

CRAVEN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019



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

Craven County



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Crauen County



INTRODUCTORY SECTION

- Letter of Transmittal
- GFOA Certificate of Achievement
- List of Principal Officials
- Organizational Chart
- Map of Craven County, North Carolina

Craven County





March 23, 2020

Citizens of Craven County
The Honorable Board of County Commissioners
Craven County, North Carolina

It is our pleasure to submit the Comprehensive Annual Financial Report of Craven County (the County) for the fiscal year ended June 30, 2019. North Carolina State law requires all general-purpose local governments to publish within four months of the close of each fiscal year a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with the requirements of GASB Statement No. 34.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to protect County assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As managements, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County'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, 2019, are free from 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, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the

administration of federal and state awards. The auditor reports are available in the Single Audit section of this report.

GAAP requires 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 the independent auditors.

Profile of Craven County

Craven County, chartered in 1712, utilizes the 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. The Air Station is home of the second 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 employing over 13,000 military and civilian personnel. The base is also the location of Halyburton Naval Health Clinic.

While still a rural county, Craven County has become much less dependent on agriculture as its main economic engine and 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 as a result of its popularity as a tourist destination.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Craven County operates.

Craven County's economy continues to experience a steady level of positive growth like many other areas in the State. The annual unemployment rate in the County declined from 4.7 percent annual average for 2017 to 4.2 percent for 2018. The rate remained steady for most of the year reaching its lowest point of 3.7 percent in May and ending the year at 4.2 percent for the month of December 2018. Comparatively,

the statewide average unemployment rate was 3.9 percent, down from 4.6 percent reported for the prior year.

While the largest sector of employment in the County is Government making up 32.06 percent of all jobs, the County continues to encourage diversification of the local economy by seeking a wide variety of industries to create jobs in the community. The County's top employers represent industries in Government, Health Care, Education, and Manufacturing. The following table lists the 10 largest employers in the County in 2019.

Rank	Employer	Industry	Employment Range
1	Defense Ex Army Navy & Air Force	Public Administration	1000+
2	Carolinaeast Medical Center	Education & Health Services	1000+
3	Craven County Board Of Education	Education & Health Services	1000+
4	BSH Home Appliances Corporation	Manufacturing	1000+
5	Moen Incorporated	Manufacturing	500-999
6	Wal-Mart Associates Inc.	Trade, Transportation, & Utilities	500-999
7	Craven County	Public Administration	500-999
8	Marine Corps Exchange Service	Trade, Transportation, & Utilities	500-999
9	Craven Community College	Education & Health Services	500-999
10	City Of New Bern	Public Administration	250-499

Source: NC Commerce LEAD Division
2019 Employees are full time

The United States Marine Corps Air Station at Cherry Point is home to Fleet Readiness Center East which is the single largest industrial employer east of I-95, providing employment for a total work force of 12,710 personnel, including 5,164 civilians. Total payroll for the base in fiscal year 2017, including Fleet Readiness Center East, was \$1.15 billion while the total economic impact of the Marine Corps Air Station at Cherry Point was \$1.97 billion. The military and local communities have developed a strong relationship from which both have benefited. Craven County continues its efforts to ensure that decision makers in Washington, DC 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 4.4 percent in 2018 (the latest information available), to \$43,665. The change for the state of North Carolina in 2018 was a 4.4 percent increase and nationally the change was a 4.9 percent increase. The County's per capita income level is 95 percent of the state's average of \$46,117 and 80 percent of the national average of \$54,446. The County ranked 23rd out of 100 counties in the state in per capita income, down from 18th reported for the previous year. The 2008-2018 average annual growth rate of per capita personal income for Craven County was 1.7 percent, while the average annual growth rate for the state was 2.0 percent and 2.9 percent for the nation. In 2008, the per capita personal income for Craven County ranked 16th out of 100 counties in the state.

As economic conditions continue to improve in the County, residential development has experienced some resurgence with much of the growth aimed at retirees and military families. New home construction in fiscal 2019 not including municipalities increased 14.75 percent from the previous fiscal year. The local real estate market remains stable with recent sales data showing the number of homes sold increased by 6.7 percent in fiscal 2019 totaling 1,860 compared to 1,743 sold in fiscal 2018. The average home sales price for fiscal 2019 was \$194,687 compared to \$189,466 for fiscal 2018. Current expectations are that these trends will continue heading into fiscal 2020.

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 by Hilton, 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 \$149.15 million in 2018, an increase of 4.96 percent from 2017 setting a record high for visitor spending going back to 1990. Statewide the increase in tourism impact was 0.6 percent higher than the County's at 5.6 percent. State and local tax revenues generated from travel to Craven County amounted to \$11.38 million which represents a \$109.85 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in 2018 there were 1,180 jobs in Craven County related to tourism with an annual payroll of \$30.37 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. The Center experienced major damages in September 2018 due to Hurricane Florence and was closed for the remainder of the fiscal year while repairs were completed. As a result, operating revenues for fiscal 2019 were significantly down compared to last year, increasing the Center's operating deficit from \$335,000 in fiscal 2018 to \$645,258 for fiscal 2019. The Center has traditionally operated at a deficit each year and 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. For the period it was open in fiscal 2019, the Center hosted a total of 32 events and generated approximately \$1.9 million of economic impact to the community during the fiscal year ended June 30, 2019. 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 was retired in 2019.

Long-term Financial Planning

Providing services desired by its citizens and those required by statutes is a recurring challenge faced by all local governments. Craven County continues to remain committed to only expanding services when corresponding resources are available to support it. For fiscal year 2020, the County's total operating budget is \$112,198,963 with a General Fund tax rate of \$.5494 per \$100 of assessed valuation. The estimate of property values used for fiscal 2020 was \$9.36 billion, a decrease of 0.64 percent from the \$9.42 billion used for fiscal 2019. The decrease in estimated property values for fiscal year 2020 was the result of damages sustained by Hurricane Florence. In order to address both the loss of revenue from this decrease and to meet the increased fiscal needs of the County, the tax rate for fiscal year 2020 was increased by one cent. The negative impacts of Hurricane Florence are expected to be temporary and for that reason, it was decided to defer the upcoming 2020 revaluation for one year until 2021 in order to allow time for recovery efforts and market stabilization to be completed. All indications are that growth in the tax base will remain steady as development within the County continues.

The County continues its efforts to keep fiscal year expenditures within available resources without providing too much reliance on its fund balance. Fund balance is monitored very closely to ensure adequate reserves are maintained to fund projects and to keep the tax rate at a necessary funding level. For fiscal year 2020, \$918,790 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, 2019, the County ended the year with an available General Fund balance of 27.36 percent of total expenditures and transfers out.

Capital needs of the County are assessed on an annual basis. The County's Capital Improvement Plan budgeted at \$3.9 million for fiscal 2020 serves as the primary tool for planning the County's annual capital budget and establishes a framework for capital additions and the method of financing them over a five year period. The Capital Reserve Fund maintained by the County is the primary source of funding for capital projects allowing the County to pay for future capital needs as they arise. Budgeted transfers from the

County's Capital Reserve Fund totaled \$2.3 million for fiscal 2019 however only transfers of \$1.2 million were made for capital items. Additionally, budgeted transfers of \$385,314 were made into the Capital Reserve Fund in fiscal 2019 for future capital needs. As a result of this activity, the County used approximately \$642,000 of its Capital Reserve during fiscal 2019.

Major Initiatives

The County is involved in several initiatives heading into fiscal 2020. Some of these initiatives are discussed in the following section.

Economic Development efforts in the County continue in partnership with the Craven 100 Alliance (C1A). The Craven 100 Alliance, a public private partnership between Craven County, the cities of New Bern and Havelock, and the private sector, made major strides with several investments into economic development during the fiscal year. Activities during the fiscal year included investing over \$1 million in the construction of a 20,000 square foot shell building on 13 acres in the Craven County Industrial Park. In January of 2019, Craven County approved \$125,000 to extend infrastructure on Executive Parkway to the Craven 100 Alliance's shell building. The County along with the state and the Craven 100 Alliances made investments into the Chatsworth expansion totaling \$240,000. The ribbon cutting of this expansion was in May of 2019. BSH also had a ribbon cutting in May of 2019 for their 100,000 square foot expansion. Finally, the county had a new investment with the relocation of McGuckin and Pyle from Lancaster Pennsylvania to the Craven County Industrial Park who purchased their new building in May of 2019.

In fiscal year 2018, the County completed its facilities master plan and space needs assessment study. The purpose of the study was to develop a long-range plan to address the current and future space needs of the County over the next 15 to 30 years. Findings of the study recommend improvements to County facilities that include major renovations and new construction at an approximate cost of \$59 million broken has approved funding for several projects identified in the plan including a major renovation and improvement project at the Convention Center and a new Parks and Recreation Office Building at Creekside Park. Other major facility needs identified in the plan are still being reviewed and will be evaluated for incorporation into the County's long-term capital improvement plan.

As previously noted the Convention Center experienced significant damages as a result of Hurricane Florence and remained closed for most of fiscal year 2019 as repairs were being completed. While the Center was closed for an extended period of time, the County decided to move forward with completing the major improvements identified in the master facilities plan in addition to the repairs. The improvements planned under this project included a complete refresh of the Center's interior finishing's along with adding additional pre-function space and expanding the back veranda. With the majority of the repairs and improvements to the interior completed, the Center was reopened in October 2019. Certain phases of this project will continue into heading into fiscal 2020. The estimated budget for this project is \$12.8 million of which approximately \$2.8 million will go towards repairing the facility back to its pre-storm condition. The County has chosen to fund this project with a mix of new debt and proceeds from insurance and FEMA. The amount of debt incurred for this project was \$10 million and will retire in 2034.

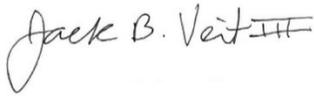
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Craven County for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 29th consecutive year that the County has received this award. 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. This report 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.

The preparation of the comprehensive annual finance report was made possible by the entire Craven County Finance Department. Much appreciation is expressed to Amanda White, Michael Hardy, Donna Nelson, Andrea Brookins, Christy Foreman, Craig Wilkie, Lishelle Bunn, Paisly Taylor, Jessica Phillips, Rosemary Osterhus, and Rosie Brinson.

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.



Jack B. Veit, III, County Manager



Craig Warren, Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Craven County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
June 30, 2019

