u>	<u>(48,052)</u>	<u>1,324,685</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in (out):										
To General Fund	-	-	(797,676)	-	-	-	-	-	-	(797,676)
From General Fund	89,379	-	-	-	-	-	-	-	-	89,379
Total other financing sources (uses)	<u>89,379</u>	<u>-</u>	<u>(797,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(708,297)</u>
Net change in fund balances	195,604	154,457	170,823	25,780	14,063	17,426	28,355	57,932	(48,052)	616,388
<b>FUND BALANCES:</b>										
Beginning	385,711	348,869	60,275	(25,780)	(14,063)	(17,426)	(28,355)	(57,932)	-	651,299
Ending	<u>\$ 581,315</u>	<u>\$ 503,326</u>	<u>\$ 231,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(48,052)</u>	<u>\$ 1,267,687</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For the Fiscal Year Ended June 30, 2016

	Animal Shelter Project Fund
<b>EXPENDITURES</b>	
Public Safety	\$ 118,170
Total expenditures	<u>118,170</u>
Excess of revenues under expenditures	<u>(118,170)</u>
<b>OTHER FINANCING SOURCES</b>	
Transfers in	<u>-</u>
Total other financing sources	<u>-</u>
Net change in fund balances	(118,170)
<b>FUND BALANCES</b>	
Beginning	<u>4,500</u>
Ending	<u>\$ (113,670)</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 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.
- **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 4019-0028 project fund is used to account for the buy-out and replacement of two residential structures that have flooded on multiple occasions.
- **Flood Mitigation Assistance Grant 2013 – 006** – Elevate eleven residential structures throughout County to prevent further flood loss damages.
- **Flood Mitigation Assistance Grant 2014 – 005** – Elevate five residential structures throughout County to prevent further flood loss damages.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

DETAILED BALANCE SHEET  
ALL FIRE DISTRICT FUNDS  
June 30, 2016

	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	\$ 15,888	\$ 35,924	\$ 163,868	\$ 10,389	\$ 10,884	\$ 19,483	\$ 57,850	\$ 20,818	\$ 31,198	\$ 25,365	\$ -	\$ 391,667
Taxes receivable	1,881	3,380	5,216	1,987	2,820	4,224	1,282	3,058	1,213	3,604	447	29,112
Accounts receivable	18,481	16,984	21,727	10,401	14,962	19,923	20,556	26,051	25,828	14,798	491	190,202
Total assets	\$ 36,250	\$ 56,288	\$ 190,811	\$ 22,777	\$ 28,666	\$ 43,630	\$ 79,688	\$ 49,927	\$ 58,239	\$ 43,767	\$ 938	\$ 610,981
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-	554	554
Total liabilities	-	-	-	-	-	-	-	-	-	-	554	554
Deferred inflows of resources:												
Tax receivable	1,881	3,380	5,216	1,987	2,820	4,224	1,282	3,058	1,213	3,604	447	29,112
Total deferred inflows of resources	1,881	3,380	5,216	1,987	2,820	4,224	1,282	3,058	1,213	3,604	447	29,112
Fund Balances:												
Restricted:												
Stabilization by state statute	18,481	16,984	21,727	10,401	14,962	19,923	20,556	26,051	25,828	14,798	(554)	189,157
Public safety	15,888	35,924	163,868	10,389	10,884	19,483	57,850	20,818	31,198	25,365	-	391,667
Unassigned	-	-	-	-	-	-	-	-	-	-	491	491
Total fund balances	34,369	52,908	185,595	20,790	25,846	39,406	78,406	46,869	57,026	40,163	(63)	581,315
Total liabilities, deferred inflows of resources and fund balances	\$ 36,250	\$ 56,288	\$ 190,811	\$ 22,777	\$ 28,666	\$ 43,630	\$ 79,688	\$ 49,927	\$ 58,239	\$ 43,767	\$ 938	\$ 610,981

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, 2016

	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	\$ 184,920	\$ 173,076	\$ 359,236	\$ 102,979	\$ 178,729	\$ 247,203	\$ 220,867	\$ 280,565	\$ 279,880	\$ 157,799	\$ 6,783	\$ 2,192,037
Sales	58,377	54,331	77,587	30,353	44,527	63,678	63,555	82,292	83,017	46,942	1,623	606,282
Total revenues	243,297	227,407	436,823	133,332	223,256	310,881	284,422	362,857	362,897	204,741	8,406	2,798,319
<b>EXPENDITURES</b>												
Remittances to fire districts	209,268	197,381	328,193	160,277	209,069	299,357	252,977	381,343	379,197	177,000	-	2,594,062
Workers' compensation	2,535	4,355	4,745	2,990	8,255	2,665	3,316	5,525	4,355	4,631	-	43,372
Capital outlay	-	-	-	-	20,979	-	-	-	-	23,435	-	44,414
Miscellaneous	1,041	833	831	832	2,026	1,041	1,042	1,107	831	662	-	10,246
Total expenditures	212,844	202,569	333,769	164,099	240,329	303,063	257,335	387,975	384,383	205,728	-	2,692,094
Excess of revenues over (under) expenditures	30,453	24,838	103,054	(30,767)	(17,073)	7,818	27,087	(25,118)	(21,486)	(987)	8,406	106,225
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in (out):												
From General Fund	-	-	-	20,000	20,979	-	-	24,965	-	23,435	-	89,379
Between fire districts	(22,273)	(13,322)	6,973	13,322	3,000	2,846	(2,846)	-	22,273	(3,000)	(6,973)	-
Total other financing sources (uses)	(22,273)	(13,322)	6,973	33,322	23,979	2,846	(2,846)	24,965	22,273	20,435	(6,973)	89,379
Net change in fund balances	8,180	11,516	110,027	2,555	6,906	10,664	24,241	(153)	787	19,448	1,433	195,604
<b>FUND BALANCES</b>												
Beginning	26,189	41,392	75,568	18,235	18,940	28,742	54,165	47,022	56,239	20,715	(1,496)	385,711
Ending	\$ 34,369	\$ 52,908	\$ 185,595	\$ 20,790	\$ 25,846	\$ 39,406	\$ 78,406	\$ 46,869	\$ 57,026	\$ 40,163	\$ (63)	\$ 581,315

**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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 180,636	\$ 184,920	\$ 4,284
Sales	54,828	58,377	3,549
Total revenues	<u>235,464</u>	<u>243,297</u>	<u>7,833</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	2,905	2,535	370
Miscellaneous	1,042	1,041	1
Total expenditures	<u>213,215</u>	<u>212,844</u>	<u>371</u>
Excess of revenue over expenditures	<u>22,249</u>	<u>30,453</u>	<u>8,204</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To West New Bern Fire District	(22,273)	(22,273)	-
Total other financing uses	<u>(22,273)</u>	<u>(22,273)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(24)	8,180	8,204
Appropriated fund balance	<u>24</u>	<u>-</u>	<u>(24)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>8,180</u>	<u>\$ 8,180</u>
<b>FUND BALANCE</b>			
Beginning		<u>26,189</u>	
Ending		<u>\$ 34,369</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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 170,430	\$ 173,076	\$ 2,646
Sales	51,337	54,331	2,994
Total revenues	<u>221,767</u>	<u>227,407</u>	<u>5,640</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	197,381	197,381	-
Workers' compensation	4,620	4,355	265
Miscellaneous	1,017	833	184
Total expenditures	<u>208,445</u>	<u>202,569</u>	<u>5,876</u>
Excess of revenue over expenditures	<u>13,322</u>	<u>24,838</u>	<u>11,516</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Little Swift Creek Fire District Fund	(13,322)	(13,322)	-
Total other financing uses	<u>(13,322)</u>	<u>(13,322)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>-</u>	<u>11,516</u>	<u>11,516</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>11,516</u>	<u>\$ 11,516</u>
<b>FUND BALANCE</b>			
Beginning		<u>41,392</u>	
Ending		<u>\$ 52,908</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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 351,456	\$ 359,236	\$ 7,780
Sales	76,831	77,587	756
Total revenues	<u>428,287</u>	<u>436,823</u>	<u>8,536</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	328,193	328,193	-
Workers' compensation	6,050	4,745	1,305
Miscellaneous	1,017	831	186
Total expenditures	<u>485,260</u>	<u>333,769</u>	<u>151,491</u>
Excess of revenue over (under) expenditures	<u>(56,973)</u>	<u>103,054</u>	<u>160,027</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Sandy Point	6,973	6,973	-
Total other financing sources	<u>6,973</u>	<u>6,973</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(50,000)</u>	<u>110,027</u>	<u>160,027</u>
Appropriated fund balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>110,027</u>	<u>\$ 110,027</u>
<b>FUND BALANCE</b>			
Beginning		<u>75,568</u>	
Ending		<u>\$ 185,595</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 97,634	\$ 102,979	\$ 5,345
Sales	28,333	30,353	2,020
Total revenues	<u>125,967</u>	<u>133,332</u>	<u>7,365</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	160,277	160,277	-
Workers' compensation	2,995	2,990	5
Miscellaneous	1,017	832	185
Total expenditures	<u>164,289</u>	<u>164,099</u>	<u>190</u>
Excess of revenue over (under) expenditures	<u>(38,322)</u>	<u>(30,767)</u>	<u>7,555</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From General Fund	20,000	20,000	-
From Township No. 1 Fire District Fund	13,322	13,322	-
Total other financing sources	<u>33,322</u>	<u>33,322</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(5,000)</u>	<u>2,555</u>	<u>7,555</u>
Appropriated fund balance	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>2,555</u>	<u>\$ 2,555</u>
<b>FUND BALANCE</b>			
Beginning		<u>18,235</u>	
Ending		<u>\$ 20,790</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 172,060	\$ 178,729	\$ 6,669
Sales	41,510	44,527	3,017
Total revenues	<u>213,570</u>	<u>223,256</u>	<u>9,686</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	209,069	209,069	-
Workers' compensation	8,650	8,255	395
Miscellaneous	3,051	2,026	1,025
Total expenditures	<u>241,770</u>	<u>240,329</u>	<u>1,441</u>
Excess of revenue over (under) expenditures	<u>(28,200)</u>	<u>(17,073)</u>	<u>11,127</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From General Fund	21,000	20,979	(21)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>24,000</u>	<u>23,979</u>	<u>(21)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(4,200)</u>	<u>6,906</u>	<u>11,106</u>
Appropriated fund balance	<u>4,200</u>	<u>-</u>	<u>(4,200)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>6,906</u>	<u>\$ 6,906</u>
<b>FUND BALANCE</b>			
Beginning		<u>18,940</u>	
Ending		<u>\$ 25,846</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 240,400	\$ 247,203	\$ 6,803
Sales	59,993	63,678	3,685
Total revenues	<u>300,393</u>	<u>310,881</u>	<u>10,488</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	299,357	299,357	-
Workers' compensation	2,840	2,665	175
Miscellaneous	1,042	1,041	1
Total expenditures	<u>303,239</u>	<u>303,063</u>	<u>176</u>
Excess of revenue over (under) expenditures	<u>(2,846)</u>	<u>7,818</u>	<u>10,664</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Township No. 6	2,846	2,846	-
Total other financing sources	<u>2,846</u>	<u>2,846</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>-</u>	<u>10,664</u>	<u>10,664</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>10,664</u>	<u>\$ 10,664</u>
<b>FUND BALANCE</b>			
Beginning		<u>28,742</u>	
Ending		<u>\$ 39,406</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 215,779	\$ 220,867	\$ 5,088
Sales	59,552	63,555	4,003
Total revenues	<u>275,331</u>	<u>284,422</u>	<u>9,091</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	252,977	252,977	-
Workers' compensation	3,685	3,316	369
Miscellaneous	1,042	1,042	-
Total expenditures	<u>287,704</u>	<u>257,335</u>	<u>30,369</u>
Excess of revenue over expenditures	<u>(12,373)</u>	<u>27,087</u>	<u>39,460</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Township No. 5	(2,846)	(2,846)	-
Total other financing uses	<u>(2,846)</u>	<u>(2,846)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	<u>(15,219)</u>	<u>24,241</u>	<u>39,460</u>
Appropriated fund balance	<u>15,219</u>	<u>-</u>	<u>(15,219)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>24,241</u>	<u>\$ 24,241</u>
<b>FUND BALANCE</b>			
Beginning		<u>54,165</u>	
Ending		<u>\$ 78,406</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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 275,010	\$ 280,565	\$ 5,555
Sales	77,423	82,292	4,869
Total revenues	<u>352,433</u>	<u>362,857</u>	<u>10,424</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	381,343	381,343	-
Workers' compensation	5,525	5,525	-
Miscellaneous	1,107	1,107	-
Total expenditures	<u>387,975</u>	<u>387,975</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(35,542)</u>	<u>(25,118)</u>	<u>10,424</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From General Fund	24,965	24,965	-
Total other financing uses	<u>24,965</u>	<u>24,965</u>	<u>-</u>
Appropriated fund balance	<u>10,577</u>	<u>-</u>	<u>(10,577)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(153)</u>	<u>\$ (153)</u>
<b>FUND BALANCE</b>			
Beginning		<u>47,022</u>	
Ending		<u>\$ 46,869</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 272,401	\$ 279,880	\$ 7,479
Sales	78,290	83,017	4,727
Total revenues	<u>350,691</u>	<u>362,897</u>	<u>12,206</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	379,197	379,197	-
Workers' compensation	4,750	4,355	395
Miscellaneous	1,017	831	186
Total expenditures	<u>384,964</u>	<u>384,383</u>	<u>581</u>
Excess of revenue over (under) expenditures	<u>(34,273)</u>	<u>(21,486)</u>	<u>12,787</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Rhems	22,273	22,273	-
Total other financing sources	<u>22,273</u>	<u>22,273</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	(12,000)	787	12,787
Appropriated fund balance	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>787</u>	<u>\$ 787</u>
<b>FUND BALANCE</b>			
Beginning		<u>56,239</u>	
Ending		<u>\$ 57,026</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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 154,978	\$ 157,799	\$ 2,821
Sales	45,073	46,942	1,869
Total revenues	<u>200,051</u>	<u>204,741</u>	<u>4,690</u>
<b>EXPENDITURES</b>			
Remittances to fire districts	191,999	177,000	14,999
Workers' compensation	4,631	4,631	-
Capital outlay	23,436	23,435	1
Miscellaneous	1,017	662	355
Total expenditures	<u>221,083</u>	<u>205,728</u>	<u>15,355</u>
Excess of revenue over (under) expenditures	<u>(21,032)</u>	<u>(987)</u>	<u>20,045</u>
<b>OTHER FINANCING USES</b>			
Transfers in:			
From General Fund	23,436	23,435	(1)
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>20,436</u>	<u>20,435</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(596)</u>	<u>19,448</u>	<u>20,045</u>
Appropriated fund balance	<u>596</u>	<u>-</u>	<u>(596)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>19,448</u>	<u>\$ 19,449</u>
<b>FUND BALANCE</b>			
Beginning		<u>20,715</u>	
Ending		<u>\$ 40,163</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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 6,925	\$ 6,783	\$ (142)
Sales	1,548	1,623	75
Total revenues	<u>8,473</u>	<u>8,406</u>	<u>(67)</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To Tri-Community Fire District Fund	(6,973)	(6,973)	-
Total other financing uses	<u>(6,973)</u>	<u>(6,973)</u>	<u>-</u>
Excess of revenues under expenditures and other financing sources (uses)	<u>\$ 1,500</u>	1,433	<u>\$ (67)</u>
Appropriated fund balance	<u>(1,500)</u>	-	<u>1,500</u>
Revenues, other uses, and appropriated fund balance under expenditures	<u>\$ -</u>	1,433	<u>\$ 1,433</u>
<b>FUND BALANCE</b>			
Beginning		<u>(1,496)</u>	
Ending		<u>\$ (63)</u>	