**BOARD OF
COMMISSIONERS**

GEORGE S. LINER
Chairman

THOMAS F. MARK
Vice-Chairman

JASON R. JONES

DENNY BUCHER

THERON MCCABE

E.T. MITCHELL

JOHNNIE SAMPSON

COUNTY OFFICIALS

JACK B. VEIT III
County Manager

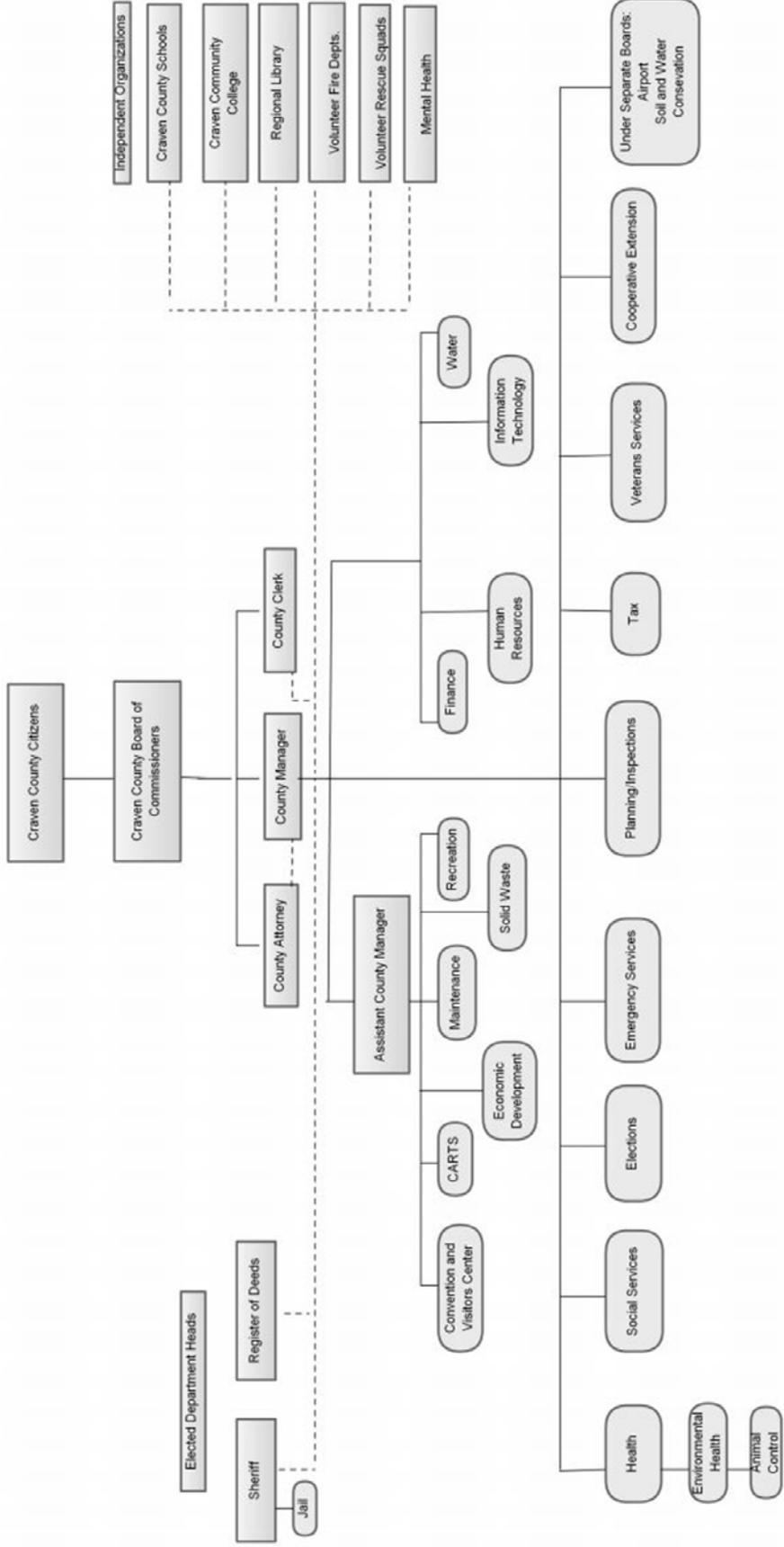
CRAIG A. WARREN
Finance Officer

GENE HODGES
Assistant County Manager

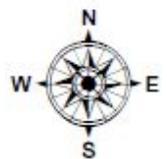
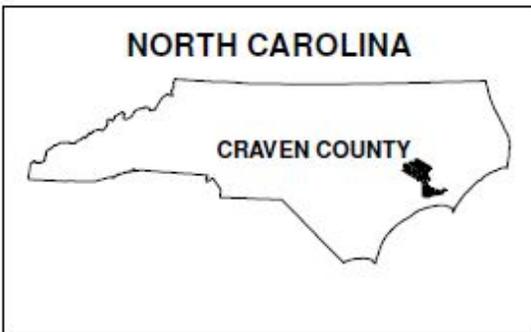
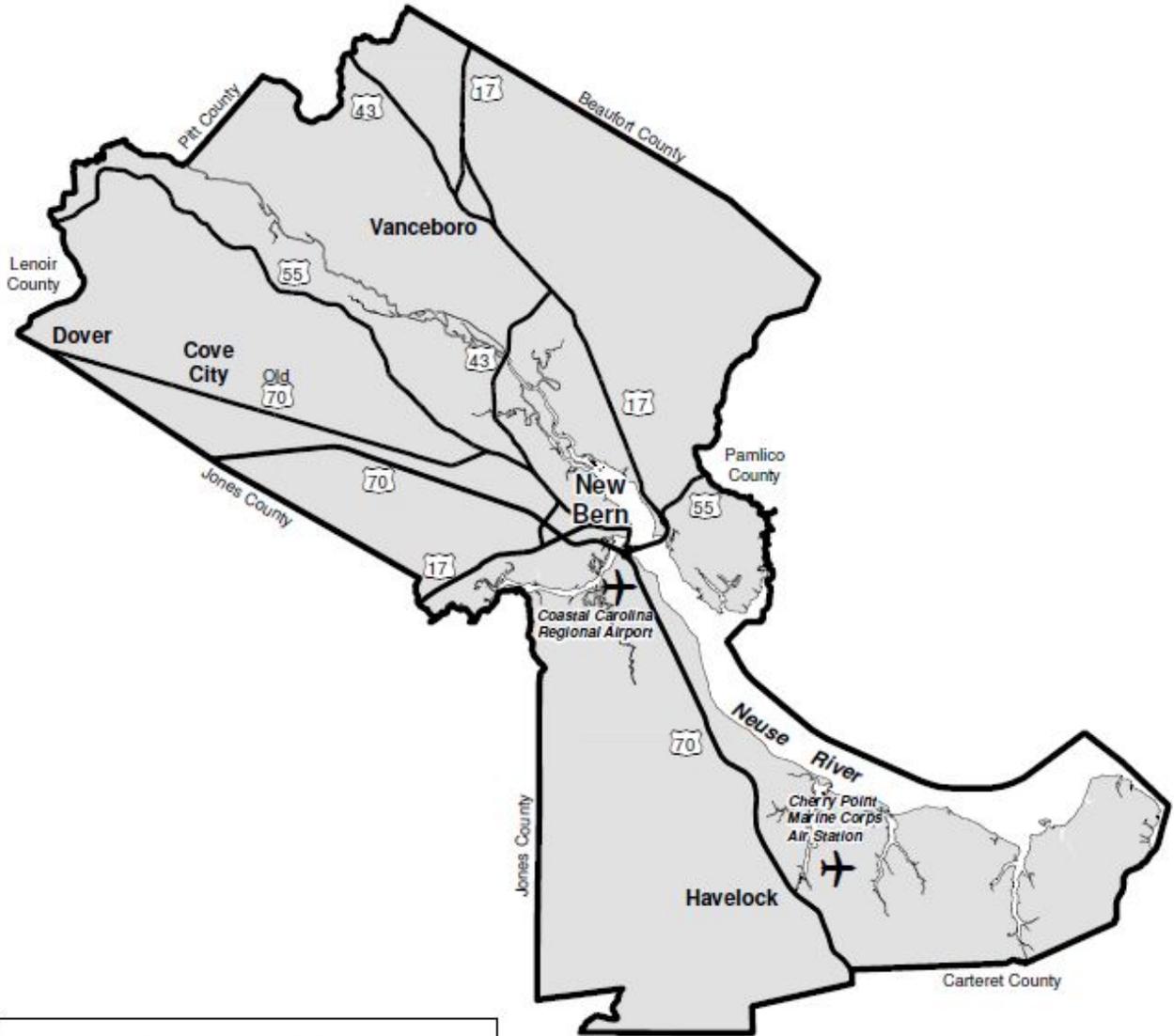
SHERRI B. RICHARD
Register of Deeds

CHIP HUGHES
Sheriff

CRAVEN COUNTY ORGANIZATIONAL CHART



Craven County North Carolina



FINANCIAL SECTION

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

Crauen County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Crauen County



Independent Auditor's Report

RSM US LLP

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, 2019, and the related notes to the financial statements, which collectively comprise the Craven 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 Board (ABC Board) or CarolinaEast Health System (the Health System), which represent 93%, 92% and 97%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. 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* and, accordingly, are not covered by our report 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 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 the Craven County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 21 through 32, the Local Governmental Employees' Retirement System's Schedules of the County's and the Airport Authority's and the ABC Board's Proportionate Share of the Net Pension Liability (Asset) and County Contributions and the Airport Authority's and the ABC Board's Contributions, the Register of Deed's Pension Fund's Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Register of Deed's Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Changes in Total Other Post-Employment Benefits Liability beginning after the Notes to the basic financial statements 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as Other Supplementary Information in the Financial Section, the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges in the Compliance Section 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, the Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are the responsibility of management and were 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 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 have 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 March 23, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Craven County's 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

Morehead City, North Carolina

March 23, 2020



MANAGEMENT'S DISCUSSION & ANALYSIS
(Unaudited)

Craven County



Craven County
Management's Discussion and Analysis
June 30, 2019

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, 2019. 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.

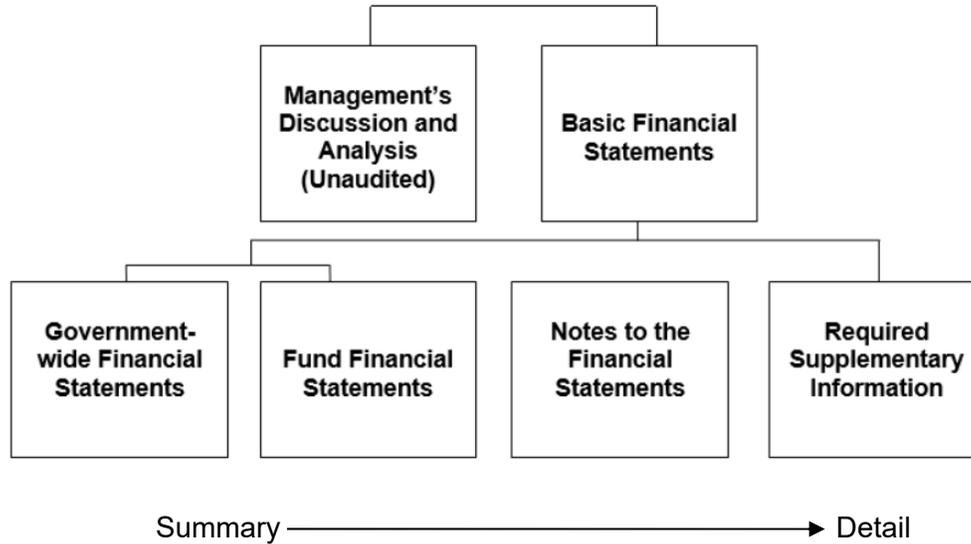
Financial Highlights

- 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 \$105,709,392 (*net position*).
- The government's total net position increased by \$8,861,894 in fiscal 2019. Of this amount, \$3,834 was an increase in net position resulting from the operations of the Water enterprise fund. The remaining \$8,858,060 increase in net position was in governmental activities and was primarily due to revenues exceeding projections.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$54,715,389, reflecting a net increase of \$3,576,589 for the year. Approximately 48.04 percent of the total amount or \$26,287,116 is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,668,673 or 27.90 percent of total General Fund expenditures excluding other financing uses for the fiscal year.
- The County's total long-term debt decreased by \$7,675,364 as a result of debt service payments made during the fiscal year.
- The County maintained 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. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and other postemployment benefit plans.

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

The two government-wide financial 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 financial 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 Airport 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 the following: County's proportionate share of Net Pension Liability (Asset) for Local Government Employees' Retirement System and Registers of Deeds' Supplemental Pension Fund; County Contributions to Local Government Employees' Retirement System and Registers of Deeds' Supplemental Pension Fund; Pension liability for Law Enforcement Officers' Special Separation Allowance; and changes in the total OPEB liability and related ratios. 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 \$105,709,392 as of June 30, 2019. The County's net position increased by \$8,861,894 for the fiscal year ended June 30, 2019. By far, the largest category of net position, totaling \$73,925,869 or 69.93 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 \$15,448,708 or 14.61 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 \$16,334,815 is unrestricted at June 30, 2019 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 \$19,607,950 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	\$ (19,607,950)
All other	<u>35,942,765</u>
Total unrestricted net position	<u>\$ 16,334,815</u>

Craven County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 65,419,684	\$ 58,938,463	\$ 13,515,801	\$ 12,814,888	\$ 78,935,485	\$ 71,753,351
Capital assets, net	57,331,488	57,986,551	41,963,788	43,570,796	99,295,276	101,557,347
Total assets	<u>122,751,172</u>	<u>116,925,014</u>	<u>55,479,589</u>	<u>56,385,684</u>	<u>178,230,761</u>	<u>173,310,698</u>
Total deferred outflows of resources	<u>11,513,511</u>	<u>9,191,293</u>	<u>176,387</u>	<u>114,504</u>	<u>11,689,898</u>	<u>9,305,797</u>
Long-term liabilities	52,325,543	55,039,585	14,550,547	15,352,620	66,876,090	70,392,205
Other liabilities	14,560,330	12,937,848	1,481,636	1,398,303	16,041,966	14,336,151
Total liabilities	<u>66,885,873</u>	<u>67,977,433</u>	<u>16,032,183</u>	<u>16,750,923</u>	<u>82,918,056</u>	<u>84,728,356</u>
Total deferred inflows of resources	<u>1,282,032</u>	<u>1,030,156</u>	<u>11,179</u>	<u>10,485</u>	<u>1,293,211</u>	<u>1,040,641</u>
Net position:						
Net investment in capital assets	47,005,992	44,781,813	26,919,877	27,637,466	73,925,869	72,419,279
Restricted	15,448,708	10,796,574	-	-	15,448,708	10,796,574
Unrestricted	3,642,078	1,530,331	12,692,737	12,101,314	16,334,815	13,631,645
Total net position	<u>\$ 66,096,778</u>	<u>\$ 57,108,718</u>	<u>\$ 39,612,614</u>	<u>\$ 39,738,780</u>	<u>\$ 105,709,392</u>	<u>\$ 96,847,498</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 maintaining a collection percentage of 99.32 compared to the statewide average of 99.04 percent.
- Total General Fund expenditures were less than projected by \$5.13 million. Management continues to take a conservative approach on spending by limiting travel and capital purchases to only those expenditures that are operationally necessary. This has resulted in an increase to fund balance in the General Fund of \$2.19 million.

Craven County's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 19,513,609	\$ 17,042,665	\$ 3,849,791	\$ 3,945,311	\$ 23,363,400	\$ 20,987,976
Operating grants and contributions	22,375,435	18,822,793	-	-	22,375,435	18,822,793
Capital grants and contributions	1,136,029	653,417	-	-	1,136,029	653,417
General revenues:						
Property taxes	54,063,292	52,594,856	-	-	54,063,292	52,594,856
Sales and use taxes	19,290,881	16,897,507	-	-	19,290,881	16,897,507
Other	6,376,446	2,164,503	244,902	171,054	6,621,348	2,335,557
Total revenues	122,755,692	108,175,741	4,094,693	4,116,365	126,850,385	112,292,106
Expenses:						
General government	17,072,762	11,077,893	-	-	17,072,762	11,077,893
Public safety	23,323,223	21,947,336	-	-	23,323,223	21,947,336
Environmental protection	6,370,235	4,950,380	-	-	6,370,235	4,950,380
Economic and physical development	3,786,002	2,958,118	-	-	3,786,002	2,958,118
Human services	31,678,988	28,561,718	-	-	31,678,988	28,561,718
Culture and recreation	3,346,603	2,675,892	-	-	3,346,603	2,675,892
Education	27,166,990	27,018,838	-	-	27,166,990	27,018,838
Interest on long term debt	1,152,829	1,550,637	-	-	1,152,829	1,550,637
Water and sewer districts	-	-	4,090,859	3,338,714	4,090,859	3,338,714
Total expenses	113,897,632	100,740,812	4,090,859	3,338,714	117,988,491	104,079,526
Increase in net position before transfers	8,858,060	7,434,929	3,834	777,651	8,861,894	8,212,580
Transfers	130,000	313,222	(130,000)	(313,222)	-	-
Increase in net position after transfers	8,988,060	7,748,151	(126,166)	464,429	8,861,894	8,212,580
Net position beginning of year	57,108,718	58,498,856	39,738,780	39,386,629	96,847,498	97,885,485
Restatement	-	(9,138,289)	-	(112,278)	-	(9,250,567)
Net position, beginning, restated	57,108,718	49,360,567	39,738,780	39,274,351	96,847,498	88,634,918
Net position ending	\$ 66,096,778	\$ 57,108,718	\$ 39,612,614	\$ 39,738,780	\$ 105,709,392	\$ 96,847,498

Governmental Activities - Governmental activities increased the County's net position by \$8,858,060 from the prior fiscal year. Key elements of this increase are as follows:

- Property tax revenues increased by \$1.5 million thousand in 2019 due to continued diligence in collection efforts along with some growth in the tax base.
- Sales tax collections increased approximately \$2.4 million from the prior year as a result of increased economic activity in the County and around the State.
- Other revenues were up \$ 4.2 million mainly due to \$745 thousand in sales of property at the County's Industrial Park and \$1.8 million in unanticipated insurance proceeds collected as a result of property damages from Hurricane Florence.
- Expenses overall increased \$13.2 million from the previous year with General Government, Human Services, and Environmental Protection making up the largest portions of the increase at \$5.9 million, \$3.1 million, and \$1.4 million respectively. Debris removal and recovery efforts from Hurricane Florence were the primary driving factors behind this increase.
- Although expenses were up in these categories compared to last year, Human Services, General Government, and Public Safety all came in under budget which contributed to the increase in net position.

Business-type activities - Business-type activities for the County's water utility increased the County's total net position by \$3,834.

- Water sales were lower by \$96 thousand compared to last fiscal year while other revenues were up \$74 thousand. Other revenues included increased interest earnings on investments that offset the decrease in water sales. Expenses were up \$752 thousand due to a full year of operating the new water treatment plant which came online in October 2017. Depreciation expense made up approximately \$705 thousand of the increase. The last rate increase was implemented in October of 2011 in order to provide the funds needed for the construction of the new plant and to cover the additional operating expenses and higher debt service when the plant came online.

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, 2019, the governmental funds of Craven County reported a combined fund balance of \$54,715,389, which represents a 6.9 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2019, the County's unassigned fund balance in the General Fund was \$28,668,673 while total fund balance reached \$39,302,029. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the County's General Fund represents 26.5 percent of total General Fund expenditures including transfers out, while total fund balance represents 36.3 percent of the total General Fund expenditures. The County has not adopted a formal fund balance policy but has identified a goal of maintaining an available fund balance in the range 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 a decrease in fund balance of approximately \$642,394 due to transfers out totaling \$1.18 million. Of this amount, \$518,000 funded capital expenditures in the General Fund while \$659,000 was use towards new tax appraisal and collection software in the ERP Software Replacement Project Fund. The transfer out was partially offset by transfers in, totaling \$408,000 thousand in unanticipated revenues received during the fiscal year.

Fund balances of the non-major governmental funds increased by \$2 million. \$810,000 of this increase was in the debt service fund and was due to a combination of higher than projected sales taxes collected that are restricted for schools and declining annual debt service on school debt. \$430,000 of this increase was in the Occupancy Tax Fund which following Hurricane Florence experienced a 63.5% increase in the occupancy taxes collected.

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 Additional state funds of \$30,000 towards diabetes education were awarded to the Health Department during the fiscal year 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 \$425,000 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 \$1,000,000 from the original budget and consisted of the following items:

- The Health Department was awarded \$285,000 in order to expand and integrate behavioral health programs into the Federally Qualified Health Center (FQHC) primary care settings.
- Department of Social Services received additional state funding in the amount of \$52,000 towards the Disaster Supplemental Nutrition Program (DSNAP).
- The County received \$173,000 in one-time emergency funds from the State for mosquito control following Hurricane Florence.
- The County's Soil and Water Conservation Department was awarded \$110,000 from the United States Department of Agriculture towards the stabilization of residential shorelines through the Emergency Watershed Protection Program.
- Grant funds totaling \$99,000 were appropriated by the State to fund 2 new School Resource Officer positions in the County's elementary schools.
- Department of Social Services was awarded \$86,000 in additional Crisis Intervention Funds from the State during the year to assist low-income citizens with heating and cooling bills.
- Additional funds of \$25,000 towards Home Community Care Block Grant were awarded to the County during the fiscal year from the Division of Aging.
- Recreation and Parks was awarded a \$20,000 grant from the Harold H. Bate Foundation to replace a basketball court at Rocky Run Park.

Total budget for charges for service revenues was increased by \$226,000 during the year due to the following:

- Rescue Squad fees collected by the County and paid to the Squads were higher than budgeted and made up \$135,000 of the increase.
- Excise fees collected by the Register of Deeds were increased by \$85,000 during the fiscal year as actuals exceeded budgeted projections resulting in additional payments to the State for their share.

Amendments were made to the budget of approximately \$6.6 million by appropriating fund balance of the General Fund. Those amendments included:

- \$5,000,000 was appropriated during the fiscal year for Hurricane Florence response and recovery efforts.
- \$250,000 was appropriated to implement recommendations of a compensation study the County competed during the fiscal year.
- \$21,000 of unspent donations carried over from the previous fiscal year was appropriated in the Senior Services, Meals, and Sunshine Program.
- \$173,000 of Health Department revenues earned in the previous year were appropriated for the purchase of capital equipment and supplies needed in the Department's programs that were not funded in the original budget.
- \$85,000 was appropriated during the fiscal year to match State grants awarded to several County Fire Districts for the purchase of equipment.
- \$125,000 was appropriated in Economic Development to extend water and sewer infrastructure within the County's Industrial Park.
- \$198,000 was appropriated in the Sheriff's Department for the purchase of two Chevrolet Tahoe four-wheel drive vehicles and thirty VIPER radios.

- \$45,000 was appropriated in the Sheriff's Department for the purchase of Special Response Team (SRT) equipment.
- \$89,000 was appropriated in the Elections Department in order to carry out the April 30, 2019 Special Election mandated by the State.
- \$44,000 was appropriated to hire additional Animal Shelter staff in order to meet increased workloads as a result of the shelter's expansion project.
- \$175,000 was appropriated in the Sheriff's Department for the compensated leave payouts of three retiring employees.
- \$147,000 was carried over from the prior fiscal year in the Health Department's Dental Program for the purchase of a new mobile dental unit.

Total expenditures in the final budget were increased by approximately \$4.7 million from the original budget. The increases in expenditures were a result of the amendments to revenues and fund balance appropriations mentioned above.

Net transfers out were decreased in the budget by approximately \$60,000 and consisted of \$425,000 in additional sales tax revenue designated for school capital expenditures transferred to the Debt Service Fund and \$85,000 transferred to fire districts for equipment grant matches. The transfers out were offset by transfers in of \$581,000 mainly from the Capital Reserve Fund for capital improvements at the Convention Center.

Proprietary Funds - Craven County's proprietary funds statements (water utility) provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year increased during the fiscal year by \$591 thousand to \$12.7 million while net investment in capital assets decreased \$718 thousand. These changes were mostly due to the increases in non-operating activities, mostly depreciation expense of the new water treatment plant for a full fiscal year.

Capital Asset and Debt Administration

Capital assets - Craven County's capital assets for its governmental and business-type activities as of June 30, 2019 totaled approximately \$99,295,276 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions during the year included:

- 11 new vehicles for Sheriff Department and 3 for Transportation (CARTS)
- New mobile dental trailer
- ERP Software Project (Financials, Payroll/Human Resources, Utility Billing, Permitting)
- Replacement of gallery seating and furniture in Superior Courtroom
- Road improvements and new volleyball court at Creekside Park
- Repairs to foundation at Convention Center
- ECAD software upgrade in E911 Call Center
- 2 new vehicles for Water Department
- Paint Piney Neck Water Tank

	Governmental Activities		Business-type Activities		Total	
	2018	2018	2018	2018	2018	2018
Land	\$ 9,904,609	\$ 9,904,609	\$ 947,354	\$ 947,354	\$ 10,851,963	\$ 10,851,963
Buildings	67,242,332	67,242,332	30,695,647	30,695,647	97,937,979	97,937,979
Improvements	17,174,341	17,174,341	30,026,556	30,026,556	47,200,897	47,200,897
Machinery and equipment	6,892,651	6,892,651	170,814	170,814	7,063,465	7,063,465
Vehicles	6,596,205	6,596,205	263,961	263,961	6,860,166	6,860,166
Construction in progress	2,011,837	2,011,837	-	-	2,011,837	2,011,837
Total	109,821,975	109,821,975	62,104,332	62,104,332	171,926,307	171,926,307
Less accumulated depreciation	51,835,424	51,835,424	18,533,536	18,533,536	70,368,960	70,368,960
Total net of depreciation	\$ 57,986,551	\$ 57,986,551	\$ 43,570,796	\$ 43,570,796	\$ 101,557,347	\$ 101,557,347

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term Debt - As of June 30, 2019, Craven County had total bonded general obligation debt outstanding of \$8,335,000 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.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
G. O. bonds	\$ 8,335,000	\$ 10,750,000	\$ -	\$ -	\$ 8,335,000	\$ 10,750,000
Installment debt	24,654,450	29,025,750	15,041,781	15,930,845	39,696,231	44,956,595
Total	\$ 32,989,450	\$ 39,775,750	\$ 15,041,781	\$ 15,930,845	\$ 48,031,231	\$ 55,706,595

Craven County's total debt decreased \$7.67 million during the past fiscal year due to retiring existing debt principal. The County refunded \$8,335,000 of general obligation bonds during the fiscal year reducing interest expense by \$237,803 over the remaining life of the bonds.