**CRAVEN COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 264,050	\$ 263,261	\$ (789)
Interest	3,000	702	(2,298)
Total revenues	<u>267,050</u>	<u>263,963</u>	<u>(3,087)</u>
<b>EXPENDITURES</b>			
Public safety	267,050	109,506	157,544
Total expenditures	<u>267,050</u>	<u>109,506</u>	<u>157,544</u>
Excess of revenue over (under) expenditures	-	154,457	154,457
<b>OTHER FINANCING SOURCES</b>			
Transfers out:			
From General fund	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	-	154,457	154,457
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>154,457</u>	<u>\$ 154,457</u>
<b>FUND BALANCE</b>			
Beginning		<u>348,869</u>	
Ending		<u>\$ 503,326</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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 894,676	\$ 1,065,391	\$ 170,715
Interest	-	108	108
Total revenues	<u>894,676</u>	<u>1,065,499</u>	<u>170,823</u>
<b>EXPENDITURES</b>			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	-	-	-
Total expenditures	<u>97,000</u>	<u>97,000</u>	<u>-</u>
Excess of revenue over expenditures	<u>797,676</u>	<u>968,499</u>	<u>170,823</u>
<b>OTHER FINANCING USES</b>			
Transfers out:			
To General Fund	<u>(797,676)</u>	<u>(797,676)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>170,823</u>	<u>\$ 170,823</u>
<b>FUND BALANCE</b>			
Beginning		<u>60,275</u>	
Ending		<u>\$ 231,098</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	\$ 25,780	\$ 80,000
Total revenue	<u>80,000</u>	<u>54,220</u>	<u>25,780</u>	<u>80,000</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	80,000	80,000	-	80,000
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (25,780)</u>	<u>25,780</u>	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>(25,780)</u>	
Ending			<u>\$ -</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, 2016

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 727,359	\$ 509,550	\$ 217,809	\$ 727,359
Total revenue	<u>727,359</u>	<u>509,550</u>	<u>217,809</u>	<u>727,359</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	727,359	523,613	203,746	727,359
Total expenditures	<u>727,359</u>	<u>523,613</u>	<u>203,746</u>	<u>727,359</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (14,063)</u>	14,063	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			(14,063)	
Ending			<u>\$ -</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
 BUDGET AND ACTUAL  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 529,828	\$ 511,652	\$ 18,176	\$ 529,828
Total revenue	<u>529,828</u>	<u>511,652</u>	<u>18,176</u>	<u>529,828</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	529,828	529,078	750	529,828
Total expenditures	<u>529,828</u>	<u>529,078</u>	<u>750</u>	<u>529,828</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (17,426)</u>	17,426	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>(17,426)</u>	
Ending			<u>\$ -</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, 2016

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 423,483	\$ 356,171	\$ 67,312	\$ 423,483
Total revenue	<u>423,483</u>	<u>356,171</u>	<u>67,312</u>	<u>423,483</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	423,483	384,526	38,957	423,483
Total expenditures	<u>423,483</u>	<u>384,526</u>	<u>38,957</u>	<u>423,483</u>
Excess of revenues under expenditures	\$ -	\$ (28,355)	28,355	\$ -
<b>FUND BALANCE</b>				
Beginning			(28,355)	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA  
FLOOD MITIGATION ASSISTANCE GRANT PLAN 2013-006**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 2016**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 1,853,360	\$ -	\$ 859,012	\$ 859,012
Total revenue	<u>1,853,360</u>	<u>-</u>	<u>859,012</u>	<u>859,012</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	1,853,360	57,932	801,080	859,012
Total expenditures	<u>1,853,360</u>	<u>57,932</u>	<u>801,080</u>	<u>859,012</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (57,932)</u>	<u>57,932</u>	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>(57,932)</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA  
 FLOOD HAZARD MITIGATION ASSISTANCE GRANT PLAN 2014-005**

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

From Inception and for the Fiscal Year Ended June 30, 2016

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Intergovernmental	\$ 716,863	\$ -	\$ -	\$ -
Total revenue	<u>716,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Expenditures	716,863	-	48,052	48,052
Total expenditures	<u>716,863</u>	<u>-</u>	<u>48,052</u>	<u>48,052</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(48,052)</u>	<u>\$ (48,052)</u>
<b>FUND BALANCE</b>				
Beginning			<u>-</u>	
Ending			<u>\$ (48,052)</u>	

Craven 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, 2016**

	Budget	Actual	Variance Positive
<b>REVENUES</b>			
Intergovernmental-lottery proceeds	\$ 1,050,000	\$ 1,083,080	\$ 33,080
Interest	1,000	230	(770)
Total revenues	<u>1,051,000</u>	<u>1,083,310</u>	<u>32,310</u>
<b>EXPENDITURES</b>			
Principal	4,166,650	4,166,650	-
Interest and fiscal charges	1,062,653	1,059,755	2,898
Total expenditures	<u>5,229,303</u>	<u>5,226,405</u>	<u>2,898</u>
Excess of revenue under expenditures	<u>(4,178,303)</u>	<u>(4,143,095)</u>	<u>35,208</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From General Fund	3,962,958	3,944,334	(18,624)
Total other financing sources	<u>3,962,958</u>	<u>3,944,334</u>	<u>(18,624)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>(215,345)</u>	<u>(198,761)</u>	<u>16,584</u>
Appropriated fund balance	<u>215,345</u>	<u>-</u>	<u>(215,345)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(198,761)</u>	<u>\$ (198,761)</u>
<b>FUND BALANCE</b>			
Beginning		<u>647,407</u>	
Ending		<u>\$ 448,646</u>	

Craven County



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## 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 Capital Reserve Fund is a capital reserve fund for future acquisitions or construction of buildings, equipment, and infrastructure.

Non-major Funds:

- **Animal Shelter Project Fund** – Renovate and expand existing animal shelter facility.

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

Craven County



**CRAVEN COUNTY, NORTH CAROLINA  
 CAPITAL RESERVE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,  
 BUDGET AND ACTUAL  
 From Inception and for the Fiscal Year Ended June 30, 2016**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUE</b>				
Interest	\$ -	\$ 1,079,624	\$ 40,499	\$ 1,120,123
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
From General Fund	-	24,664,883	870,000	25,534,883
To Judicial Center Capital Project Fund	-	(2,500,000)	-	(2,500,000)
To General Fund	(2,012,475)	(7,937,965)	(600,911)	(8,538,876)
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)	(2,012,475)	9,449,449	269,089	9,718,538
Excess of revenues over other financing sources (uses)	(2,012,475)	10,529,073	309,588	10,838,661
Appropriated fund balance	2,012,475	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 10,529,073	309,588	\$ 10,838,661
<b>FUND BALANCE</b>				
Beginning			10,529,073	
Ending			\$ 10,838,661	

**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, 2016

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
<b>EXPENDITURES</b>				
Capital outlay:				
Project construction	\$ 500,000	\$ 25,500	\$ 118,170	\$ 143,670
Total expenditures	<u>500,000</u>	<u>25,500</u>	<u>118,170</u>	<u>143,670</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
From Capital Reserve Fund	500,000	30,000	-	30,000
Total other financing sources	<u>500,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess of other financing sources over expenditures	\$ -	\$ 4,500	(118,170)	\$ (113,670)
<b>FUND BALANCE</b>				
Beginning			<u>4,500</u>	
Ending			<u>\$ (113,670)</u>	

## ENTERPRISE FUNDS

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

The following comprise the County's Enterprise Funds:

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

- Craven County Water Fund (Major Fund)

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

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

**CRAVEN COUNTY, NORTH CAROLINA**

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

June 30, 2016

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,827,710	\$ 4,589,690	\$ 12,417,400
Short-term investments	-	-	-
Accounts receivable, net of allowance for doubtful accounts	1,093,119	-	1,093,119
Prepays	45,503	-	45,503
<b>Total current assets</b>	<b>8,966,332</b>	<b>4,589,690</b>	<b>13,556,022</b>
Noncurrent assets:			
Capital assets:			
Land	668,101	279,253	947,354
Improvements other than buildings	29,435,568	457,673	29,893,241
Buildings	563,318	-	563,318
Machinery and equipment	404,918	-	404,918
Construction in progress	-	27,310,743	27,310,743
Accumulated depreciation	(16,703,643)	-	(16,703,643)
<b>Total capital assets, net of accumulated depreciation</b>	<b>14,368,262</b>	<b>28,047,669</b>	<b>42,415,931</b>
<b>Total noncurrent assets</b>	<b>14,368,262</b>	<b>28,047,669</b>	<b>42,415,931</b>
<b>Total assets</b>	<b>23,334,594</b>	<b>32,637,359</b>	<b>55,971,953</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,064</b>	<b>-</b>	<b>36,064</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable (includes capital of \$1,043,756)	108,596	1,043,756	1,152,352
Due to other funds	-	-	-
Accrued salaries and benefits	30,463	-	30,463
Customer deposits payable	296,772	-	296,772
Compensated absences liability - current	26,190	-	26,190
Obligations under capital lease - current	83,311	-	83,311
<b>Total current liabilities</b>	<b>545,332</b>	<b>1,043,756</b>	<b>1,589,088</b>
Noncurrent liabilities			
Compensated absences liability	24,112	-	24,112
Net pension liability	36,715	-	36,715
Other postemployment benefit liability	55,813	-	55,813
Debt payable	-	15,558,566	15,558,566
Obligations under capital lease	640,914	-	640,914
<b>Total noncurrent liabilities</b>	<b>757,554</b>	<b>15,558,566</b>	<b>16,316,120</b>
<b>Total liabilities</b>	<b>1,302,886</b>	<b>16,602,322</b>	<b>17,905,208</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>19,481</b>	<b>-</b>	<b>19,481</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,644,037	12,489,103	26,133,140
Unrestricted	8,404,254	3,545,934	11,950,188
<b>Total net position</b>	<b>\$ 22,048,291</b>	<b>\$ 16,035,037</b>	<b>\$ 38,083,328</b>

**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, 2016**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,803,643	\$ -	\$ 3,803,643
Miscellaneous	435,966	13,049	449,015
Total operating revenues	<u>4,239,609</u>	<u>13,049</u>	<u>4,252,658</u>
<b>OPERATING EXPENSES</b>			
Cost of services	1,556,716	-	1,556,716
Depreciation	912,205	-	912,205
Total operating expenses	<u>2,468,921</u>	<u>-</u>	<u>2,468,921</u>
Operating income	<u>1,770,688</u>	<u>13,049</u>	<u>1,783,737</u>
<b>NONOPERATING REVENUES</b>			
Interest income	19,192	-	19,192
Total nonoperating revenues	<u>19,192</u>	<u>-</u>	<u>19,192</u>
Income before transfers	<u>1,789,880</u>	<u>13,049</u>	<u>1,802,929</u>
<b>TRANSFERS IN (OUT):</b>			
Between Water and Sewer funds	(13,797,183)	13,776,228	(20,955)
From General Fund	18,000	-	18,000
To General Fund	(123,000)	-	(123,000)
Total transfers in (out)	<u>(13,902,183)</u>	<u>13,776,228</u>	<u>(125,955)</u>
Change in net position	<u>(12,112,303)</u>	<u>13,789,277</u>	<u>1,676,974</u>
Net position, beginning	34,160,594	2,245,760	36,406,354
Net position, ending	<u>\$ 22,048,291</u>	<u>\$ 16,035,037</u>	<u>\$ 38,083,328</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, 2016

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
<b>OPERATING REVENUES</b>			
Water and sewer sales	\$ 3,600,000	\$ 3,612,906	\$ 12,906
Tap and permit fees	167,750	190,737	22,987
Miscellaneous	93,000	435,966	342,966
Total operating revenues	3,860,750	4,239,609	378,859
<b>OPERATING EXPENDITURES</b>			
Personnel services:			
Salaries	567,246	504,658	62,588
Employee benefits	191,849	165,814	26,035
Retirement	39,296	19,222	20,074
Professional services:			
Audit and accounting fees	2,875	2,870	5
Legal fees	8,425	1,604	6,821
Engineering fees	5,000	-	5,000
Contractual services	68,653	67,170	1,483
Operating supplies	24,000	15,323	8,677
Utilities	263,511	259,878	3,633
Maintenance and repairs:			
Systems	160,000	153,469	6,531
Building and grounds	59,000	32,339	26,661
Vehicle expense	75,469	53,510	21,959
Equipment	11,500	3,235	8,265
Insurance	43,460	43,459	1
Tap outlays	55,230	55,230	-
Telephone and postage	20,500	19,126	1,374
Lockbox	96,914	96,914	-
Chemical and lab work	80,000	48,848	31,152
Supplies	3,700	5,816	(2,116)
Capital outlay	1,916,090	51,365	1,864,725
Miscellaneous	16,606	8,231	8,375
Total operating expenditures	3,709,324	1,608,081	2,101,243
Excess of operating revenues over operating expenditures	151,426	2,631,528	2,480,102
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
Interest income	55,000	19,192	(35,808)
Interest paid	(21,311)	(20,955)	356
Principal payments	(80,115)	(80,114)	1
Total nonoperating revenues (expenditures)	(46,426)	(81,877)	(35,451)
Excess of revenues over expenditures	105,000	2,549,651	2,444,651

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, 2016

(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	\$ -
From Non-Major Governmental Fund	-	-	-
To Capital project fund-Castle Hayne Aquifer	(13,776,228)	(13,776,228)	-
To General Fund	(123,000)	(123,000)	-
Total other financing sources (uses)	<u>(13,881,228)</u>	<u>(13,881,228)</u>	-
 Excess of revenues over (under) expenditures and other financing sources (uses)	 <u>(13,776,228)</u>	 <u>(11,331,577)</u>	 <u>2,444,651</u>
 Appropriated fund balance	 <u>13,776,228</u>	 <u>-</u>	 <u>(13,776,228)</u>
 Revenues, other sources, and appropriated fund balance over (under) expenditures	 <u>\$ -</u>	 <u>\$ (11,331,577)</u>	 <u>\$ (11,331,577)</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	\$ (11,331,577)
Capital outlay	51,365
Payment on obligation under capital lease payable	80,114
Depreciation	<u>(912,205)</u>
 Change in net position, full accrual basis	 <u><u>\$ (12,112,303)</u></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, 2016**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
<b>REVENUES</b>				
Interest revenue	\$ 14,330	\$ 14,179	\$ 13,049	\$ 27,228
<b>EXPENDITURES</b>				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	27,223,270	8,195,703	15,454,656	23,650,359
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	889,607	593,928	275,250	869,178
Engineering	4,074,109	2,878,358	635,625	3,513,983
Total expenditures	32,201,134	11,682,137	16,365,531	28,047,668
Excess of revenues under expenditures	(32,186,804)	(11,667,958)	(16,352,482)	(28,020,440)
<b>OTHER FINANCING SOURCES</b>				
Installment loan proceeds	16,178,995	4,800,227	10,758,339	15,558,566
Transfers in:				
From Craven County Water Operating Fund	16,007,809	2,231,581	13,776,228	16,007,809
Total other financing sources	32,186,804	7,031,808	24,534,567	31,566,375
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ (4,636,150)	\$ 8,182,085	\$ 3,545,935

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

Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above	\$ 8,182,085
Capital outlay	16,365,531
Issuance of installment loan	(10,758,339)
Change in net position, full accrual basis	<u>\$ 13,789,277</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS  
 For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance, Positive (Negative)
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
Interest income	\$ 21,311	\$ 20,955	\$ (356)
Interest paid	(21,311)	(20,955)	356
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	<u>80,115</u>	<u>80,114</u>	<u>(1)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above	\$ -
Payment of bond principal	80,114
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.

Craven County



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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance, Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Charge for services	\$ 5,560,816	\$ 5,060,718	\$ (500,098)
Miscellaneous	-	65,262	65,262
Total revenues	<u>5,560,816</u>	<u>5,125,980</u>	<u>(434,836)</u>
<b>OPERATING EXPENDITURES</b>			
Claims reimbursement	<u>5,560,816</u>	<u>5,551,214</u>	<u>9,602</u>
Excess of operating revenues under operating expenditures	0	(425,234)	(425,234)
<b>NONOPERATING REVENUES</b>			
Interest income	0	6,407	6,407
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (418,827)</u>	<u>\$ (418,827)</u>

Craven County



## AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

**Deed of Trust Fund** – The Deed of Trust Fund accounts for 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



**CRAVEN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET**

**ALL AGENCY FUNDS**

June 30, 2016

	Social Services Trust Fund
<b>ASSETS</b>	
Cash	\$ 113,887
<b>LIABILITIES</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 113,887

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Social Services Trust Fund:</b>				
Assets, cash and investments	\$ 117,987	\$ -	\$ 4,100	\$ 113,887
Liabilities, accounts payable and accrued liabilities	\$ 117,987	\$ -	\$ 4,100	\$ 113,887
<b>Deed of Trust Fund:</b>				
Assets, cash and investments	\$ -	\$ 68,008	\$ 68,008	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 68,008	\$ 68,008	\$ -
<b>Municipal Property Tax Fund:</b>				
Assets, cash and investments	\$ -	\$ 19,498,225	\$ 19,498,225	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 19,498,225	\$ 19,498,225	\$ -
<b>Totals - All Agency Funds:</b>				
Assets, cash and investments	\$ 117,987	\$ 19,566,233	\$ 19,570,333	\$ 113,887
Liabilities, accounts payable and accrued liabilities	\$ 117,987	\$ 19,566,233	\$ 19,570,333	\$ 113,887

**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, 2016**

**ASSETS**

Cash and cash equivalents	\$	<u>270,952</u>
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**LIABILITIES AND NET POSITION**

Liabilities:

Accounts payable	\$	<u>75</u>
Total liabilities		<u>75</u>

Net position:

Unrestricted	\$	<u>270,877</u>
Total net position		<u>270,877</u>

Total liabilities and net position	\$	<u>270,952</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, 2016**

	Budget	Actual	Variance, Positive (Negative)
<b>REVENUES</b>			
Occupancy tax	\$ 510,000	\$ 564,818	\$ 54,818
Interest	500	391	(109)
Miscellaneous	-	5,799	5,799
Total revenues	<u>510,500</u>	<u>571,008</u>	<u>60,508</u>
<b>EXPENDITURES</b>			
Economic development	<u>570,500</u>	<u>564,378</u>	<u>6,122</u>
Excess of revenues over (under) expenditures	(60,000)	6,630	66,630
Fund balance appropriated	<u>60,000</u>	-	<u>60,000</u>
Net change in net position	-	6,630	126,630
<b>NET POSITION</b>			
Beginning	<u>160,000</u>	<u>264,247</u>	<u>104,247</u>
Ending	<u>\$ 160,000</u>	<u>\$ 270,877</u>	<u>\$ 110,877</u>
<b>Reconciliation of modified accrual basis with full accrual basis</b>			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ 6,630</u>	
Change in net position, full accrual basis		<u>\$ 6,630</u>	

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

**COMBINING STATEMENT OF NET POSITION  
 June 30, 2016**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Reserve Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,643,049	\$ -	\$ 597,890	\$ 3,240,939
Accounts receivable	209,628	-	-	209,628
Prepaid expense	3,381	-	-	3,381
	<u>2,856,058</u>	<u>-</u>	<u>597,890</u>	<u>3,453,948</u>
Capital assets:				
Land	9,616,306	775,460	-	10,391,766
Buildings	9,450,092	-	-	9,450,092
Improvements other than buildings	28,869,129	-	-	28,869,129
Machinery and equipment	2,034,711	-	-	2,034,711
Accumulated depreciation	(17,362,325)	-	-	(17,362,325)
Capital assets, net of accumulated depreciation	<u>32,607,913</u>	<u>775,460</u>	<u>-</u>	<u>33,383,373</u>
Total assets	<u>35,463,971</u>	<u>775,460</u>	<u>597,890</u>	<u>36,837,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>37,958</u>		<u>-</u>	<u>37,958</u>
<b>LIABILITIES</b>				
Accounts payable	92,758	9,828	-	102,586
Accrued salaries and benefits	58,127	-	-	58,127
Net pension liability	17,502	-	-	17,502
Other postemployment benefit obligation	40,942	-	-	40,942
Total liabilities	<u>209,329</u>	<u>9,828</u>	<u>-</u>	<u>219,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>9,097</u>	<u>-</u>	<u>-</u>	<u>9,097</u>
<b>NET POSITION</b>				
Net investment in capital assets	32,607,913	765,632	-	33,373,545
Unrestricted	2,675,590	-	597,890	3,273,480
Total net position	<u>\$ 35,283,503</u>	<u>765,632</u>	<u>\$ 597,890</u>	<u>\$ 36,647,025</u>
Total liabilities and net position	<u>\$ 35,501,929</u>	<u>\$ 775,460</u>	<u>597,890</u>	<u>36,875,279</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, 2016**

	Airport Authority Operating Fund	Airport Improvement Program No. 37 Project Fund	Airport Improvement Program No. 38 Project Fund	Airport Reserve Fund	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,240,405	\$ -	-	\$ -	\$ 2,240,405
Total revenues	2,240,405	-	-	-	2,240,405
<b>OPERATING EXPENSES</b>					
Cost of sales and services	1,679,966	-	-	-	1,679,966
Depreciation and amortization	1,087,313	-	-	-	1,087,313
Total operating expenses	2,767,279	-	-	-	2,767,279
Operating loss	(526,874)	-	-	-	(526,874)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	3,739	-	-	1,148	4,887
Total nonoperating revenues	3,739	-	-	1,148	4,887
Income (Loss) before transfers	(523,135)	-	-	1,148	(521,987)
Transfers in (out) Airport Funds	4,249,043	(4,187,442)	(70,601)	9,000	-
Capital contributions - federal grants	102,665	499,882	836,233	-	1,438,780
Change in net position	3,828,573	(3,687,560)	765,632	10,148	916,793
Net position, beginning	31,454,930	3,687,560	-	587,742	35,730,232
Net position, ending	\$ 35,283,503	\$ -	765,632	\$ 597,890	\$ 36,647,025