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 \$737,381,000.

Additional information regarding Craven County's long-term debt can be found in Note 8 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 2018 was 4.2 percent, down from the 4.7 percent reported for the previous calendar year. The comparable rate for the entire State for 2018 was 3.9 percent. The County's rate reached its lowest point of 3.7 percent in the month of May and finishing the year at 4.2 percent in December.

- Per capita personal income in Craven County increased by 4.4 percent in 2018 (the latest information available), to \$43,665. The change for the state of North Carolina in 2018 was a 4.4 percent increase and nationally the change was a 4.9 percent increase. The County's per capita income level is 95 percent of the state's average of \$46,117 and 80 percent of the national average of \$54,446. The County ranked 23rd out of 100 counties in the state in per capita income, down from 18th reported for the previous year. The 2008-2018 average annual growth rate of per capita personal income for Craven County was 1.7 percent, while the average annual growth rate for the state was 2.0 percent and 2.9 percent for the nation. In 2008, Craven County ranked 16th out of 100 counties in the state.
- Homes sales in fiscal 2019 totaled 1,860, a 6.7 percent increase over the 1,743 homes sold in fiscal 2018. The average home sales price for 2019 was \$194,687 compared to \$189,466 for fiscal 2018. New home construction in fiscal 2019 not including municipalities increased 14.75 percent from the previous fiscal year. Current expectations are that these trends will continue heading into fiscal 2020.
- Actual 2019 property values were .96 percent above the \$9.42 billion estimate used for ad valorem taxes in the 2019 budget. The combined property tax collection rate for fiscal 2019 decreased slightly by 0.03 percent to 99.32 percent. The County adopted an ad valorem tax rate of 53.94 cents per \$100 assessed value in fiscal year 2019, the same rate that has been maintained for the last 3 fiscal years.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities - The County approved a \$112.2 million General Fund budget for fiscal year 2020, an increase of \$7.8 million from the previous year. Estimated assessed property values for fiscal year 2020 were \$9.36 billion, a 0.64% decrease from the \$9.42 billion estimate used for the 2019 budget. This decrease in the estimate was for real property that was damaged by Hurricane Florence and is expected to be temporary as recovery efforts continue into the new budget year. The County adopted the ad valorem tax rate of 54.94 cents per \$100 of assessed valuation which reflects a one cent increase from the previous year. All revenues are budgeted conservatively with estimated increases of 1.2 percent in property tax revenues and a 5.0 percent increase in sales tax receipts. The budget reflects one recommended fee change to the curbside recycling program in order to offset increases in collection costs passed on from the County's recycling providers. The County appropriated \$918,790 of fund balance in order to balance the 2020 budget. This amount of fund balance is primarily due to funding public school and community college capital, as well as county capital improvements and large building maintenance needs.

Total salaries and benefits budgeted for fiscal year 2020 were \$1.8 million higher than the original budget for fiscal year 2019 and included a 2.0 percent cost of living increase for employees at a cost of \$770 thousand. Approximately \$385 thousand of this increase was due to six positions added mid-year during fiscal 2019. The budget for fiscal 2020 included 15 new full time positions totaling \$401 thousand. Health and dental premiums were increased by 5 percent across the board for all employees resulting in \$373 thousand of additional cost to the County.

Capital expenditures in the amount of \$3.6 million are included in the 2020 budget. Major capital acquisitions include:

- Information Technology projects and improvements \$386,000
- Expansion of parking lot at Animal Shelter \$45,000
- Installation of generator at Animal Shelter \$150,000
- Replacement of roof at Human Services Complex \$500,000
- New carpet in Health Department \$200,000
- Relocation of Hickman Hill Convenience Site \$700,000

- Solid Waste equipment replacement \$65,000
- Sheriff Department vehicles \$472,000
- Sheriff Department equipment \$212,000
- Transportation (CARTS) vehicles \$180,000
- Maintenance projects and improvements \$585,000
- Install epoxy coating to floors at Jail \$325,000

Education is the single largest category in terms of its portion of total expenditures and includes both the public school system and community college. Appropriated operating and capital expenditures totaled \$28.4 million or 25.35 percent of the fiscal year 2020 budget. Additional funding may be provided to public schools after potential impacts of the State's budget are finalized. The second largest category in the fiscal year 2020 budget includes both Health and Social Services expenditures which totaled approximately \$31.1 million or 26.82 percent of budgeted appropriations.

Business-type Activities: The County approved a \$4.1 million budget for the operations of the County's water system with no change to water rates for fiscal 2020. In fiscal year 2018, the County completed the construction of its \$30.9 million Water Treatment Facility. This facility can process approximately 3 million gallons per day and is readily expandable to 5 million should future demands require it. Annual debt service payments for this new facility are budgeted at \$808,950. The last rate increase for the water system was implemented in October 2011 and was designed to provide the funds needed for the new water treatment plant project debt service and operating costs. Management accesses the rates annually to ensure they remain sufficient to cover all operating and capital costs.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Craven County, 406 Craven Street, New Bern, North Carolina, 28560. You may also call 252-636-6603 or visit our website www.cravencountync.gov.

BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Coastal Carolina Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board
ASSETS							
Cash and cash equivalents	\$ 17,749,988	\$ 12,718,463	\$ 30,468,451	\$ 346,849	\$ 3,890,854	\$ 36,409,464	\$ 2,693,285
Short-term investments	24,274,886	-	24,274,886	-	-	48,856,808	-
Restricted cash	307,957	-	307,957	-	-	-	-
Accounts receivables (net)	4,402,843	749,654	5,152,497	59,002	2,612,614	68,578,361	-
Taxes receivables (net)	8,150,465	-	8,150,465	-	-	-	-
Accrued interest receivable	475,118	-	475,118	-	-	-	-
Inventories	-	-	-	-	-	10,733,486	786,739
Prepays	52,680	47,684	100,364	-	-	5,897,535	19,785
Long-term cash and investments	9,861,400	-	9,861,400	-	-	320,817,061	-
Other assets	-	-	-	-	-	3,700,946	-
Net pension asset	144,347	-	144,347	-	-	-	-
Capital assets:							
Land and construction in progress	10,191,900	947,354	11,139,254	-	19,589,604	37,927,717	382,810
Other capital assets, net of depreciation/amortization	47,139,588	41,016,434	88,156,022	-	22,892,468	142,134,313	641,795
Total capital assets	57,331,488	41,963,788	99,295,276	-	42,482,072	180,062,030	1,024,605
Total assets	122,751,172	55,479,589	178,230,761	405,851	48,985,540	675,055,691	4,524,414
DEFERRED OUTFLOWS OF RESOURCES	11,513,511	176,387	11,689,898	-	152,190	170,356	184,823
LIABILITIES							
Accounts payable	5,007,763	247,840	5,255,603	-	1,007,718	54,427,072	1,320,418
Current maturities of long term obligations	7,715,402	914,984	8,630,386	-	-	1,490,000	-
Accrued salaries and benefits	1,774,862	15,266	1,790,128	2,675	83,005	19,404,645	31,458
Accrued interest payable	62,303	2,131	64,434	-	-	-	-
Customer deposits	-	301,415	301,415	-	-	-	-
Long-term liabilities:							
Net pension liability	10,305,043	199,269	10,504,312	-	143,527	-	186,466
Total OPEB liability	13,690,240	179,839	13,870,079	-	-	-	-
Due in more than one year	28,330,260	14,171,439	42,501,699	-	188,693	57,050,000	-
Total liabilities	66,885,873	16,032,183	82,918,056	2,675	1,422,943	132,371,717	1,538,342
DEFERRED INFLOWS OF RESOURCES	1,282,032	11,179	1,293,211	-	12,472	646,499	965
NET POSITION							
Net investment in capital assets	47,005,992	26,919,877	73,925,869	-	41,532,402	118,922,214	1,024,605
Restricted for:							
Stabilization by State statute	10,017,044	-	10,017,044	-	-	-	-
General government	913,772	-	913,772	-	-	-	-
Education	1,518,914	-	1,518,914	-	-	-	-
Debt service	-	-	-	-	-	16,343,006	-
Public safety	1,352,863	-	1,352,863	-	-	-	-
Economic and physical development	1,646,115	-	1,646,115	-	-	-	-
Other purposes	-	-	-	-	-	985,450	638,030
Unrestricted	3,642,078	12,692,737	16,334,815	403,176	6,169,913	405,957,161	1,507,295
Total net position	\$ 66,096,778	\$ 39,612,614	\$ 105,709,392	\$ 403,176	\$ 47,702,315	\$ 542,207,831	\$ 3,169,930

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, 2019

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units					
					Governmental Activities	Business-type Activities	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board		
Primary government:												
Governmental:												
General government	\$ 17,072,762	\$ 3,139,033	\$ 3,894,897	-	\$ (10,038,832)	\$ -	\$ (10,038,832)					
Public safety	23,323,223	4,996,889	1,762,796	-	(16,563,538)	-	(16,563,538)					
Social Services	21,170,095	2,520,085	11,973,191	154,529	(6,522,290)	-	(6,522,290)					
Economic and physical development	3,786,002	216,037	656,696	-	(2,913,269)	-	(2,913,269)					
Environmental protection	6,370,235	2,956,075	149,568	-	(3,264,592)	-	(3,264,592)					
Health	10,508,893	5,360,985	3,896,287	-	(1,251,621)	-	(1,251,621)					
Cultural and recreation	3,346,603	324,505	42,000	-	(2,980,098)	-	(2,980,098)					
Education	27,166,990	-	-	981,500	(26,185,490)	-	(26,185,490)					
Interest on long-term debt	1,152,829	-	-	-	(1,152,829)	-	(1,152,829)					
Total governmental activities	<u>113,897,632</u>	<u>19,513,609</u>	<u>22,375,435</u>	<u>1,136,029</u>	<u>(70,872,559)</u>	<u>-</u>	<u>(70,872,559)</u>					
Business-type:												
Water	4,090,859	3,849,791	-	-	-	(241,068)	(241,068)					
Total business-type activities	<u>4,090,859</u>	<u>3,849,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,068)</u>	<u>(241,068)</u>					
Total primary government	<u>\$ 117,988,491</u>	<u>\$ 23,363,400</u>	<u>\$ 22,375,435</u>	<u>\$ 1,136,029</u>	<u>(70,872,559)</u>	<u>(241,068)</u>	<u>(71,113,627)</u>					
Component units:												
Tourism Development Authority	\$ 480,825	\$ 689,331	\$ -	\$ -			\$ 208,506	\$ -	\$ -	\$ -		
Coastal Carolina Regional Airport Authority	2,756,596	2,648,213	-	8,425,706			-	8,317,323	-	-		
CarolinaEast Health System	402,299,993	405,828,279	-	-			-	-	3,528,286	-		
Craven County ABC Board	8,600,804	8,765,289	-	-			-	-	-	-	164,485	
Total component units	<u>\$ 414,138,218</u>	<u>\$ 417,931,112</u>	<u>\$ -</u>	<u>\$ 8,425,706</u>			<u>208,506</u>	<u>8,317,323</u>	<u>3,528,286</u>	<u>164,485</u>		
General revenues:												
Taxes:												
Property taxes, levied for general purposes					54,063,292	-	54,063,292	-	-	-	-	
Local option sales tax					19,290,881	-	19,290,881	-	-	-	-	
Other taxes					1,758,121	-	1,758,121	-	-	-	-	
Investment earnings, unrestricted					1,091,545	135,443	1,226,988	165	5,488	27,423,376	4,114	
Miscellaneous, unrestricted					3,526,780	109,459	3,636,239	2,248	-	6,222,818	-	
Transfers					130,000	(130,000)	-	-	-	-	-	
Total general revenues and transfers					<u>79,860,619</u>	<u>114,902</u>	<u>79,975,521</u>	<u>2,413</u>	<u>5,488</u>	<u>33,646,194</u>	<u>4,114</u>	
Change in net position					8,988,060	(126,166)	8,861,894	210,919	8,322,811	37,174,480	168,599	
Net position, beginning					57,108,718	39,738,780	96,847,498	192,257	39,379,504	505,033,351	3,001,331	
Net position, ending					<u>\$ 66,096,778</u>	<u>\$ 39,612,614</u>	<u>\$ 105,709,392</u>	<u>\$ 403,176</u>	<u>\$ 47,702,315</u>	<u>\$ 542,207,831</u>	<u>\$ 3,169,930</u>	