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

**COMBINING SCHEDULE OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2016  
(Page 1 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 37 Project Fund	Airport Improvement Program No. 38 Project Fund	Airport Reserve Fund	Totals
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,236,224	\$ -	\$ 9,828	\$ -	\$ 2,246,052
Payments to suppliers	(795,710)	-	-	-	(795,710)
Payments to employees	(853,953)	-	-	-	(853,953)
Net cash provided by (used in) operating activities	586,561	-	9,828	-	596,389
<b>CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition & construction of capital assets	(4,318,239)		(775,460)	-	(5,093,699)
Receipts from capital grants	102,665	499,882	836,233	-	1,438,780
Interest paid	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(4,215,574)	499,882	60,773	-	(3,654,919)
<b>CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	4,249,043	-	-	-	4,249,043
Transfers out	-	(4,187,442)	(70,601)	9,000	(4,249,043)
Net cash provided by (used in) noncapital financing activities	4,249,043	(4,187,442)	(70,601)	9,000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on cash and investments	3,739	-	-	1,148	4,887
Net cash provided by investing activities	3,739	-	-	1,148	4,887
Net increase (decrease) in cash and cash equivalents	623,769	(3,687,560)	-	10,148	(3,053,643)
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning	2,019,280	3,687,560	-	587,742	6,294,582
Ending	\$ 2,643,049	\$ -	\$ -	\$ 597,890	\$ 3,240,939

*Continued*

**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2016**  
 (Page 2 of 2)

	Airport Authority Operating Fund	Airport Improvement Program No. 37 Project Fund	Airport Improvement Program No. 38 Project Fund	Airport Reserve Fund	Totals
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>					
Operating loss	\$ (526,874)	\$ -	\$ -	\$ -	\$ (526,874)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation and amortization	1,087,313	-	-	-	1,087,313
Change in assets and liabilities, and deferred outflows and inflows of resources:					
Accounts receivable	(4,181)	-	-	-	(4,181)
Prepaid expense	(3,381)	-	-	-	(3,381)
Decrease in net pension assets	19,460	-	-	-	19,460
Increase in deferred outflows of resources-pension	(12,558)	-	-	-	(12,558)
Increase in net pension liability	17,502	-	-	-	17,502
Decrease in deferred inflow of resources-pension	(33,842)	-	-	-	(33,842)
Accounts payable and accrued expenses	43,122	-	9,828	-	52,950
Net cash provided by (used in) operating activities	<u>\$ 586,561</u>	<u>\$ -</u>	<u>\$ 9,828</u>	<u>\$ -</u>	<u>\$ 596,389</u>

**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, 2016

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,321,127	\$ 2,240,405	\$ (80,722)
<b>OPERATING EXPENDITURES</b>			
Personnel Services:			
Salaries	769,655	690,196	79,459
Employee benefits	134,881	120,462	14,419
Retirement	38,418	28,125	10,293
Professional Services:			
Audit and accounting fees	2,500	1,832	668
Legal fees	50,144	45,143	5,001
Contractual services	272,982	195,205	77,777
Operating supplies	93,790	60,941	32,849
Utilities	213,480	153,751	59,729
Maintenance and repairs:			
Building and grounds	137,133	104,575	32,558
Vehicle expense	30,000	15,085	14,915
Insurance	107,429	107,429	-
Telephone and postage	9,500	8,910	590
Capital outlay	236,686	103,507	133,179
Board Member fees	14,400	11,123	3,277
Miscellaneous	37,734	41,322	(3,588)
Travel/Training	33,175	16,904	16,271
Advertising	82,500	66,916	15,584
Dues and subscriptions	12,760	12,047	713
Total operating expenditures	<u>2,277,167</u>	<u>1,783,473</u>	<u>493,694</u>
Excess of operating revenues over (under) operating expenditures	<u>43,960</u>	<u>456,932</u>	<u>(574,416)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	3,650	3,739	89
Capital Contributions - intergovernmental grants	101,390	102,665	1,275
Total nonoperating revenues	<u>105,040</u>	<u>106,404</u>	<u>1,364</u>
Excess of revenues over expenditures	<u>149,000</u>	<u>563,336</u>	<u>414,336</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, 2016

(Page 2 of 2)

Variance,  
Positive  
(Negative)

**OTHER FINANCING SOURCES (USES)**

Transfers in (out):

From airport project funds

To airport project funds

Total other financing sources (uses)

Excess revenues over expenditures  
and other financing sources (uses)

	Budget	Actual	
	\$ 438,000	\$ 4,788,006	\$ 4,350,006
	(587,000)	(538,963)	48,037
	<u>(149,000)</u>	<u>4,249,043</u>	<u>4,398,043</u>
	\$ -	\$ 4,812,379	\$ 4,812,379

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

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

\$ 4,812,379

Capital outlay

103,507

Depreciation

(1,087,313)

Change in net position, full accrual basis

\$ 3,828,573

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, 2016

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 3,764,458	\$ 3,264,576	\$ 499,882	\$ 3,764,458
Total revenues	3,764,458	3,264,576	499,882	3,764,458
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	4,975	64	4,911	4,975
Construction	4,182,467	3,627,243	555,224	4,182,467
Total expenditures	4,187,442	3,627,307	560,135	4,187,442
Excess of revenues under expenditures	(422,984)	(362,731)	(60,253)	(422,984)
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
From Airport Operating Fund	422,984	422,984	-	422,984
To Airport Operating Fund	-	-	(4,187,442)	(4,187,442)
Total other financing sources	422,984	422,984	(4,187,442)	(3,764,458)
Excess of other financing sources over expenditures	\$ -	\$ 60,253	\$ (4,247,695)	\$ (4,187,442)
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (4,247,695)	
Capital outlay			560,135	
Change in net position, full accrual basis			\$ (3,687,560)	

**CRAVEN COUNTY, NORTH CAROLINA  
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)  
TERMINAL AREA DEVELOPMENT SITE NO. 38 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, 2016**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Federal grants	\$ 1,258,202	\$ -	\$ 836,233	\$ 836,233
Total revenues	1,258,202	-	836,233	836,233
<b>EXPENDITURES</b>				
Capital outlay:				
Administrative	1,000	-	87	87
Vehicle	32,000	-	32,000	32,000
Land	179,521	-	179,521	179,521
Construction	1,185,481	-	774,253	774,253
Total expenditures	1,398,002	-	985,861	985,861
Excess of revenues over (under) expenditures	(139,800)	-	(149,628)	(149,628)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
From Airport Operating Fund	139,800	-	139,800	139,800
To Airport Operating Fund	-	-	(210,401)	(210,401)
Total other financing sources	139,800	-	(70,601)	(70,601)
Excess of other financing sources (uses) under expenditures	\$ -	\$ -	\$ (220,229)	\$ (220,229)
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (220,229)	
Capital outlay			985,861	
Change in net position, full accrual basis			\$ 765,632	

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, 2016

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUES</b>				
Interest	\$ -	\$ 38,828	\$ 1,148	\$ 39,976
Total revenues	-	38,828	1,148	39,976
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):				
To Airport Operating Fund	-	(642,287)	-	(642,287)
From Airport Operating Fund	-	1,191,201	9,000	1,200,201
Total other financing sources (uses)	-	548,914	9,000	557,914
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 587,742	\$ 10,148	\$ 597,890
<b>Reconciliation of modified accrual basis with full accrual basis:</b>				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 10,148	
Change in net position, full accrual basis			\$ 10,148	

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

Crauen County



CRAVEN COUNTY  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$ 9,771,509	\$ 9,847,445
Buildings	67,242,332	67,243,237
Other Improvements	15,036,414	13,657,871
Equipment & Vehicles	11,785,924	11,575,276
Construction in Progress	102,415	25,503
Total governmental funds capital assets	<u>\$ 103,938,594</u>	<u>\$ 102,349,332</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 15,021,959	\$ 13,473,955
Capital Projects	78,745,701	78,704,443
Prior to June, 1992*	10,170,934	10,170,934
Total invest.in governmental funds capital assets	<u>\$ 103,938,594</u>	<u>\$ 102,349,332</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**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
<b>General Government:</b>					
0101 Commissioners				10,726	\$ 10,726
0201 Administration				-	\$ -
0301 Personnel				-	-
0401 Information Technology			2,452,861	690,119	3,142,980
0404 GIS			89,304	31,993	121,297
0501 Finance				23,313	23,313
0564 Non Department				229,467	229,467
0601 Elections				275,346	275,346
0801 Tax Assessor				5,635	5,635
0804 Tax Assessor -Mapping				-	-
0805 Tax Assessor -Appraisal				269,505	269,505
0901 Tax Collections				17,841	17,841
0904 Tax Assessor -GIS				-	-
1001 Register of Deeds				38,139	38,139
1201 Public Buildings	4,625,512	9,066,226	384,402	247,661	14,323,801
1212 Housekeeping		-		36,406	36,406
1301 Court Facilities	126,790	4,604,270	1,419,201	39,985	6,190,246
1401 Maintenance		57,000	500	156,704	214,204
1501 Central Maintenance				33,204	33,204
<b>Total General Government</b>	<b>\$ 4,752,302</b>	<b>\$ 13,727,496</b>	<b>\$ 4,346,268</b>	<b>\$ 2,106,043</b>	<b>\$ 24,932,109</b>
<b>Public Safety:</b>					
2001 Sheriff			\$ 727,327	2,398,079	\$ 3,125,405
2008 Jail	1,718,426	30,856,746	25,000	170,574	\$ 32,770,747
2315 Communications			14,000	315,266	\$ 329,266
2301 Emergency Services				522,261	\$ 522,261
2401 Inspections				63,808	\$ 63,808
2501 E 911			1,438,796	835,841	\$ 2,274,637
2601 Animal Control		401,288	2,997	182,758	\$ 587,043
<b>Total Public Safety</b>	<b>\$ 1,718,426</b>	<b>\$ 31,258,034</b>	<b>\$ 2,208,120</b>	<b>\$ 4,488,588</b>	<b>\$ 39,673,168</b>
<b>Environmental Protection:</b>					
3101 Environmental Health				284,167	\$ 284,167
3201 Solid Waste	15,640	26,948	1,246	412,951	\$ 456,784.88
4101 Soil Conservation				22,308	\$ 22,308
4201 Cooperative Extension		765,129	124,282	51,816	\$ 941,227.04
<b>Total Environmental Protection</b>	<b>\$ 15,640</b>	<b>\$ 792,077</b>	<b>\$ 125,528</b>	<b>\$ 771,241</b>	<b>\$ 1,704,486.27</b>
<b>Economic and Physical Development:</b>					
4001 Planning			\$ 61,418	54,817	\$ 116,235
4401 Economic Development	115,463		802,360	26,052	\$ 943,874.71
8201 Convention Center	1,192,410	10,752,459	819,365	428,943	\$ 13,193,176.68
<b>Total Economic and Physical Development</b>	<b>\$ 1,307,873</b>	<b>\$ 10,752,459</b>	<b>\$ 1,683,144</b>	<b>\$ 509,811</b>	<b>\$ 14,253,286.45</b>
<b>Health</b>					
5001 Health	\$ -	\$ 5,070,283	\$ 965,753	1,259,667	\$ 7,295,703
<b>Total Health</b>	<b>\$ -</b>	<b>\$ 5,070,283</b>	<b>\$ 965,753</b>	<b>\$ 1,259,667</b>	<b>7,295,703</b>
<b>Social Services:</b>					
7001 CARTS				1,391,008	\$ 1,391,008
7201 DSS		5,324,840	876,248	934,939	7,136,027
<b>Total Social Services</b>	<b>\$ -</b>	<b>\$ 5,324,840</b>	<b>\$ 876,248</b>	<b>\$ 2,325,947</b>	<b>8,527,034</b>
<b>Recreation:</b>					
8001 Recreation	\$ 1,977,268	\$ 307,335	\$ 4,831,355	324,627	\$ 7,440,584
Library- Havelock		9,809		-	9,809
<b>Total Recreation</b>	<b>\$ 1,977,268</b>	<b>\$ 317,143</b>	<b>\$ 4,831,355</b>	<b>\$ 324,627</b>	<b>\$ 7,450,393.04</b>
<b>Total</b>	<b>\$ 9,771,509</b>	<b>\$ 67,242,332</b>	<b>\$ 15,036,414</b>	<b>\$ 11,785,924</b>	<b>\$ 103,836,178.90</b>
			<b>Construction in Progress</b>		<b>102,415</b>
			<b>Total Government Funds Capital Assets</b>		<b>\$ 103,938,594</b>