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,966,360	\$ 5,638,262	\$ 3,436,099	\$ 15,040,721
Short-term investments	24,274,886	-	-	24,274,886
Restricted cash	-	-	307,957	307,957
Taxes receivable	6,911,273	-	1,239,192	8,150,465
Accounts receivable	3,463,418	35,000	853,197	4,351,615
Prepays	40,680	-	-	40,680
Long-term investments	4,953,450	4,907,950	-	9,861,400
Total assets	<u>\$ 45,610,067</u>	<u>\$ 10,581,212</u>	<u>\$ 5,836,445</u>	<u>\$ 62,027,724</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,629,008	\$ -	\$ 972,902	\$ 4,601,910
Accrued salaries and benefits	1,774,862	-	-	1,774,862
Total liabilities	<u>5,403,870</u>	<u>-</u>	<u>972,902</u>	<u>6,376,772</u>
Deferred inflows of resources	<u>904,168</u>	<u>-</u>	<u>31,395</u>	<u>935,563</u>
Fund balances:				
Non Spendable				
Prepays	40,680	-	-	40,680
Restricted				
Stabilization by state statute	9,666,695	35,000	315,349	10,017,044
General government	-	-	913,772	913,772
Public safety	24,585	-	1,328,278	1,352,863
Economic and physical development	-	649,880	996,235	1,646,115
Education, schools	-	-	1,518,914	1,518,914
Committed:				
Capital projects	-	9,896,332	-	9,896,332
Assigned:				
For subsequent year's expenditures	901,396	-	-	901,396
Unassigned	28,668,673	-	(240,400)	28,428,273
Total fund balances	<u>39,302,029</u>	<u>10,581,212</u>	<u>4,832,148</u>	<u>54,715,389</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,610,067</u>	<u>\$ 10,581,212</u>	<u>\$ 5,836,445</u>	<u>\$ 62,027,724</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, 2019**

Amounts reported for the governmental activities in the Statement of Net Position are different because:

Total fund balance Governmental funds	\$ 54,715,389
Charges relating to advance refunding debt issue	3,056,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	57,331,488
Register of Deeds Net pension asset	144,347
Contributions to pension plans in the current fiscal year are deferred outflows of resources in the Statement of Net Position	2,162,430
Benefit payments and pension administration costs for LEOSSA paid in the current year are deferred outflows of resources in the Statement of Net Position	73,314
Contributions and pension administration costs for OPEB are deferred outflows of resources in the Statement of Net Position	745,108
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	475,118
Net pension liability (LGERS)	(8,773,640)
Total pension liability (LEOSSA)	(1,531,403)
Net OPEB liability	(13,690,240)
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 reported with governmental activities in the Statement of Net Position.	2,366,643
Amounts reported in the fund statements as deferred inflows of resources for tax and fee receivables.	739,392
Pension related deferrals	4,921,246
OPEB related deferrals	(530,453)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(36,107,965)</u>
Net position of governmental activities	<u>\$ 66,096,778</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, 2019

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 51,758,249	\$ -	\$ 2,360,137	\$ 54,118,386
Sales	18,324,636	-	966,245	19,290,881
Tourism Room	-	-	1,758,121	1,758,121
Intergovernmental	20,954,890	-	2,556,407	23,511,297
Charges for services	13,495,640	-	-	13,495,640
Interest	989,562	127,033	924	1,117,519
Miscellaneous	3,336,826	-	2,599	3,339,425
Total revenues	108,859,803	127,033	7,644,433	116,631,269
EXPENDITURES				
Current:				
General government	15,317,667	-	513,936	15,831,603
Public safety	17,707,159	-	3,454,383	21,161,542
Environmental protection	6,042,356	-	-	6,042,356
Economic and physical development	1,824,937	-	1,674,154	3,499,091
Health	9,437,637	-	-	9,437,637
Social services	19,023,190	-	-	19,023,190
Culture and recreation	3,185,110	-	-	3,185,110
Education	27,022,353	-	144,637	27,166,990
Debt service:				
Principal	2,829,305	-	4,016,550	6,845,855
Interest	328,539	-	625,011	953,550
Bond cost	36,100	-	-	36,100
Total expenditures	102,754,353	-	10,428,671	113,183,024
Excess of revenues over (under) expenditures	6,105,450	127,033	(2,784,238)	3,448,245
OTHER FINANCING SOURCES (USES)				
Loan proceeds	8,335,000	-	-	8,335,000
Debt service - payments to escrow	(8,296,656)	-	-	(8,296,656)
Transfers in	1,462,931	408,305	5,631,870	7,503,106
Transfers out	(5,415,452)	(1,177,732)	(819,922)	(7,413,106)
Total other financing sources (uses)	(3,914,177)	(769,427)	4,811,948	128,344
Net change in fund balances	2,191,273	(642,394)	2,027,710	3,576,589
FUND BALANCES				
Beginning	37,110,756	11,223,606	2,804,438	51,138,800
Ending	\$ 39,302,029	\$ 10,581,212	\$ 4,832,148	\$ 54,715,389

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, 2019**

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

Net change in fund balances - total governmental funds	\$ 3,576,589
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.	(655,063)
The contributions to the pension plans in the current fiscal year are not included in the Statement of Activities	283,577
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	18,687
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	(41,869)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(27,602)
The issuance of long-term debt provides 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.	6,644,332
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	(970,250)
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>159,659</u>
Change in net position of governmental activities	<u>\$ 8,988,060</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, 2019

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 51,142,286	\$ 51,195,286	\$ 51,758,249	\$ 562,963
Sales	16,287,027	16,712,027	18,324,636	1,612,609
Intergovernmental	20,251,432	21,263,289	20,954,890	(308,399)
Charges for services	13,505,842	13,732,738	13,495,640	(237,098)
Interest	350,260	350,280	989,562	639,282
Miscellaneous	813,266	915,766	3,336,826	2,421,060
Total revenues	<u>102,350,113</u>	<u>104,169,386</u>	<u>108,859,803</u>	<u>4,690,417</u>
EXPENDITURES				
General government:				
Commissioners	628,080	630,019	595,222	34,797
Administration	621,927	626,284	612,628	13,656
Human resources	438,188	524,948	468,614	56,334
Information technology	1,926,113	1,562,166	1,421,437	140,729
Finance	911,659	916,588	887,018	29,570
Elections	415,886	513,757	494,759	18,998
Tax assessor	1,162,201	1,162,528	1,048,565	113,963
Tax collections	821,363	823,074	784,437	38,637
Register of deeds	829,588	918,494	885,825	32,669
Public buildings	995,760	665,609	606,143	59,466
Housekeeping	290,801	302,492	296,380	6,112
Court facilities	868,214	676,060	647,906	28,154
County garage	396,894	369,695	365,829	3,866
Maintenance	925,993	943,987	932,696	11,291
Non-departmental	940,610	5,736,682	5,270,208	466,474
Total general government	<u>12,173,277</u>	<u>16,372,383</u>	<u>15,317,667</u>	<u>1,054,716</u>
Public safety:				
Animal control	687,472	751,749	620,287	131,462
Medical examiner	135,000	135,000	124,700	10,300
Sheriff	6,547,590	7,234,698	7,202,263	32,435
Jail	4,310,175	4,558,323	4,557,383	940
Fire marshal/ Emergency management	1,212,633	1,223,890	1,162,334	61,556
Inspections	617,871	627,220	574,324	52,896
Other - professional services	14,000	14,000	-	14,000
Volunteer rescue squads	3,430,579	3,568,787	3,465,868	102,919
Total public safety	<u>16,955,320</u>	<u>18,113,667</u>	<u>17,707,159</u>	<u>406,508</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, 2019

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 4,138,977	\$ 4,593,301	\$ 4,509,438	\$ 83,863
Environmental health	1,174,549	1,221,079	1,070,673	150,406
Soil conservation	212,218	277,428	163,645	113,783
Cooperative extension	316,395	347,782	298,600	49,182
Total environmental protection	<u>5,842,139</u>	<u>6,439,590</u>	<u>6,042,356</u>	<u>397,234</u>
Economic and physical development:				
Planning	651,952	672,473	663,812	8,661
Economic Development Commission	284,189	451,759	416,581	35,178
Convention Center	1,221,948	1,149,668	740,544	409,124
Special appropriation	4,000	4,000	4,000	-
Total economic and physical development	<u>2,162,089</u>	<u>2,277,900</u>	<u>1,824,937</u>	<u>452,963</u>
Health:				
Dental	396,337	647,171	633,702	13,469
Maternity	1,325,444	1,353,310	1,175,467	177,843
Child health	1,554,522	1,566,309	1,478,601	87,708
Risk Reduction	203,760	203,760	170,065	33,695
WIC	627,633	627,633	580,631	47,002
Adult Health Services	1,199,474	1,415,278	1,167,338	247,940
Communicable Disease	203,419	203,419	186,077	17,342
Bio-Terrorism	39,524	39,524	35,076	4,448
Family planning	794,709	814,016	782,108	31,908
Home health	1,713,471	1,735,250	1,582,109	153,141
Mental health	381,827	381,827	201,875	179,952
Other - unclassified	1,358,853	1,582,722	1,444,588	138,134
Total health	<u>9,798,973</u>	<u>10,570,219</u>	<u>9,437,637</u>	<u>1,132,582</u>
Social services:				
Transportation	1,566,381	1,632,355	1,483,669	148,686
Administration	2,989,081	3,091,863	2,868,938	222,925
Employment assistance	4,410,871	4,430,007	4,242,253	187,754
Adult/child services	1,372,318	1,444,236	1,367,995	76,241
Veterans services	301,226	279,352	267,006	12,346
Senior services	463,852	515,617	447,915	67,702
Public assistance payments	1,745,918	1,966,027	1,645,061	320,966
TANF	5,584,669	5,871,906	5,518,103	353,803
Child support enforcement	1,197,703	1,197,693	1,001,239	196,454
Special appropriation	121,011	181,011	181,011	-
Total social services	<u>19,753,030</u>	<u>20,610,067</u>	<u>19,023,190</u>	<u>1,586,877</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, 2019

(Page 3 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Recreation	\$ 1,102,391	\$ 1,687,591	\$ 1,638,989	\$ 48,602
Libraries	1,319,073	1,430,817	1,430,817	-
Special appropriation	111,744	164,085	115,304	48,781
Total culture and recreation	<u>2,533,208</u>	<u>3,282,493</u>	<u>3,185,110</u>	<u>97,383</u>
Education, schools				
Public schools - current expenditures	21,239,991	21,273,778	21,273,777	1
Public schools - fines and forfeitures	97,000	128,000	127,411	589
Public schools - capital outlay	1,572,967	1,572,967	1,572,967	-
Community college	4,048,198	4,048,198	4,048,198	-
Total education	<u>26,958,156</u>	<u>27,022,943</u>	<u>27,022,353</u>	<u>590</u>
Debt service:				
Principal	2,829,751	2,829,751	2,829,305	446
Interest	329,583	329,583	328,539	1,044
Bond issuance cost	-	38,344	36,100	2,244
Total debt service	<u>3,159,334</u>	<u>3,197,678</u>	<u>3,193,944</u>	<u>3,734</u>
Total expenditures	<u>99,335,526</u>	<u>107,886,940</u>	<u>102,754,353</u>	<u>5,132,587</u>
Excess of revenues over expenditures	<u>3,014,587</u>	<u>(3,717,554)</u>	<u>6,105,450</u>	<u>9,823,004</u>
OTHER FINANCING SOURCES (USES)				
Debt service - payments to secrow	-	(8,296,656)	(8,296,656)	-
Loan proceeds	-	8,335,000	8,335,000	-
Transfers in	2,013,914	2,595,359	1,462,931	(1,132,428)
Transfers out	(5,032,382)	(5,552,899)	(5,415,452)	137,447
Total other financing sources (uses)	<u>(3,018,468)</u>	<u>(2,919,196)</u>	<u>(3,914,177)</u>	<u>(994,981)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(3,881)</u>	<u>(6,636,750)</u>	<u>2,191,273</u>	<u>8,828,023</u>
Appropriated fund balance	<u>3,881</u>	<u>6,636,750</u>	<u>-</u>	<u>(6,636,750)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,191,273</u>	<u>\$ 2,191,273</u>
FUND BALANCE				
Beginning			<u>37,110,756</u>	
Ending			<u>\$ 39,302,029</u>	