CRAVEN COUNTY  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2016

Function and Activity	Governmental Funds Capital Assets July 1, 2015	Additions	Deductions	Governmental Funds Capital Assets June 30, 2016
<b>General Government:</b>				
0101 Commissioners	\$ 10,727	\$ -	\$ -	\$ 10,727
0201 Administration	-	-	-	-
0301 Personnel	-	-	-	-
0401 Information Technology	3,110,171	146,742	113,928	3,142,985
0404 GIS	128,478	-	7,181	121,297
0501 Finance	15,510	13,438	5,635	23,313
0560 Non Department	275,939	544,793	591,264	229,468
0601 Elections	275,346	-	-	275,346
0801 Tax Assessor	5,995	5,635	5,995	5,635
0805 Tax Assessor -Appraisal	239,905	29,600	-	269,505
0901 Tax Collections	-	17,841	-	17,841
1001 Register of Deeds	38,139	-	-	38,139
1201 Public Buildings	14,354,353	103,048	133,605	14,323,796
1212 Housekeeping	36,406	-	-	36,406
1301 Court Facilities	6,165,577	24,668	-	6,190,245
1401 Maintenance	214,204	-	-	214,204
1501 Central Maintenance	33,203	-	-	33,203
<b>Total General Government</b>	<b>\$ 24,903,953</b>	<b>\$ 885,764</b>	<b>\$ 857,609</b>	<b>\$ 24,932,109</b>
<b>Public Safety:</b>				
2001 Sheriff	\$ 2,995,845	\$ 303,565	\$ 174,005	\$ 3,125,405
2008 Jail	32,750,617	20,129	-	32,770,746
2315 Communications	329,266	-	-	329,266
2301 Emergency Services	534,244	-	11,982	522,262
2401 Inspections	72,751	18,864	27,807	63,809
2501 E 911	2,283,642	-	9,003	2,274,639
2601 Animal Control	556,770	41,258	10,985	587,043
<b>Total Public Safety</b>	<b>\$ 39,523,135</b>	<b>\$ 383,817</b>	<b>\$ 233,782</b>	<b>\$ 39,673,170</b>
<b>Environmental Protection:</b>				
3101 Environmental Health	\$ 280,101	\$ 62,016	\$ 57,951	\$ 284,167
3201 Solid Waste	457,690	-	905	456,785
4101 Soil Conservation	22,308	-	-	22,308
4201 Cooperative Extension	901,959	39,268	-	941,227
<b>Total Environmental Protection</b>	<b>\$ 1,662,058</b>	<b>\$ 101,284</b>	<b>\$ 58,856</b>	<b>\$ 1,704,486</b>
<b>Economic and Physical Development:</b>				
4001 Planning	\$ 54,818	\$ 61,418	\$ -	\$ 116,236
4401 Economic Development	926,424	51,580	34,129	943,875
8201 Convention Center	13,193,171	-	-	13,193,171
<b>Total Economic and Physical Development</b>	<b>\$ 14,174,413</b>	<b>\$ 112,999</b>	<b>\$ 34,129</b>	<b>\$ 14,253,283</b>
<b>Health</b>				
5001 Health	\$ 6,935,693	\$ 514,090	\$ 154,080	\$ 7,295,703
<b>Total Health</b>	<b>\$ 6,935,693</b>	<b>\$ 514,090</b>	<b>\$ 154,080</b>	<b>\$ 7,295,703</b>
<b>Social Services:</b>				
7001 CARTS	\$ 1,329,587	\$ 317,645	\$ 256,224	\$ 1,391,009
7201 DSS	7,121,793	71,570	57,338	7,136,025
<b>Total Social Services</b>	<b>\$ 8,451,380</b>	<b>\$ 389,216</b>	<b>\$ 313,562</b>	<b>\$ 8,527,034</b>
<b>Recreation:</b>				
8001 Recreation	\$ 6,663,388	\$ 807,776	\$ 30,578	\$ 7,440,586
Library- Havelock	9,809	-	-	9,809
<b>Total Recreation</b>	<b>\$ 6,673,197</b>	<b>\$ 807,776</b>	<b>\$ 30,578</b>	<b>\$ 7,450,395</b>
<b>Construction in Progress</b>	<b>\$ 25,503</b>	<b>\$ 118,170</b>	<b>\$ 41,258</b>	<b>\$ 102,415</b>
<b>Total governmental funds capital assets</b>	<b>\$ 102,349,332</b>	<b>\$ 3,313,116</b>	<b>\$ 1,723,854</b>	<b>\$ 103,938,594</b>

Craven County



## **STATISTICAL SECTION (Unaudited)**

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

Craven County



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 41,106,523
Restricted	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	12,286,432
Unrestricted (deficit)	<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>	<u>(1,596,184)</u>
Total governmental activities net position	<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>	<u>\$ 51,796,771</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 25,089,385
Unrestricted	<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>	<u>12,993,943</u>
Total business-type activities net position	<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>	<u>\$ 38,083,328</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 66,195,908
Restricted	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	12,286,432
Unrestricted (deficit)	<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>	<u>11,397,759</u>
Total primary government net position	<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>	<u>\$ 89,880,099</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>							(as reclassified)			
Governmental activities:										
General government	\$ 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	\$ 10,291,366
Public safety	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	19,458,091
Social services	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	22,231,898
Economic and physical development	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	4,349,446
Environmental protection	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	4,998,475
Health	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	8,338,343
Cultural and recreation	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	2,403,064
Education	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	26,108,710
Interest on long term debt	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	2,105,628
Total governmental activities	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	100,285,021
Business-type activities:										
Water	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	2,489,876
Total primary government expenses	\$ 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	\$ 102,774,897
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,116,173	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684	\$ 1,633,609	\$ 2,056,024	\$ 2,194,205	\$ 3,493,235	\$ 3,170,663
Public safety	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	3,190,889
Social services	600,994	708,758	905,238	895,360	705,484	746,897	920,099	597,505	572,655	630,752
Economic and physical development	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	1,052,562
Environmental protection	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	2,432,969
Health	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	5,652,030
Cultural and recreation	50,690	43,309	58,393	70,223	72,418	75,810	80,782	89,512	69,062	66,145
Operating grants and contributions:										
General government	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	2,122,023
Public safety	612,213	634,277	551,977	858,361	928,821	845,729	824,904	645,226	430,833	651,546
Social services	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	15,798,488
Economic and physical development	219,000	499,293	24,755	44,816	0	32,998	34,034	0	1,453,613	1,252,208
Environmental protection	138,582	183,564	169,132	196,072	130,108	143,389	143,267	253,420	196,894	158,994
Health	1,407,566	1,495,242	1,627,356	2,069,631	1,821,323	1,701,749	1,704,070	1,645,752	1,556,948	2,185,702
Cultural and recreation	35,300	75,233	45,000	18,000	61,500	49,500	37,500	51,500	61,000	563,280
Capital grants and contributions:										
General government	0	0	104,129	43,609	0	0	0	0	0	0
Public safety	0	0	0	99,999	10,696	4,472	0	0	0	0
Social services	112,514	185,910	193,612	103,938	109,337	117,377	134,820	255,086	181,004	120,012
Economic and physical development	0	0	106,721	184,344	950,510	580,782	452,809	204,085	0	0
Cultural and recreation	106,185	343,815	50,000	56,875	395,394	0	47,731	0	0	0
Education	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	1,083,080
Total governmental activities program revenues	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	40,131,343

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charge for services - Water	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	3,803,643
Total business-type activities program revenues	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	3,803,643
Total primary government program revenues	\$ 33,083,404	\$ 36,177,182	\$ 36,108,024	\$ 37,267,395	\$ 40,740,877	\$ 39,597,606	\$ 39,873,501	\$ 39,301,770	\$ 41,265,898	\$ 43,934,986
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (60,153,678)
Business-type activities	1,000,240	1,009,569	794,958	1,423,540	1,118,633	1,204,295	1,304,515	1,269,377	1,299,186	1,313,767
Total primary government net (expense)/revenue	\$ (64,133,026)	\$ (66,395,284)	\$ (61,215,400)	\$ (55,179,775)	\$ (55,938,269)	\$ (59,556,843)	\$ (58,014,550)	\$ (58,826,205)	\$ (57,033,708)	\$ (58,839,911)
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 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	\$ 49,058,073
Local option sales tax	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	15,112,475
Other taxes and licenses	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391
Investment earnings	2,452,049	3,500,775	1,375,589	544,629	282,690	231,554	228,358	156,285	163,783	154,860
Miscellaneous	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	471,964
Transfers	45,799	70,150	96,800	96,200	106,200	105,000	102,620	83,240	105,000	105,000
Special item	0	0	0	0	0	0	0	1,516,317	850,000	0
Total governmental activities:	66,090,930	67,964,813	64,432,747	60,967,887	63,236,191	62,510,539	63,776,328	65,532,056	65,309,363	65,967,763
<b>Business-type activities:</b>										
Investment earnings	370,366	429,842	239,026	127,572	72,310	67,396	70,659	57,122	42,829	19,192
Miscellaneous	153,769	166,684	108,576	101,804	114,098	134,873	110,942	107,772	204,818	449,015
Transfers	(45,799)	(70,150)	(96,800)	(96,200)	(106,200)	(105,000)	(102,620)	(83,240)	(105,000)	(105,000)
Total business-type activities	478,336	526,376	250,802	133,176	80,208	97,269	78,981	81,654	142,647	363,207
Total primary government	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549	\$ 61,101,063	\$ 63,316,399	\$ 62,607,808	\$ 63,855,309	\$ 65,613,710	\$ 65,452,010	\$ 66,330,970
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 5,814,085
Business-type activities	1,478,576	1,535,945	1,045,760	1,556,716	1,198,841	1,301,564	1,383,496	1,351,031	1,441,833	1,676,974
Total primary government	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149	\$ 5,921,288	\$ 7,378,130	\$ 3,050,965	\$ 5,840,759	\$ 6,787,505	\$ 8,418,302	\$ 7,491,059

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

General Fund	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Restricted:										
Stabilization by state statute	\$ 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	\$ 8,690,228
Public Safety	501,980	915	80,589	82,387	86,034	84,542	117,324	104,005	89,738	81,761
Register of Deeds	8,840	46,557	21,750	55,348	58,208	37,222	30,700	3,030		
Assigned										
Subsequent year's expenditures	278,250	1,057,114	979,722	1,562,592	0	416,953	0	186,332	131,509	79,872
Unassigned	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	24,262,888
<b>Total General Fund</b>	<b>\$ 24,605,408</b>	<b>\$ 25,749,140</b>	<b>\$ 26,712,102</b>	<b>\$ 26,561,038</b>	<b>\$ 27,174,096</b>	<b>\$ 29,431,668</b>	<b>\$ 30,093,599</b>	<b>\$ 31,903,851</b>	<b>\$ 32,405,512</b>	<b>\$ 33,114,749</b>
<b>All Other Governmental Funds</b>										
Restricted:										
Stabilization by state statute	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699	\$ 288,406	\$ 326,340	\$ 194,002	\$ 161,598	\$ 183,592	\$ 1,102,191
Public Schools	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	448,646
Public Safety	456,779	469,202	742,288	954,430	1,237,435	1,670,825	2,045,351	595,537	567,449	759,385
Economic and Physical Development	0	0	0	0	0	0	46,975	1,475,800	1,596,963	1,204,220
Committed										
Capital projects	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	8,974,443
Unassigned	0	0	0	0	(141,851)	(196,990)	(19,890)	(268,169)	(145,052)	(47,561)
<b>Total all other governmental funds</b>	<b>\$ 18,804,299</b>	<b>\$ 38,267,757</b>	<b>\$ 15,579,342</b>	<b>\$ 11,444,063</b>	<b>\$ 13,700,205</b>	<b>\$ 10,805,053</b>	<b>\$ 10,239,905</b>	<b>\$ 9,704,882</b>	<b>\$ 11,832,279</b>	<b>\$ 12,441,324</b>

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes:										
Property	\$ 40,031,721	\$ 42,261,507	\$ 43,716,305	\$ 43,929,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725	\$ 48,823,450	\$ 48,452,331	\$ 49,134,422
Sales	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	15,112,475
Other	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391
Total taxes	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	65,312,288
Intergovernmental	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	23,935,338
Charges for Services	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	16,333,950
Interest	2,370,690	3,403,401	1,321,851	506,334	262,321	212,830	209,474	142,116	150,404	148,453
Miscellaneous	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	979,965
Total Revenues	94,288,858	101,081,015	96,986,622	93,458,515	100,379,689	99,635,545	100,391,135	100,487,404	103,269,436	106,709,994
Expenditures										
General Government	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	10,213,411
Public Safety	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	17,892,625
Environmental Protection	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	5,079,891
Economic Development	2,241,260	3,043,309	2,720,535	2,603,966	3,596,818	3,134,830	3,059,513	2,764,612	3,612,837	3,950,990
Health	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	8,379,656
Social Services	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	22,305,810
Culture and Recreation	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	3,028,748
Education	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	26,108,710
Capital Outlay	0	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	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	6,816,300
Interest	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	1,720,571
Bond issuance costs			490,800							
Total Expenditures	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	105,496,712
Excess of revenues over (under) expenditures	(4,803,572)	(18,503,172)	(21,822,253)	(4,873,343)	600,000	(799,984)	(65,720)	(324,328)	1,674,058	1,213,282
Other Financing Sources (Uses)										
Transfers in	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	6,425,300
Transfers out	(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)	(6,320,300)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	0	0	0	21,800,000	0	0	33,950,000	0	0	0
Refunding bond premium	0	0	0	1,037,279	0	0	0	0	0	0
Payment to refunding escrow agent	0	0	0	(22,346,479)	0	0	(33,890,117)	0	0	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	18,900,000	39,013,563	0	0	2,163,000	0	0	0	0	0
Special item	0	0	0	0	0	0	0	1,516,317	850,000	0
Total other financing sources (uses)	18,945,799	39,110,362	96,800	587,000	2,269,200	162,404	162,503	1,599,557	955,000	105,000
Net change in fund balances	\$ 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	\$ 1,318,282
Debt service as a percentage of noncapital expenditures	7.06%	9.75%	11.02%	11.16%	10.62%	9.87%	9.57%	9.28%	8.84%	8.25%

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)					
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
2016	5,947,385,914	2,178,573,186	46,564,923	141,917,615	1,553,771,682	155,515,544	10,023,728,864	0.4675	9,087,696,160

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 2016 figure is based on property sales which took place in calendar 2015 and the sales to assessment ratio was 110.30%.)
- (5) Reassessment was performed on January 1, 2010 and was the basis for fiscal 2011 taxes. Next reassessment will occur on January 1, 2016 and thereafter every four years.