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

Crauen County



CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2019**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Fund	Non-major Northwest Craven Water and Sewer District	Eliminations		Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 12,718,463	\$ -	\$ -	\$ 12,718,463	\$ 2,709,267
Accounts receivable, net of allowance for doubtful accounts	749,654	-	-	749,654	51,228
Prepays	47,684	-	-	47,684	12,000
Capital lease receivable-current	-	82,245	(82,245)	-	-
Total current assets	13,515,801	82,245	(82,245)	13,515,801	2,772,495
Noncurrent Assets:					
Capital lease receivable-noncurrent	-	400,571	(400,571)	-	-
Capital assets:					
Land	947,354	-	-	947,354	-
Improvements other than buildings	30,075,378	-	-	30,075,378	-
Buildings	30,695,648	-	-	30,695,648	-
Machinery and equipment	459,240	-	-	459,240	-
Less accumulated depreciation	(20,213,832)	-	-	(20,213,832)	-
Total capital assets (net of accumulated depreciation)	41,963,788	-	-	41,963,788	-
Total noncurrent assets	41,963,788	400,571	(400,571)	41,963,788	-
Total assets	55,479,589	482,816	(482,816)	55,479,589	2,772,495
DEFERRED OUTFLOWS OF RESOURCES					
	176,387	-	-	176,387	-
LIABILITIES					
Current liabilities:					
Accounts payable	247,840	-	-	247,840	405,853
Accrued salaries and benefits	15,266	-	-	15,266	-
Accrued interest payable	-	2,131	-	2,131	-
Customer deposits payable	301,415	-	-	301,415	-
Compensated absences liability - current	25,920	-	-	25,920	-
Installment notes payable-current	808,950	80,114	-	889,064	-
Obligations under capital lease-current	82,245	-	(82,245)	-	-
Total current liabilities	1,481,636	82,245	(82,245)	1,481,636	405,853
Noncurrent liabilities:					
Compensated absences liability	18,723	-	-	18,723	-
Net pension liability	199,269	-	-	199,269	-
Other postemployment benefit liability	179,839	-	-	179,839	-
Installment notes payable	13,752,145	400,571	-	14,152,716	-
Obligations under capital lease	400,571	-	(400,571)	-	-
Total noncurrent liabilities	14,550,547	400,571	(400,571)	14,550,547	-
Total liabilities	16,032,183	482,816	(482,816)	16,032,183	405,853
DEFERRED INFLOWS OF RESOURCES					
	11,179	-	-	11,179	-
NET POSITION					
Net investment in capital assets	26,919,877	-	-	26,919,877	-
Unrestricted	12,692,737	-	-	12,692,737	2,366,642
Total net position	\$ 39,612,614	\$ -	\$ -	\$ 39,612,614	\$ 2,366,642

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, 2019**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Non-major Northwest Craven Water and Sewer District	Total	
OPERATING REVENUES				
Charges for services	\$ 3,849,791	\$ -	\$ 3,849,791	\$ 6,020,403
Miscellaneous	109,459	-	109,459	187,355
Total operating revenues	<u>3,959,250</u>	<u>-</u>	<u>3,959,250</u>	<u>6,207,758</u>
OPERATING EXPENSES				
Cost of services	2,380,069	-	2,380,069	6,089,728
Depreciation and amortization	1,696,228	-	1,696,228	-
Total operating expenses	<u>4,076,297</u>	<u>-</u>	<u>4,076,297</u>	<u>6,089,728</u>
Operating income (loss)	<u>(117,047)</u>	<u>-</u>	<u>(117,047)</u>	<u>118,030</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	135,443	-	135,443	1,628
Interest expense	-	(14,562)	(14,562)	-
Total net nonoperating revenues (expenses)	<u>135,443</u>	<u>(14,562)</u>	<u>120,881</u>	<u>1,628</u>
Income (loss) before transfers	<u>18,396</u>	<u>(14,562)</u>	<u>3,834</u>	<u>119,658</u>
Transfers in	18,000	14,562	32,562	40,000
Transfers out	(162,562)	-	(162,562)	-
Total transfers in (out)	<u>(144,562)</u>	<u>14,562</u>	<u>(130,000)</u>	<u>40,000</u>
Change in net position	<u>(126,166)</u>	<u>-</u>	<u>(126,166)</u>	<u>159,658</u>
Net position, beginning	<u>39,738,780</u>	<u>-</u>	<u>39,738,780</u>	<u>2,206,984</u>
Net position, ending	<u>\$ 39,612,614</u>	<u>\$ -</u>	<u>\$ 39,612,614</u>	<u>\$ 2,366,642</u>

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2019
 (Page 1 of 2)**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Non-major Northwest Craven Water and Sewer District	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,958,103	\$ -	\$ 3,958,103	\$ 6,204,798
Payments to customers and suppliers	(1,310,617)	-	(1,310,617)	(6,346,183)
Payments to employees	(964,247)	-	(964,247)	-
Net cash provided by (used in) operating activities	1,683,239	-	1,683,239	(141,385)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & construction of capital assets	(89,220)	-	(89,220)	-
Repayment of installment notes and bonds	(808,950)	-	(808,950)	-
Payments on obligations under capital lease payable	-	(80,114)	(80,114)	-
Interest paid	-	(14,917)	(14,917)	-
Net cash used in capital and related financing activities	(898,170)	(95,031)	(993,201)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	18,000	95,031	113,031	40,000
Transfers out	(243,031)	-	(243,031)	-
Net cash provided by (used in) noncapital financing activities	(225,031)	95,031	(130,000)	40,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and investments	135,443	-	135,443	1,628
Net cash provided by investing activities	135,443	-	135,443	1,628
Net increase (decrease) in cash and cash equivalents	695,481	-	695,481	(99,757)
CASH AND CASH EQUIVALENTS				
Beginning	12,022,982	-	12,022,982	2,809,024
Ending	\$ 12,718,463	\$ -	\$ 12,718,463	\$ 2,709,267

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, 2019
 (Page 2 of 2)**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Non-major Northwest Craven Water and Sewer District	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (117,047)	\$ -	\$ (117,047)	\$ 118,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,696,228	-	1,696,228	-
Change in assets and liabilities:				
Accounts receivable	(1,210)	-	(1,210)	(2,960)
Prepaid items	(4,222)	-	(4,222)	-
Decrease in net pension liability	70,513	-	70,513	-
Increase in deferred inflows of resources-				
pensions	694	-	694	-
Accounts payable and accrued expenses	100,103	-	100,103	(256,455)
Customer deposits payable	63	-	63	-
Decrease in deferred outflows of				
resources for pensions	(61,883)	-	(61,883)	-
Net cash provided by (used in) operating activities	<u>\$ 1,683,239</u>	<u>\$ -</u>	<u>\$ 1,683,239</u>	<u>\$ (141,385)</u>

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, 2019

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 75,198
Total assets	<u>\$ 75,198</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 75,198
Total liabilities	<u>\$ 75,198</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

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

Summary of Significant Accounting Policies

The accounting policies of Craven County, North Carolina (“the County”) and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting entity

Craven County (the County), which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina 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.

As required by generally accepted accounting principles, 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, 2017 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, 2018 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

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

Blended component units are separate legal entities whose operations are so intertwined with Craven County that they are, in substance, the same as Craven County. The County's non-major 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:

Northwest 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, 2019 year, the CCFC had no activity.

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.

Notes to Financial Statements

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

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 enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Reserve Fund. This capital projects fund is used to reserve funds and provide financial resources for future capital projects.

The County reports the following major enterprise fund:

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

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.

Notes to Financial Statements

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

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.

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 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.

Craven County, North Carolina

Notes to Financial Statements

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

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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.

Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes,

- 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, 2018, and the budget as amended at June 30, 2019.

Under State statutes, 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

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

Deposits and Investments. 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.

State law [G.S. 159-30(c)] authorizes the County and its component units 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).

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") Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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 Health System considers them part of their investing activities.

Cash and Cash Equivalents. The County pools cash from several funds and invests these funds jointly, including certain funds of the Airport Authority, to facilitate disbursement and investment 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.

Craven County, North Carolina

Notes to Financial Statements

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

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.

Restricted Assets. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statutes 159-18 through 22. Money at the Coastal Carolina Regional airport received from the State Aid to Airports program has been restricted.

<u>Craven County Restricted Cash</u>		
Governmental Activities		
School Capital Projects Fund	Unexpended Public School Building funds	\$ 307,957
Coastal Carolina Regional Airport	State Aid to Airport Funds Appropriated	653,162

Ad Valorem Taxes Receivable. 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 1, 2016.

Allowances for Doubtful Accounts. All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

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, 2019:

Water Fund receivables allowance	\$	26,400
		Component Unit CarolinaEast Health System
		22,990,611
Patient receivables allowance (at September 30, 2018)	\$	22,990,611

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 are valued at the lower of cost, (first-in, first-out) or net realizable value. 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.

Craven County, North Carolina

Notes to Financial Statements

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

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items. Prepaid items for the County's governmental funds are treated using the consumption method.

Assets Whose Use is Limited. CarolinaEast Health System's noncurrent cash and investments are designated or restricted for long-term purposes. Designated assets include assets set aside by the Board for future capital improvements over which the Board retains control.

Capital Assets. In the government-wide and proprietary fund financial statements, purchased or constructed capital assets are reported at cost or estimated historical cost. 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. 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

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. In governmental fund financial statements, capital outlays are recognized as expenditures and no depreciation is recognized.

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 position.

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

CarolinaEast Health System policy is to generally capitalize assets with a cost of \$1,000 or greater. The Health System provides for depreciation using the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the depreciable properties. The range of estimated useful lives of major categories of property and equipment are as follows:

Land improvements	5 - 25 years
Building and improvements	15 - 40 years
Equipment	3 - 20 years

Craven County, North Carolina

Notes to Financial Statements

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

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. Estimated future amortization expense of intangible assets is as follows:

2019	\$	518,424
2020		518,424
2021		518,424
2022		518,424
2023		518,424
Thereafter		7,696
	\$	<u>2,599,816</u>

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial 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 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 - a charge on refunding, pension and OPEB related deferrals, and contributions made to the pension and OPEB plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, prepaid fees, receivables that do not meet the availability criterion and other pension and OPEB related deferrals.

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 fund financial statements for governmental fund types, the face amount of long-term debt issued is reported as another financing source. These statements report debt service payments (including principal) as expenditures.

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. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. The County or its component units do not have any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made. Compensated absences are not recognized in governmental fund financial statements until they are due to be paid.

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.

Craven County, North Carolina

Notes to Financial Statements

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

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

The governmental fund types classify fund balances as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the County's nonspendable fund balances as of June 30, 2018:

Prepays – Portion of fund balance that is not available resource because it represents the year-end balances of ending prepaids, which are not spendable resources.

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: North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 158-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included with RSS. RSS is included as component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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 or used for School Capital per G.S. 159-18-22.

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

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

Notes to Financial Statements

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

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

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

Unassigned: The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental 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-county 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. The General Fund is the only governmental fund where it is appropriate to report a positive unassigned fund balance amount.

Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). 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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

Craven County, North Carolina

Notes to Financial Statements

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

Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 \$11,381,389 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore are not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 111,762,790
Less accumulated depreciation	<u>(54,431,302)</u>
Net capital assets	57,331,488
Net pension asset	144,347
Contributions to the pension plan in the current fiscal year	2,162,430
Benefit payments and pension administration costs for LEOSSA	73,314
Contributions to OPEB plan in the current fiscal year	745,108
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the funds statements	475,118
Deferred outflows of resources related to refunding-included on government-wide Statement of Net Position but are not current financial resources	3,056,004
Deferred inflows of resources reported in the fund statements but not the government-wide	739,392
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	2,366,642
Pension related deferrals	4,921,246
OPEB related deferrals	(530,452)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment notes financing	(24,654,450)
General obligation bonds	(8,335,000)
Accrued interest payable	(62,303)
Other postemployment benefits	(13,690,240)
Compensated absences	(3,056,212)
Net pension obligation (LEOSSA)	(1,531,403)
Net pension obligation	<u>(8,773,640)</u>
Total adjustment	<u>\$ 11,381,389</u>

Craven County, North Carolina

Notes to Financial Statements

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

Reconciliation of Government-wide and Fund Financial Statements (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 for the 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 \$5,411,471 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 3,439,217
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	(4,094,280)
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	6,644,332
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	283,577
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	18,687
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	(41,869)
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	(38,114)
OPEB expense	(227,774)
Pension expense	(321,239)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	32,613
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	(415,735)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	(27,602)
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	159,658
Total adjustment	<u>\$ 5,411,471</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

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, 2019, 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
Cost of goods sold	5,662,105	5,841,005	5,936,528	95,523

Note 3. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County and its component units' deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the units' agents in the units' name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and its component unit's relies on the State Treasurer to monitor those financial institutions. 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, 2019, the County's (primary government) deposits had a carrying amount of \$25,845,198 and a bank balance of \$25,785,198 which include restricted cash in the amount of \$307,957. Of the bank balance, \$310,000 was covered by federal depository insurance and \$25,475,198 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, 2019, Craven County had \$23,299 cash on hand.

At June 30, 2019, the County's agency fund deposits had a carrying amount of \$70,093 and bank balance of \$75,198. The bank balance was covered by collateral held under the pooling method.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

1. Deposits (Continued)

Component Unit Information

At June 30, 2019, the Tourism Development Authority had a carrying amount of \$346,849 and a bank balance of deposits of \$367,484. Of the bank balance, \$250,000 was covered by federal depository insurance and \$117,484 was covered by collateral held under the pooling method.

At June 30, 2019, the Airport Authority had a carrying amount of \$3,890,854 and a bank balance of deposits of \$4,686,093. The Airport Authority and the County share a common operating bank account, therefore, the bank balance was covered one-hundred percent by collateral held under the pooling method.

At June 30, 2019, the ABC Board had \$11,250 in cash on hand, and deposits in financial institutions with a carrying amount of \$2,434,903 and a bank balance of \$2,321,385. Of the bank balance, \$287,591 was covered by federal depository insurance and \$2,033,794 was covered by collateral held under the pooling method.

At September 30, 2018, the carrying amount of deposits for the Health System was \$36,188,209 and the bank balance was \$38,805,521. Of the bank balance, \$750,000 was covered by federal depository insurance and \$38,055,521 was covered by collateral held under the pooling method. Cash and cash equivalents consist of the following as of September 30, 2018:

Cash on hand	\$	9,589
Deposits		36,188,209
Mutual fund money markets		211,666
	\$	<u>36,409,464</u>

2. Investments

As of June 30, 2019 the County had the following investments and maturities. :

Investment Type	Valuation Measurement Method	Reported Value	Less Than Six Months	6 - 12 Months
NC Capital Management Trust, Government Portfolio	Fair Value-Level 1	\$ 8,383,157	\$ 8,383,157	\$ -
NC Capital Management Trust, Term Portfolio*	Fair Value-Level 1	20,845,179	20,845,179	-
Commercial paper:				
JP Morgan Securities	Fair Value-Level 2	4,907,911	-	4,907,911
Natixis NY Branch	Fair Value-Level 2	4,907,950	-	4,907,950
Total investments		<u>\$ 39,044,197</u>	<u>\$ 29,228,336</u>	<u>\$ 9,815,861</u>

* As of June 30, 2019, the NC Capital Management Trust (NCCMT) Term Portfolio has a duration of .11 years. Because the NCCMT Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are valued at fair value 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.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

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, 2019, The County's investments in commercial paper was rated P1 by Standard & Poor's, A-1 by Moody's and F-1 by Fitch Ratings. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

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.

The Health System employs a blend of management styles to diversify its portfolio, reduce overall risk and create a superior opportunity for positive returns. Such approaches are intended to ensure the Health System has adequate reserves to hedge against unanticipated events, and allow the Health System to accomplish its short-term and long-term capital plan as well as to earn an acceptable return on available funds through a total return concept of managed assets, thereby supplementing capital and operational expenses.

By policy, the Health System's investment portfolio should be comprised of approximately 30% fixed income and 70% equity with fixed income and equity tolerable variability of +/- 5%.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

As of September 30, 2018, the Health System had the following investments and maturities (Amounts are in thousands):

CarolinaEast Health System Investment Type	Fair Value	Maturity
US Government Agency Mutual Funds	\$ 46,656	N/A
Vanguard Bond Mutual Funds-Corp	57,304	N/A
Equity Securities and Mutual Funds	226,263	N/A
Short Term Cash Equivalents	182	N/A
NC Capital Management Trust	22,926	N/A
Bond Proceeds	16,343	N/A
Total	\$ 369,674	

The above table includes \$211,666 which is included in unrestricted cash and cash equivalents.

	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)	Fair Value at 9/30/18
Swap Asset	\$ -	\$ 2,315,494	\$ -	\$ 2,315,494
Mutual Funds				
Money market	182,167	-	-	182,167
Fixed income	103,758,724	-	-	103,758,724
Equity	226,262,971	-	-	226,262,971
Total mutual funds	330,203,862	-	-	330,203,862
Total	\$ 330,203,862	\$ 2,315,494	\$ -	\$ 332,519,356

Cash and cash equivalents as of 9/30/2018 not included above \$ 52,540,803

North Carolina Management Capital Trust - cash portfolio as of
9/30/2018 carried at amortized cost. \$ 2,313,758

Interest receivable as of 9/30/2018 not included above \$ 200,910

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds and common stock which are valued based on prices readily available in active markets in which those securities are traded. Level 3 investments include hedge funds which are valued based on unobservable inputs about which little or no market data exists.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

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 40% of the fixed income portfolio and corporate debt securities will never comprise more than 60% of the fixed income portfolio. Additionally, the policy provides that the maximum maturity of any non-mortgage backed fixed income instrument will not exceed 12 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 Ginnie 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.

As of September 30, 2018, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Not Rated	Total
US Government Agencies	100.00%							100.00%
Corporate/Other Bond Mutual Funds	19.57%	14.36%	32.40%	31.12%	1.14%	0.13%	1.28%	100.00%
Short Term Cash Equivalents	100.00%							100.00%
NC Capital Management Trust	100.00%							100.00%

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

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

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

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

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

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

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

3. Property Tax – Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2016	\$ 1,068,688	\$ 253,813	\$ 1,322,501
2017	1,352,009	199,421	1,551,430
2018	1,369,189	78,728	1,447,917
2019	1,346,792	77,441	1,424,233
Total	\$ 5,136,678	\$ 609,403	\$ 5,746,081

Note 4. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Total
Governmental Activities				
General	\$ 3,463,418	\$ 7,611,273	\$ 475,118	\$ 11,549,809
Other Governmental	939,425	1,239,192	-	2,178,617
Total receivables	4,402,843	8,850,465	475,118	13,728,426
Allowance for doubtful accounts	-	(700,000)	-	(700,000)
Total - governmental activities	\$ 4,402,843	\$ 8,150,465	\$ 475,118	\$ 13,028,426
Business-type Activities				
Water	\$ 776,054	\$ -	\$ -	\$ 776,054
Allowance for doubtful accounts	(26,400)	-	-	(26,400)
Total - business-type activities	\$ 749,654	\$ -	\$ -	\$ 749,654

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2019 was as follows:

	Capital Assets			Capital Assets
	June 30, 2018	Additions	Retirements	June 30, 2019
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 9,904,609	\$ 214,186	\$ (47,589)	\$ 10,071,206
Construction in progress	2,011,838	281,672	(2,172,816)	120,694
Total capital assets not being depreciated	11,916,447	495,858	(2,220,405)	10,191,900
Capital assets, being depreciated:				
Buildings	67,242,332	-	(311,085)	66,931,247
Vehicles	6,596,205	865,444	(909,805)	6,551,844
Equipment	6,892,651	2,030,655	(138,200)	8,785,106
Other improvements	17,174,341	2,296,948	(168,596)	19,302,693
Total capital assets being depreciated	97,905,529	5,193,047	(1,527,686)	101,570,890
Less accumulated depreciation for:				
Buildings	33,489,003	2,078,158	(311,085)	35,256,076
Vehicles	5,263,204	572,082	(894,850)	4,940,436
Equipment	4,770,723	643,041	(138,200)	5,275,564
Other improvements	8,312,494	800,999	(154,267)	8,959,226
Total accumulated depreciation	51,835,424	\$ 4,094,280	\$ (1,498,402)	54,431,302
Total capital assets, being depreciated, net	46,070,105			47,139,588
Governmental activity capital assets, net	\$ 57,986,552			\$ 57,331,488
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	\$ -	\$ -	\$ 947,354
Total capital assets not being depreciated	947,354	-	-	947,354
Capital assets, being depreciated:				
Buildings & other improvements	60,722,203	48,823	-	60,771,026
Vehicles	263,961	40,397	(15,782)	288,576
Equipment	170,814	-	-	170,814
Total capital assets being depreciated	61,156,978	89,220	(15,782)	61,230,416
Less accumulated depreciation for:				
Buildings & other improvements	18,203,208	1,653,548	-	19,856,756
Vehicles	207,953	39,200	(15,782)	231,371
Equipment	122,375	3,480	-	125,855
Total accumulated depreciation	18,533,536	\$ 1,696,228	\$ (15,782)	20,213,982
Total capital assets, being depreciated, net	42,623,442			41,016,434
Business activity capital assets, net	\$ 43,570,796			\$ 41,963,788

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 687,839
Public safety	1,752,730
Social Services	473,299
Economic and physical development	524,477
Health	325,905
Environmental protection	64,690
Culture and recreation	265,340
Total depreciation expense, governmental activities	<u>\$ 4,094,280</u>
Business-type activities:	
Water Fund	<u>\$ 1,696,228</u>
Total depreciation expense-business-type activities	<u>\$ 1,696,228</u>

Construction commitments

The government has an active construction project as of June 30, 2019. At June 30, 2019, the government's commitment with a contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Convention Center	\$ -	\$ 969,364
Total	<u>\$ -</u>	<u>\$ 969,364</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2019:

	Year Ended June 30, 2019			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,649,508	\$ -	\$ -	\$ 9,649,508
Construction in Progress	3,968,538	8,213,338	(2,241,780)	9,940,096
Total capital assets, not being depreciated	<u>13,618,046</u>	<u>8,213,338</u>	<u>(2,241,780)</u>	<u>19,589,604</u>
Capital assets, being depreciated:				
Buildings	9,450,092	-	-	9,450,092
Improvements other than buildings	29,741,453	2,241,780	-	31,983,233
Machinery, equipment, and vehicles	2,207,237	26,181	-	2,233,418
Total capital assets being depreciated	<u>41,398,782</u>	<u>2,267,961</u>	<u>-</u>	<u>43,666,743</u>
Less accumulated depreciation	19,574,295	1,199,980	-	20,774,275
Total capital assets being depreciated, net	<u>21,824,487</u>	<u>1,067,981</u>	<u>-</u>	<u>22,892,468</u>
Capital assets, net	<u>\$ 35,442,533</u>			<u>\$ 42,482,072</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. 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, 2018:

	Year Ended September 30, 2018			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 9,143,207	\$ 249,670	\$ -	\$ 9,392,877
Construction in progress	22,610,943	35,140,939	(29,217,042)	28,534,840
Total capital assets, not being depreciated	31,754,150	35,390,609	(29,217,042)	37,927,717
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	5,227,990	1,690,933	-	6,918,923
Building and fixtures	189,509,571	15,048,983	-	204,558,554
Equipment	205,787,442	21,930,315	(13,478,943)	214,238,814
Total capital assets being depreciated	416,252,716	38,670,231	(13,478,943)	441,444,004
Less accumulated depreciation/amortization for:				
Intangible assets	(12,609,473)	(518,424)	-	(13,127,897)
Land improvements, building and fixtures, and equipment	(278,552,557)	(21,014,353)	13,385,116	(286,181,794)
	(291,162,030)	(21,532,777)	13,385,116	(299,309,691)
Total capital assets being depreciated/amortized, net	125,090,686			142,134,313
Health System capital assets, net	\$ 156,844,836			\$ 180,062,030

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, 2018. The estimated cost to complete the projects is approximately \$54,594,000. Interest expense capitalized was \$201,414 for the year ended September 30, 2018.