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

	Fiscal Year Taxes Are Payable									
	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
Craven County Direct Rate	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675	\$ 0.4675	\$ 0.4675
<b><u>Municipality Rates:</u></b>										
Bridgeton	0.4700	0.5000	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	0.2500
Dover	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	0.4900	0.4900	0.5300	0.5300	0.4650	0.4650	0.4650	0.4650	0.4850	0.5100
New Bern	0.4700	0.5050	0.5050	0.5050	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
River Bend	0.2200	0.2500	0.2800	0.2800	0.2650	0.2650	0.2650	0.2650	0.2650	0.2650
Trent Woods	0.2700	0.2700	0.2700	0.2700	0.1900	0.1700	0.1700	0.1700	0.1700	0.1700
Vanceboro	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
<b><u>Fire Districts Rates:</u></b>										
West New Bern II (Rhems)	0.0375	0.0425	0.0425	0.0475	0.0314	0.0414	0.0414	0.0389	0.0389	0.0389
Township #1	0.0238	0.0238	0.0263	0.0263	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Tri Community	0.0350	0.0350	0.0350	0.0350	0.0277	0.0277	0.0277	0.0277	0.0377	0.0527
Little Swift Creek	0.0590	0.0590	0.0590	0.0590	0.0499	0.0549	0.0549	0.0549	0.0549	0.0549
Township #3	0.0681	0.0681	0.0781	0.0781	0.0624	0.0624	0.0624	0.0624	0.0624	0.0774
Township #5	0.0570	0.0620	0.0620	0.0620	0.0453	0.0453	0.0453	0.0453	0.0453	0.0553
Township #6	0.0675	0.0675	0.0600	0.0600	0.0516	0.0516	0.0516	0.0480	0.0480	0.0520
Township #7	0.0270	0.0270	0.0240	0.0240	0.0177	0.0177	0.0177	0.0177	0.0177	0.0190
West New Bern	0.0362	0.0362	0.0422	0.0422	0.0324	0.0324	0.0324	0.0324	0.0324	0.0349
Township #9	0.0713	0.0713	0.0713	0.0713	0.0582	0.0582	0.0582	0.0582	0.0682	0.0682
Sandy Point	0.0567	0.0567	0.0567	0.0567	0.0352	0.0352	0.0352	0.0352	0.0377	0.0527

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 2016			Fiscal Year 2007		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 202,253,942	1	2.02%	\$ 212,518,030	1	3.35%
BSH Home Appliances Corp	Home appliance manufacturer	104,666,438	2	1.04%	98,259,156	2	1.55%
Weyerhaeuser Company	Real estate investment trust	59,404,810	3	0.59%	included above		
Duke Energy Progress Inc.	Electric utility	53,769,337	4	0.54%	37,438,316	4	0.59%
Atlantic Marine Corps Communities, LLC	Real estate development	32,606,200	5	0.33%			
Carolina Telephone & Telegraph Co.	Communications utility	27,007,004	6	0.27%	40,577,577	3	0.64%
Wal-Mart Real Estate Business Trust	Real estate development	26,953,630	7	0.27%			
New Bern Riverfront Development LLC	Real estate development	24,890,230	8	0.25%			
Craven Wood Energy LTD	Electricity manufacturer	18,357,026	9	0.18%	15,549,636	6	0.25%
Wyndham Vacation Resorts Inc	Real estate development	16,008,110	10	0.16%			
Hatteras Yachts	Yacht builder				30,002,144	5	0.47%
Actus Lend Lease	Real estate development				14,766,000	7	0.23%
DDR Xenia & New Bern LLC	Real estate development				13,536,930	8	0.21%
Fairfield Communities	Real estate development				13,283,690	9	0.21%
Amital Spinning Corp	Yarn manufacturer				12,213,613	10	0.19%
Totals		\$ <u>565,916,727</u>		<u>5.65%</u>	\$ <u>488,145,092</u>		<u>7.70%</u>

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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
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	612,265	38,643,562	99.77%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	624,122	40,791,823	99.76%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	705,798	42,300,678	99.76%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	758,109	42,503,734	99.76%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	850,280	45,659,554	99.77%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	807,027	45,354,729	99.69%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	728,694	45,661,551	99.62%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	386,349	46,652,904	99.62%
2015	46,074,580	354,529	46,429,109	46,059,154	99.20%	224,745	46,283,899	99.69%
2016	46,661,088	287,113	46,948,201	46,591,996	99.24%	-	46,591,996	99.24%

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			
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	1.62%
2016	16,448,638	37,862,267	0	0	16,279,594	70,590,499	667	*

\*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 2015 personal income not available to calculate fiscal year 2016.

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			
2007	38,783,482	3,666,707	35,116,775	1.09%	0.38%	359
2008	35,724,429	4,328,411	31,396,018	0.90%	0.31%	315
2009	33,030,876	3,317,969	29,712,907	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	745,260	26,493,759	0.68%	0.28%	252
2013	24,447,675	377,273	24,070,402	0.59%	0.26%	230
2014	21,736,331	1,097,061	20,639,270	0.50%	0.23%	197
2015	19,064,987	647,407	18,417,580	0.45%	0.21%	175
2016	16,448,638	448,646	15,999,992	*	0.18%	151

\*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 2015 personal income not available to calculate fiscal year 2016.

(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>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>	<u>2016</u>
Assessed Value of Property	\$ 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	\$ 10,023,729
Debt Limit, 8% of Assessed Value (Statutory Limitation)	507,272	535,478	554,973	558,221	766,570	769,023	779,044	800,455	792,332	801,898
Amount of Debt Applicable to Limit										
Gross debt	68,910	101,192	94,420	90,233	85,351	78,785	78,213	72,090	66,919	70,590
Less: Amount available for repayment of g.o.bonds	3,667	4,328	3,318	2,773	1,791	745	377	1,097	647	449
Debt outstanding for water and sewer purposes	2,438	1,863	1,618	1,456	1,293	1,136	2,866	3,761	5,606	16,280
Revenue bonds	<u>0</u>									
Total net debt applicable to limit	62,805	95,001	89,484	86,004	82,267	76,904	74,970	67,232	60,665	53,862
Legal Debt Margin	<u>\$ 444,467</u>	<u>\$ 440,478</u>	<u>\$ 465,490</u>	<u>\$ 472,217</u>	<u>\$ 684,303</u>	<u>\$ 692,120</u>	<u>\$ 704,074</u>	<u>\$ 733,223</u>	<u>\$ 731,667</u>	<u>\$ 748,036</u>
Total net debt applicable to the limit as a % of debt limit	12.38%	17.74%	16.12%	15.41%	10.73%	10.00%	9.62%	8.40%	7.66%	6.72%

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)
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	104,520	4,100,424	39,243	14,472	9.00%	7,811
2015	105,052	4,121,440	39,436	14,297	6.80%	7,538
2016	105,773	*	*	14,120	6.12%	8,918

\* 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

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,173	1	13.34%	5,513	1	13.32%
CarolinaEast Health Systems	2,200	2	5.67%	1,799	3	4.35%
Craven County Schools	1,820	3	4.69%	1,814	2	4.38%
BSH Home Appliances	1,300	4	3.35%	1,178	5	2.85%
Moen Incorporated	1,000	5	2.58%	850	6	2.05%
State of North Carolina	773	6	1.99%	964	7	2.33%
Wal-Mart	703	7	1.81%	537	9	1.30%
Craven County	601	8	1.55%	608	8	1.47%
Craven Community College	562	9	1.45%	476	10	1.15%
City of New Bern	453	10	1.17%			
Hatteras Yachts				1,398	4	3.38%
	<u>14,585</u>		<u>37.61%</u>	<u>15,137</u>		<u>36.58%</u>

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

Notes: (1) Excludes 9,061 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center East, Naval Health C 2nd MAW, and MCAS Cherry Point.

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

Function/Program	Full Time Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	83	82	81	79	75	72	77	80	78	77
Public safety	134	134	141	148	148	151	142	158	154	157
Social services	204	206	213	213	213	208	191	197	188	195
Economic and physical development	19	21	20	21	23	18	22	21	20	23
Environmental protection	36	33	33	30	32	30	29	30	31	29
Health	111	115	116	117	106	104	102	97	90	93
Cultural and recreation	8	9	16	16	16	12	11	11	14	13
Water/Sewer (Business activity)	13	14	14	11	13	12	13	13	13	14
Total	<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>	<u>601</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public Safety</b>										
Fire/Rescue calls to County E911 (A)	8,083	8,882	8,002	8,399	9,629	9,216	9,294	8,587	9,457	9,453
Average daily population in jail (B)	185	200	198	186	236	302	259	277	261	276
<b>Health Services (C)</b>										
Food and lodging inspections	1,150	1,615	1,388	1,013	1,280	1,364	1,354	1,322	1,312	1,299
Visits to health department	26,199	25,400	27,901	28,422	26,372	27,085	27,268	28,774	30,576	30,014
<b>Transportation Services (D)</b>										
Number of miles driven	761,466	782,257	796,036	783,197	810,130	857,716	794,110	772,009	708,841	673,929
Number of trips provided	100,754	93,984	98,738	101,664	106,118	108,026	105,965	91,554	86,927	74,346
<b>Tax/Real Estate Services (E)</b>										
Deed transfers processed	6,134	4,677	3,944	2,795	2,770	2,728	3,449	3,953	3,970	4,136
Number of real estate parcels	54,469	55,035	55,739	56,112	56,358	56,505	56,774	56,898	57,097	57,354
Number of tax bills generated (4)	150,126	153,477	152,424	151,915	148,943	149,366	150,381	114,148	65,112	67,034
<b>Economic and Physical Development</b>										
County tourism revenues (1)(2) (G)	94	102	105	99	108	116	119	121	127	131
Economic impact of convention center (2) (G)	9	13	10	9	10	9	9	9	9	9
Number of registered voters (H)	61,668	64,110	65,274	66,624	67,073	68,318	68,770	69,455	66,478	69,459
Number of enplanements at airport (I) (3)	110,882	120,293	120,224	134,863	132,035	134,631	129,529	128,157	114,373	53,633
<b>Water Services</b>										
Number of service connections (J)	12,300	12,697	12,857	13,091	13,027	13,199	13,378	13,459	13,495	13,693

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
- (F) Craven County Finance Department
- (G) New-Bern Craven County Convention Center
- (H) Craven County Elections Department
- (I) Coastal Carolina Regional Airport
- (J) Craven County Water Department

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>Public Safety (A)</u></b>										
Correction facility rated capacities	161	161	161	292	292	292	292	292	292	292
<b><u>Parks and Land Use (B)</u></b>										
Number of county parks	2	3	3	4	4	4	4	4	4	4
Boat ramps operated (1)	2	2	2	2	2	2	2	2	2	0
<b><u>Water Service (C)</u></b>										
Miles of water main	650	653	660	667	668	668	668	668	668	668
Number of elevated water tanks	9	9	9	9	9	9	9	9	9	9
Number of system wells	5	10	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 acres remaining at Industrial Park (E)	220	220	220	220	219	219	213	213	183	161
<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

Note: (1) Boat ramps were deeded to NC Wildlife Resouces Commission in fiscal year 2016.

Crauen County



COMPLIANCE SECTION

Craven 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 (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2016. 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 the County's basic financial statements. 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as item 2016-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

## **Craven County's Response to Findings**

The County's response to the finding 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 the 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.

**RSM US LLP**

New Bern, North Carolina  
December 13, 2016



RSM US LLP

**Independent Auditor's Report  
on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance  
in accordance with OMB Uniform Guidance and the  
State Single Audit Implementation Act and  
the Passenger Facility Charge Program**

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 (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, 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, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The 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 the 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*, the Uniform Guidance, the State Single Audit Implementation Act, or the Passenger Facility Charge Program.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the County's major federal programs and its 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State Single Audit Implementation Act, and the *Passenger Facility Charge Audit Guide for Public Agencies*,

issued by the Federal Aviation Administration. Those standards, the Uniform Guidance, 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 the 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 County's compliance.

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

In our opinion, the 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 through 2016-006. Our opinion on each major federal program and the passenger facility charge program are not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the 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 the 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 the Uniform Guidance 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 2016-002 through 2016-006 that we consider to be significant deficiencies.

The County's responses 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. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

#### **Purpose of this Report**

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

*RSM US LLP*

New Bern, North Carolina  
December 13, 2016

Crauen County





**Independent Auditor's Report  
on Compliance for Each Major State Program  
and on Internal Control Over Compliance  
In Accordance with OMB Uniform Guidance and the  
State Single Audit Implementation Act**

RSM US LLP

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 (the County) 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, 2016. The County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The 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 the 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 the Uniform Guidance 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 State programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 the 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 the County's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the 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 State programs for the year ended June 30, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance 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 2016-007 through 2016-011. Our opinion on each major State program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the 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 the 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 the Uniform Guidance 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. 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 2016-007 through 2016-011 that we consider to be significant deficiencies.

The County's responses 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. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

*RSM US LLP*

New Bern, North Carolina

December 13, 2016

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>  X  </u> Yes	<u>          </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, 2016**

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
State Appropriation-Subsidized Child Cluster	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)
- Subsidized Child Care Cluster (State portion)
- Temporary Assistance to needy Families Cluster (State portion)

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2016**

**Section II. Financial Statement Finding**

**Significant Deficiency  
Finding: 2016-001**

**Criteria:** Accounting Principles Generally Accepted in the United States as applied to governments require that sales tax refunds for a capital project be netted against total project expenditures to reflect the true out-of-pocket cost of the asset(s) acquired or constructed.

**Condition and Context:** Sales tax refunds on the water treatment plant capital project were recorded as revenue rather than reducing the recorded project cost.

**Effect:** Potential exists to overstate the capital asset by the amount of the sales tax refund.

**Cause:** Administrative oversight.

**Recommendation:** We recommend the County continue to implement training to appropriate County staff related to implementing the accounting pronouncements of the Governmental Accounting Standards Board.

**Views of Responsible Officials:** Agree. See separate Corrective Action Plan.

**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: 2016-002**

**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 reports are scanned into NCFAST.

**Condition and Context:** Of the sixty case files sampled, we noted one instance in which Craven County Department of Social Services did not properly scan the case file into the new NCFAST paperless system before sending the old EIS paper files to storage. The old EIS files could not be located during testing.

**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:** Agree. See separate Corrective Action Plan.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2016**

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2016-003**

**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 three instances in which there was either an error in the budget calculation of countable income or maintenance limit amount or an error in the amount keyed into the NCFAST system. Additionally, we noted one instance where the OLV or OVS lookup was not completed and present for every member of the household during the recertification process.

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

**Cause:** Administrative oversight.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2015-003.

**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:** Agree. See separate Corrective Action Plan.

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2016-004**

**Criteria:** Per the NC DHHS, Division of Medical Assistance requirements, the County DSS is responsible for terminating eligibility upon death of recipient.

**Condition and Context:** Of the sixty case files sampled, we noted one instance in which the recipient passed away but the "end date" for eligibility was not entered into the system.

**Effect:** Potential for ineligible benefits to continue to be received.

**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:** Agree. See separate Corrective Action Plan.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2016**

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2016-005**

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

**Condition and Context:** Of the sixty files sampled, we noted four 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 could receive benefits.

**Cause:** Administrative oversight.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2015-005.

**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:** Agree. See separate Corrective Action Plan.

**Significant Deficiency and Noncompliance - Eligibility**

**Finding: 2016-006**

**Criteria:** Per the NC DHHS, Division of Medical Assistance requirements, the County DSS is responsible for completing recertification for case files and including all applicable forms in the NCFAST system.

**Condition and Context:** Of the sixty files sampled, we noted twenty-two instances where there was no Medical Transportation Assistance Notice of Rights form DMA-5046 provided or mailed to recipient upon completion of annual recertification as required. Additionally, we noted two instances of form Transportation Assessment Notification Referral Form (DMA-5024), which specifies the action taken on requests for transportation assistance was not in the file.

**Effect:** As a result, if a client would have need for transportation services, they would have to contact the caseworker to schedule transportation.

**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 and applicable forms. Additionally, we recommend random audits of case files by supervisors to ensure program requirements have been met.

**Views of Responsible Officials:** Agree. See separate Corrective Action Plan.

**CRAVEN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Fiscal Year Ended June 30, 2016**

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

**Finding: 2016-007**

See Section III. Federal Award Findings and Questioned Costs, Finding 2016-002

**Finding: 2016-008**

See Section III. Federal Award Findings and Questioned Costs, Finding 2016-003

**Finding: 2016-009**

See Section III. Federal Award Findings and Questioned Costs, Finding 2016-004

**Finding: 2016-010**

See Section III. Federal Award Findings and Questioned Costs, Finding 2016-005

**Finding: 2016-011**

See Section III. Federal Award Findings and Questioned Costs, Finding 2016-006

Board of Commissioners  
George S. Liner, Chairman  
Johnnie Sampson, Jr., Vice Chairman  
Scott C. Dacey  
Jason R. Jones  
Thomas F. Mark  
Theron L. McCabe  
Steve Tyson

Administrative Staff  
Jack B. Veit, III, County Manager  
Gene Hodges, Assistant County Manager  
Cwendolyn M. Bryan, Clerk to the Board  
Amber M. Parker, Human Resources Director  
Craig Warren, Finance Director



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Manager 252-636-6600  
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## Craven County – Corrective Action Plan for Deficiency and Noncompliance Findings for the Fiscal Year Ending June 30, 2016

### Section II. Financial Statement Identifying Numbers

#### Identifying Finding 2016-001:

Audit Finding.

Sales tax refunds on the water treatment plant capital project were recorded as revenue rather than reducing the recorded project cost.

**Corrective Actions Taken or Planned:** Procedures will be implemented to review all expenditures (including capital project expenditures) to ensure they are recorded “net” of any sales tax paid by the County, that will subsequently be refunded to the County.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

### Section III. Federal Award Identifying Numbers and Questioned Costs

#### Identifying Finding 2016-002:

Audit Finding.

Of the sixty case files sampled, we noted one instance in which the agency did not properly scan the case file into the new NCFast paperless system before sending the old EIS paper files to storage. The old EIS files could not be located during testing.

**Corrective Actions Taken or Planned:** All paperwork pertaining to any application, recertification or change in situation is now scanned into NC Fast, we no longer utilize paper files. Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

#### **Identifying Finding 2016-003:**

Audit Finding.

Of the sixty case files sampled, we noted three instances in which there was either an error in the budget calculation of countable income or maintenance limit amount or an error in the amount keyed into the NCFAST system. Additionally, we noted one instance where the OLV or OVS lookup was not completed and present for every member of the household during the recertification process.

**Corrective Actions Taken or Planned:** Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

#### **Identifying Finding 2016-004:**

Audit Finding.

Of the sixty case files sampled, we noted one instance in which the recipient passed away but the "end date" for eligibility was not entered into the system

#### **Section III. Federal Award Identifying Numbers and Questioned Costs (Continued)**

**Corrective Actions Taken or Planned:** Procedures have been implemented to ensure that the Deceased Individuals Report is pulled from NCXPTR weekly and it is monitored and worked by a supervisor. Supervisors are holding 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 DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

#### **Identifying Finding 2016-005:**

Audit finding:

Of the sixty files sampled, we noted four 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.

**Corrective Actions Taken or Planned:** All cases are entered into NC Fast, therefore budgeting is completed by the system. Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

**Identifying Finding 2016-006:**

Audit finding:

Of the sixty files sampled, we noted twenty-two instances where there was no Medical Transportation Assistance Notice of Rights form DMA-5046 provided or mailed to recipient upon completion of annual recertification as required. Additionally, we noted two instances of form Transportation Assessment Notification Referral Form (DMA-5024), which specifies the action taken on requests for transportation assistance.

**Corrective Actions Taken or Planned:** Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Targeted Completion Date:** The board will implement the above procedure immediately. This is and will continue to be an ongoing process.

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

**Identifying Finding: 2016-007**

See Section III. Federal Award Identifying Numbers and Questioned Costs, Identifying Number 2016-002

**Identifying Finding: 2016-008**

See Section III. Federal Award Identifying Numbers and Questioned Costs, Identifying Number 2016-003

**Identifying Finding: 2016-009**

See Section III. Federal Award Identifying Numbers and Questioned Costs, Identifying Number 2016-004

**Identifying Finding: 2016-010**

See Section III. Federal Award Identifying Numbers and Questioned Costs, Identifying Number 2016-005

**Identifying Finding: 2016-011**

See Section III. Federal Award Identifying Numbers and Questioned Costs, Identifying Number 2016-006

## CRAVEN COUNTY, NORTH CAROLINA

### STATUS OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

#### **Identifying Finding: 2015-001 (Financial Statement)**

**Audit Finding:** 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 process (an assets 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.

**Corrective Action Taken:** Finance staff meets during the month prior to fiscal year-end to review closing procedures and reinforce proper period reporting standards.

#### **Identifying Finding: 2015-002 (CFDA #93.778)**

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

**Correction Action Taken:** Supervisors are utilizing reports furnished by NC Fast to review workers progress throughout the month to try to prevent any cases going overdue or having to extend certification periods. Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

#### **Identifying Finding: 2015-003 (CFDA #93.778)**

**Audit finding:** 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 correct.

**Correction Action Taken:** 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 are holding monthly meetings with staff to review. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

#### **Identifying Finding: 2015-004 (CFDA #93.778)**

##### **Audit finding:**

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 on out of twenty-five cases tested where the NCFAST system was still showing a participant as active however, benefits had been terminated.

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

Correction Action Taken: The SDX caseload has now been divided up among all Adult Medicaid workers rather than have this caseload carried by one worker. A log and written instructions have been developed for accountability. Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

**Identifying Finding: 2015-005(CFDA #93.778)**

Audit finding: 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.

Corrective Action Taken: The SDX caseload has now been divided up among all Adult Medicaid workers rather than have this caseload carried by one worker. A log and written instructions have been developed for accountability. Supervisors are holding monthly meetings with staff to review policy. Random second party reviews are being conducted by supervisors and or lead workers for internal quality control. Craven County DSS has also added Income Maintenance Caseworkers II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new staff and existing staff alike.

CRAVEN COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES  
 For the Fiscal Year Ended June 30, 2016  
 (Page 1 of 4)

FEDERAL AWARDS:	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
<b>US Department of Agriculture</b>						
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Special Supplemental Nutrition Program for						
Women, Infant and Children						
	10.557		\$ 612,369	\$ -	\$ -	\$ -
AGRI-SFP Food Program Meal						
	10.559		496	-	-	-
			612,865	-	-	-
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Administered by County Health Department:						
Special Supplemental Nutrition Program for						
Women, Infants, and Children:						
Direct Benefit Payments:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children						
	10.557	5405	2,249,315	-	-	-
			2,249,315	-	-	-
Passed through the NC Department of Health and Human Services:						
Division of Social Services:						
Administered by County Department of Social Services:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program:						
Food Stamp Admin						
	10.561		1,006,347	-	-	1,006,347
Food Stamp Issuance						
	10.561		21,533	-	-	21,533
FNS Contingency Admin						
	10.561		-	-	-	11,120
Food Stamp Fraud Admin						
	10.561		82,069	-	-	82,068
Food Stamp Tax Intercept						
	10.561		8,462	-	-	-
			1,118,411	-	-	1,121,068
Total US Department of Agriculture						
			3,980,591	-	-	1,121,068
<b>US Department of Housing and Urban Development</b>						
Pass through NC Department of Commerce						
Administered by Craven County Planning						
Community Development Block Grant						
CDBG FY 12 Water & Sewer Infrastructure Project						
	14.228	12-C-2493	203,746	-	-	-
			203,746	-	-	-
<b>US Department of Justice:</b>						
Passed through Bureaus of Justice Assistance						
Administered by Craven County Sheriff						
State Criminal Alien Assistance Program						
	16.606		5,375	-	-	-
SRT Justice Assistance Grant						
	16.738	2013-DJ-BX-0895	648	-	-	-
Equitable Sharing Program						
	16.922		27,800	-	-	-
			33,823	-	-	-
<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. 37						
	20.106	3-37-0050-37	504,123	-	-	56,014
Airport Improvement Project No. 38						
	20.106	3-37-0050-38	887,275	-	-	98,586
			1,391,398	-	-	154,600
Passed through NC Department of Transportation:						
Administered by Craven Area Rural Transportation System:						
Metro planning						
	20.507	44.27.00	6,850	-	-	1,712
Capital Maintenance						
	20.507	11.13.40	1,582	-	-	396
Preventative Maintenance						
	20.507	11.7A.00	30,390	-	-	7,598
ADA						
	20.507	11.7C.00	28,122	-	-	7,031
Operating Assistance						
	20.507	30.09.01	148,421	-	-	148,421
			215,365	-	-	165,158
Administered by Craven Area Rural Transportation System:						
Administration						
	20.509	36233.31.13.1	158,572	9,911	-	29,732
Capital						
	20.509	36233.31.13.3	106,677	13,335	-	13,335
			265,249	23,246	-	43,067
Pass through NC Department of Public Safety						
Division of Emergency Management						
Administered by Craven County Emergency Services						
Haz Mat Emergency Preparedness						
	20.703	HMEP -2013-314	1,104	-	-	-
			1,873,116	23,246	-	362,825
<b>Environmental Protection Agency</b>						
Passed through the NC Department of Environmental Quality						
Division of Water Resources						
Administered by Craven County Water and Finance:						
NC Clean Water Revolving Loan and Grant Program						
	66.468	H-LRX-R-DW-1759FP	15,558,566	-	-	-
Total Environmental Protection Agency						
			15,558,566	-	-	-
<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-2014-37049	52,033	-	-	-
			52,033	-	-	-

CRAVEN COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES  
 For the Fiscal Year Ended June 30, 2016  
 (Page 2 of 4)

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
Administered by Craven County Planning:						
Hazard Mitigation Grant Program-Elevation Project 4 Structures	97.039	HMGP 4019-0028	\$ 563	\$ 188	\$ -	\$ -
Hazard Mitigation Grant Program-Buyout Replace 2 Structures	97.039	HMGP 4019-0027	29,219	9,740	-	-
Hazard Mitigation Plan-Storm Shutter Project	97.039	PDMC-PJ-04-NC-2014-001	46,064	-	-	15,355
Flood Mitigation Assistance Grant-Elevation of 11 Structures	97.039	FMA-PJ-04-NC-2013-006	801,080	-	-	-
			<u>876,926</u>	<u>9,928</u>	<u>-</u>	<u>15,355</u>
Transportation Security Administration:						
Administered by Craven Regional Airport:						
Law Enforcement Officer Reimbursement Program	97.090	HSTS0213HSLR020	102,665	-	-	-
Total US Department of Homeland Security			<u>1,031,624</u>	<u>9,928</u>	<u>-</u>	<u>15,355</u>
US Department of Health and Human Services						
<u>Administration on Aging</u>						
Passed through NC Department of Health and Human Services:						
Division of Aging, Home, and Community Care Block Grant						
Aging Cluster:						
Passed through Craven County Department of Social Services:						
Administered by Craven Area Rural Transportation						
HCCBG Transport	93.044		44,107	2,595	-	5,189
Administered by Coastal Community Action:						
HCCBG Senior Companion Program	93.045		20,721	3,657	-	2,709
Administered by Craven County Department of Social Services:						
Congregate Meals	93.045		28,289	4,992	-	3,698
USDA Congregate	93.045		4,399	-	-	-
Home Delivered Meals	93.045		134,442	23,725	-	17,574
USDA Home Delivered Meals	93.045		29,040	-	-	-
In Home Level II	93.667		154,951	27,344	-	20,255
Care Management Administration	93.633		66,076	11,661	-	8,637
Title III Health Promotion	93.043		5,325	940	-	696
Senior Center General Purpose	93.044		3,800	-	-	1,267
Adult Protective Services	93.052		38,475	-	-	12,825
Family Care Giver	93.052		5,110	341	-	-
Services for the Blind	93.XXX		33,900	5,650	-	5,650
			<u>568,635</u>	<u>80,905</u>	<u>-</u>	<u>78,500</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		483,561	474	-	525
Work First Administration	93.558		273,624	-	-	217,513
Work First Service	93.558		1,273,363	-	-	526,051
Work First Non Reimbursable	N/A		-	-	-	288,458
Family Support Payments	93.560		(34)	(9)	-	(9)
			<u>2,030,514</u>	<u>465</u>	<u>-</u>	<u>1,032,538</u>
Refugee Assistance Administration	93.566		26,380	-	-	-
IV-D Child Support Enforcement:						
Administration	93.563		3,996	-	-	2,058
Coop Agreements	93.563		657,856	-	-	338,895
Non-AFDC	93.563		1,348	-	-	695
			<u>663,200</u>	<u>-</u>	<u>-</u>	<u>341,648</u>
Low-Income Home Energy Assistance:						
Administration	93.568		63,011	-	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		357,500	-	-	-
Crisis Intervention Payments	93.568		391,258	-	-	-
			<u>811,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health:						
Child Welfare Services:						
Permanency Planning:						
Permanency Planning - Special	93.645		27,641	-	-	9,214
State Child Welfare/CPS/CS LD	N/A		-	85,809	-	-
Adoption Promotion	N/A		-	26,400	-	-
Adoption Subsidy	N/A		-	323,245	-	93,592
			<u>27,641</u>	<u>435,454</u>	<u>-</u>	<u>102,806</u>
Foster Care and Adoption Cluster:						
Title IV-E Foster Care:						
Administration	93.658		22,471	6,649	-	15,804
Foster Care - At Risk	93.658		320,279	-	-	314,077
IV-E CPS	93.658		150,651	73,979	-	58,806
Foster Care - Direct Benefit Payments	93.658		120,331	28,871	-	28,872
Title IV-E Adoption Subsidy	93.659		453,142	116,461	-	116,461
Total Foster Care and Adoption Cluster			<u>1,066,874</u>	<u>225,960</u>	<u>-</u>	<u>534,020</u>
Division of Child Development:						
Administered by Craven County DSS						
Subsidized Child Care Cluster						
Child Care & Development Fund - Discretionary	93.575		1,891,703	-	-	-
Child Care & Development Fund - Mandatory	93.596		574,763	-	-	-
Child Care & Development Fund - Match	93.596		841,403	316,990	-	-
Child Care & Development Fund - Administration	93.596		192,352	-	-	-
CPS TANF	93.667		71,109	-	-	-
Total Child Care Fund Cluster			<u>3,571,330</u>	<u>316,990</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558		516,892	-	-	-
Foster Care Title IV-E	93.658		34,869	17,870	-	-
State Appropriation	N/A		-	403,603	-	-
TANF - MOE	N/A		-	307,828	-	-
Total Subsidized Child Care Cluster			<u>4,123,091</u>	<u>1,046,291</u>	<u>-</u>	<u>-</u>

**CRAVEN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES**  
**For the Fiscal Year Ended June 30, 2016**  
 (Page 3 of 4)

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
Administered by County Department of Social Services:						
Social Services Block Grant:						
Family Planning:						
Adopt FC	93.667		\$ 67,020	\$ -	\$ -	\$ 93
In-Home Services	93.667		80,641	-	-	11,520
In-Home Services over 60	93.667		8,976	-	-	1,282
Other Services and Training	93.667		332,099	35,503	-	122,534
			<u>488,736</u>	<u>35,503</u>	<u>-</u>	<u>135,429</u>
Passed through NC Department of Health and Human Services:						
Administered by County Department of Social Services:						
Independent Living - Foster Care	93.674		15,680	3,368	-	-
<u>Health Care Financing Administration</u>						
Passed through NC Department of Health and Human Services:						
Division of Medical Assistance:						
Administration:						
Medical Assistance Program	93.778		2,479,564	-	-	826,521
Medical Transportation Service	93.778		142,611	72,683	-	-
Eligibility Workers Administration - MA	93.778		343	-	-	343
Medical Transportation Administration	93.778		34,785	-	-	34,785
Medicaid At-Risk Administration	93.778		76,459	-	-	25,486
MAC Cord/Transportation	93.778		21,588	-	-	21,587
Family Preservation	93.556		12,249	-	-	-
Other:						
Adult Care Home Case Management	93.778		38,751	7,554	-	31,197
Transportation Regular	93.778		568,917	-	-	-
NC Health Choice	93.767		75,868	4,107	-	406
Direct Benefit Payments:						
Medical Assistance Program	93.778		73,908,360	40,123,723	-	-
NC Health Choice	93.767		1,423,411	73,901	-	-
			<u>78,782,905</u>	<u>40,281,968</u>	<u>-</u>	<u>940,325</u>
<u>Health Resources and Services Administration</u>						
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Family Planning	93.217		82,214	20,060	-	529,423
Immunization Action Plan/ Aid to County Funding	93.268		26,703	-	-	13,911
Centers for Disease Control And Prevention						
Emergency Preparedness	93.069		53,221	-	-	(11,728)
Coop Agreement for Breast and Cervical Cancer	93.919		24,246	14,280	-	(4,329)
Communicable Disease Expansion Budget	93.940		100,843	-	-	(6,303)
Temporary Assistance for Needy Families	93.558		16,489	-	-	-
Refugee	93.576		17,499	-	-	1,330
Statewide Health Promotion Program	93.991		33,786	-	-	1,309
Maternal and Child Health Services Block Grant:						
Maternal Health	93.994		36,543	114,132	-	1,033,549
Womens Preventive Health	93.994		49,447	37,090	-	-
Child Health	93.994		22,148	17,715	-	1,050,861
Tuberculosis	93.116		43	31,587	-	37,827
HIV Prevention	93.940		2,000	12,500	-	26,414
STD Prevention	93.977		461	886	-	-
			<u>485,643</u>	<u>248,250</u>	<u>-</u>	<u>2,672,264</u>
Total US Department of Health and Human Services						
			<u>89,071,068</u>	<u>42,358,164</u>	<u>-</u>	<u>5,837,530</u>
<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			-	508,679	-	508,679
Energy Assistance, Carolina Power & Light Project			-	7,555	-	-
State Foster Home			-	47,181	-	45,560
			-	<u>563,415</u>	<u>-</u>	<u>554,239</u>
Health Divisions:						
Administered by County Health Department:						
General			-	131,675	-	-
Environmental Health			-	22,257	-	1,041,036
Public Health Nurse Training			-	800	-	-
Communicable Disease			-	6,343	-	58,215
TB Medical Services			-	2,023	-	-
Preparedness and Response			-	3,498	-	-
			-	<u>166,596</u>	<u>-</u>	<u>1,099,251</u>
Total NC Department of Health and Human Services						
			-	<u>730,011</u>	<u>-</u>	<u>1,653,490</u>
<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		-	2,400	-	-
Structured Day Reporting	825006		-	133,284	133,284	-
Juvenile Restitution	825053		-	62,918	62,918	-
Teen Court	825032		-	68,168	68,168	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	<u>266,770</u>	<u>264,370</u>	<u>-</u>

CRAVEN COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES  
 For the Fiscal Year Ended June 30, 2016  
 (Page 4 of 4)

Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
<b>NC Department of Environmental Quality</b>					
Division of Soil and Water Conservation					
Administered by County Soil Conservation Department:					
Technical Assistance Funds		\$ -	\$ 26,629	\$ -	\$ -
State Matching Funds		-	3,600	-	-
Craven SWCD Stream Debris Removal Project	G40100014813SWC	-	14,000	-	-
Neuse Basin Tech		-	994	-	-
Total Division of Soil and Water Conservation		-	45,223	-	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program		-	10,063	-	-
Total NC Department of Environment and Natural Resources		-	55,286	-	-
<b>NC Department of Transportation:</b>					
Administered by County Soil Conservation Department:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap	EHTAP	-	80,789	-	-
General Public Transportation Craven	GPT	-	75,266	-	-
General Public Transportation Jones	GPT	-	9,276	-	-
General Public Transportation Pamlico	GPT	-	19,962	-	-
Work First Jones County	Work First	-	3,798	-	-
Work First Pamlico County	Work First	-	1,188	-	-
Work First Craven County	Work First	-	25,278	-	-
Total NC Department of Transportation		-	215,557	-	-
<b>NC Department of Corrections:</b>					
Administered by Craven County Day Reporting Center:					
Criminal Justice Partnership Program	025-0700-I-A	-	-	-	-
<b>NC Department Public Instruction:</b>					
Public School Building Capital Fund - Lottery Proceeds					
		-	1,083,080	1,083,080	-
Total NC Department of Public Instruction		-	1,083,080	1,083,080	-
<b>NC Department of Administration:</b>					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
Veterans Services		\$ -	1,525	-	-
Total Federal Expenditures		<u>\$ 111,752,534</u>			
Total State Expenditures			<u>\$ 44,743,567</u>		
Total Local Expenditures				<u>\$ 1,347,450</u>	
				<u>\$ 8,990,268</u>	
Federal Aviation Administration:					
Administered by Craven Regional Airport:					
Passenger Facility Charges	96-01-C-00-EWN	\$ 401,066	-	-	-

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, 2016**

**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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 \$22,161,694 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. The County did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Substantially all federal and State financial assistance programs (other than direct benefit payments - see Note 11 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 \$401,066 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, 2016 consists of \$475,926 for passenger facility charges plus \$35 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.

<b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Loan Balance July 1, 2015</b>	<b>Loan Proceeds</b>	<b>Principal Repayments</b>	<b>Loan Balance June 30, 2016</b>
NC Clean Water Revolving Loan and Grant Program	N/A	\$ 4,800,227	\$ 10,758,339	\$ -	\$ 15,558,566

**Crauen County**