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

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

The following is a summary of the capital assets of the ABC Board at June 30, 2019:

Capital assets, not being depreciated:	
Land	\$ 189,501
Construction in progress	193,309
Total capital assets not being depreciated	<u>382,810</u>
Capital assets, being depreciated:	
Buildings	1,204,691
Furniture & equipment	561,604
Automobile	127,274
Total capital assets being depreciated	<u>1,893,569</u>
Less accumulated depreciation	<u>1,251,774</u>
Total capital assets being depreciated, net	<u>641,795</u>
Capital assets, net	<u>\$ 1,024,605</u>

Note 6. Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. Craven County, the Airport Authority and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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, 2019, are as follows:

	Employees Not Engaged In Law Enforcement	Employees Engaged In Law Enforcement
Craven County	7.82%	8.50%
Airport Authority	7.97%	
ABC Board	7.88%	

The rates shown 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 \$2,151,022, \$33,767 and \$56,300, respectively, for the year ended June 30, 2019.

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

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2019, the County, Airport Authority and ABC Board reported liabilities of \$8,972,909, \$143,527 and \$186,466, respectively, for their proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2018. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County, Airport Authority and ABC Board's proportions were .37823%, .00605% and .00786%, respectively, which were increase/(decreases) of .00429%, .0013% and .00057%, respectively, from their proportions measured as of June 30, 2018.

For the year ended June 30, 2019, the County, Airport Authority and ABC Board's recognized pension expense of \$2,564,577, \$50,627 and \$64,457, respectively.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,384,307	\$ 46,450
Changes of assumptions	2,381,064	-
Net difference between projected and actual earnings on pension plan investments	1,231,713	-
Changes in proportion and differences between County contributions and proportionate share of contributions	177,147	4,069
County contributions subsequent to the measurement date	2,151,022	-
Total	\$ 7,325,253	\$ 50,519

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 22,143	\$ 743
Changes of assumptions	38,086	-
Net difference between projected and actual earnings on pension plan investments	19,702	-
Changes in proportion and differences between Airport Authority's contributions and proportionate share of contributions	23,804	-
Airport Authority's contributions subsequent to the measurement date	33,767	-
Total	<u>\$ 137,502</u>	<u>\$ 743</u>

At June 30, 2019, 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	\$ 28,767	\$ 965
Changes of assumptions	49,481	-
Net difference between projected and actual earnings on pension plan investments	25,596	-
Changes in proportion and differences between ABC Board's contributions and proportionate share of contributions	24,679	-
ABC Board's contributions subsequent to the measurement date	56,300	-
Total	<u>\$ 184,823</u>	<u>\$ 965</u>

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$2,151,022, \$33,767 and \$56,300 reported as deferred outflows of resources related to pensions resulting from the County, Airport Authority and ABC Board contributions, respectively, subsequent to the measurement date, will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>County</u>	<u>Airport Authority</u>	<u>ABC Board</u>
2020	\$ 2,441,763	\$ 47,335	\$ 60,407
2021	1,613,001	31,430	39,415
2022	331,442	9,465	11,454
2023	737,506	14,762	16,283
2014	-	-	-
Thereafter	-	-	-
Total	<u>\$ 5,123,712</u>	<u>\$ 102,992</u>	<u>\$ 127,559</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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, 2017 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%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 21,553,705	\$ 8,972,909	\$ (1,539,801)
Airport Authority's proportionate share of the net pension liability (asset)	\$ 344,764	\$ 143,527	\$ (24,630)
ABC Board's proportionate share of the net pension liability (asset)	\$ 447,908	\$ 186,466	\$ (31,999)

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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.

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

At December 31, 2018 the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	74
Total	<u>82</u>

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

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 Statement 73:

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

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. There were no contributions made by employees. 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. The County paid \$104,365 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$1,531,403. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$109,744.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 115,399
Changes of assumptions and other inputs	68,075	59,620
County benefit payments and plan administrative expenses subsequent to the measurement date	73,314	-
Total	<u>\$ 141,389</u>	<u>\$ 175,019</u>

The County paid \$73,314 subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ (21,086)
2021	(21,086)
2022	(21,085)
2023	(30,284)
2024	(13,403)
Thereafter	-
Total	<u>\$ (106,944)</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	<u>\$1,645,552</u>	<u>\$1,531,403</u>	<u>\$1,426,901</u>

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2019
Beginning balance of the total pension liability, December 31, 2017	\$ 1,699,481
Service Cost	78,775
Interest on the total pension liability	52,055
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(140,990)
Changes of assumptions or other inputs	(53,553)
Benefit payments	(104,365)
Other changes	-
Ending balance of the total pension liability, December 31, 2018	<u>\$ 1,531,403</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2018 to 3.64 percent at June 30, 2019.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as the valuation date.

The plan currently uses mortality tables that vary by age, 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers:

Plan Description. Craven County contributes to the Supplemental Retirement Income Plan (Plan), a defined contributions 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.

The County contributed \$181,517 for the reporting year. No amounts were forfeited.

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund

Plan Description. Craven County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer 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.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$9,287 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$144,347 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County's proportion was .8715%, which was a decrease of .03% from its proportion measured as of June 30, 2018.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2019, the County recognized pension expense of \$44,807. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,272	\$ 6,589
Changes of assumptions	6,789	-
Net difference between projected and actual earnings on pension plan investments	23,008	-
Changes in proportion and differences between County contributions and proportionate share of contributions	47,280	2,772
County contributions subsequent to the measurement date	9,287	-
Total	<u>\$ 87,636</u>	<u>\$ 9,361</u>

\$9,287 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 34,766
2021	23,869
2022	6,780
2023	3,573
2024	-
Thereafter	-
Total	<u>\$ 68,988</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2019 is 1.4%:

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. 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

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net Pension Asset	\$ 113,809	\$ 144,347	\$ 170,099

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.

The net pension liability (asset) for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Following is information related to the proportionate share and pension expense:

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)				
	\$ 8,972,909	\$(144,347)	\$ -	\$ 8,828,562
Proportion of the Net Pension Liability (Asset)				
	0.38252%	0.87150%	n/a	
Total Pension Liability	-	-	\$ 1,531,403	\$ 1,531,403
Pension Expense	\$ 2,559,979	\$ 44,807	\$ 144,486	\$ 2,749,272

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,384,307	\$ 1,272	\$ -	\$ 1,385,579
Changes of assumptions	2,381,064	6,789	68,075	2,455,928
Net difference between projected and actual earnings on pension plan investments	1,231,713	23,008	-	1,254,721
Changes in proportion and differences between County contributions and proportionate share of contributions	177,147	47,280	-	224,427
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,151,022	9,287	73,314	2,233,623

<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 46,450	\$ 6,589	\$ 115,399	\$ 168,438
Changes of assumptions	-	-	59,620	59,620
Changes in proportion and differences between County contributions and proportionate share of contributions	4,069	2,772	-	6,841

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

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 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.

Funding Policy: The Health System's contributions to the primary retirement plan were calculated using a covered payroll amount of \$72,735,703 for the year ended September 30, 2018. Total contributions were \$4,269,919 for the year ended September 30, 2018, which represents 6 percent of covered payroll. Effective January 1, 2014, the effective contribution percentage reduced from ten percent to six percent.

Significant Accounting Policies of the Plan: The Plan prepares its financial statements on the accrual basis of accounting. Employer contributions are recognized when due and receivable. Distributions to participants are recognized when due and payable in accordance with the term of the Plan. Investments are valued at fair value based on quoted market prices. The Plan does have formal policies regarding investment objectives, diversified funding options, performance and risk review, and participant education and communication.

CarolinaEast Health System Tax Sheltered Annuity Plans ("Supplementary Plans"): 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.

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$79,976,521 for the year ended September 30, 2018. The Health System's contributions were \$1,599,530 or 2 percent of covered payroll for the year ended September 30, 2018. Employee contributions to the plan totaled \$6,698,657 or 8.38% of covered payroll for the year ended September 30, 2018. Employee contributions to the 457(b) plan totaled \$1,517,150 for the year ended September 30, 2018. These plans are not included in the Health System's reporting entity and do not issue separate, stand-alone financial reports.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under a County resolution, Craven County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan) that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County and Airport Authority who participate in the North Carolina Local Governmental Employees' Retirement System.

Benefits Provided. As of October 1, 2003, this plan provides postemployment healthcare benefits to retirees of the County, provided they participated at least 20 years of creditable service in the North Carolina Local Governmental Employees' Retirement System (System) and have 15 years of creditable service with the County. The County pays the full cost of coverage for employees' benefits through the County's self-insured plan administered by ACS Benefit Services, Inc. and employees have the option of purchasing dependent coverage at the County's group rates. Prior to October 1, 2003, retirees had to contribute 100% towards the healthcare benefits. Employees hired on or after October 1, 2003 who retire with less than 20 years of service are not eligible for postemployment coverage but have the option of purchasing coverage for themselves and dependents at the County' group rate. Retirees who qualify for coverage receive from \$271 – \$541 based on the number of accredited years of service towards the cost healthcare benefits.

Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Governing Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees' Years of Creditable Service	Date Hired Pre-October 1, 2003	Date Hired on or after October 1, 2003
Less than 15 years	Not eligible for coverage	Not eligible for coverage
15-19 years with LGERS and County	Full coverage paid by the retiree	Full coverage paid by the retiree
20+ years with LGERS, 15 from the County	Full coverage paid by the retiree	Full coverage a portion paid by the County based on years over 20, balance paid by the retiree

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General	Law
	<u>Employees:</u>	<u>Enforcement</u>
Retirees and dependents receiving benefits	35	8
Active plan members	535	72
Total	<u>570</u>	<u>80</u>

Total OPEB Liability

The County's total OPEB liability of \$14,058,772 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Health Care Cost Trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB Liability

	General Fund	Water Fund	Airport	Total
Total OPEB Liability as of June 30, 2017	\$ 13,452,076	\$ 179,730	\$ 193,555	\$ 13,825,361
Changes for the year:				
Service cost at the end of the year	596,961	7,842	4,200	609,003
Interest on TOL and cash flows	475,620	3,405	2,915	481,940
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	359,902	4,728	4,961	369,591
Changes of assumptions or other inputs	(407,342)	(5,351)	(5,615)	(418,308)
Benefit payments and implicit subsidy credit	(786,977)	(10,515)	(11,323)	(808,815)
Other	-	-	-	-
Net Changes	238,164	109	(4,862)	233,411
Total OPEB Liability as of June 30, 2018	\$ 13,690,240	\$ 179,839	\$ 188,693	\$ 14,058,772

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2018. An expected TOL is determined as of June 30, 2017, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2018, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

The actuarial study has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total Net OPEB Liability	\$ 15,369,827	\$ 14,058,772	\$ 12,873,750

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total Net OPEB Liability	\$ 12,497,210	\$ 14,058,772	\$ 15,893,166

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of \$977,202. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 329,138	\$ -
Changes of assumptions and other inputs	-	873,870
Benefit payments and administrative costs made subsequent to the measurement date	765,166	-
Total	<u>\$ 1,094,304</u>	<u>\$ 873,870</u>

\$808,815 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30:

2019	\$ (102,866)
2020	(102,866)
2021	(102,866)
2022	(102,866)
2023	(102,866)
Thereafter	(30,402)

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.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

As of the actuarial valuation report dated January 1, 2018, the Health System's membership consisted of:

Retirees receiving benefits	70
Active plan members	128
Total	<u>198</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.

Total OPEB Asset (Liability). The total OPEB asset (liability) was therefore determined based on the January 1, 2018 actuarial valuations, using membership data as of January 1, 2018 and generally accepted actuarial procedures, and update procedures were utilized to roll forward the total OPEB asset (liability) to the measurement date of January 1, 2018. Information included in the following schedules is based on the certification provided by the System's consulting actuary.

For the year ended September 30, 2018, the System recognized an OPEB gain of approximately \$1,400,000.

The following represents the changes in the net OPEB liability as of September 30, 2019:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Liability) asset (a) + (b)
Balances at September 30, 2017	\$ (6,704,078)	\$ 6,465,673	\$ (238,405)
Changes for the Year:			
Services cost	(48,051)	-	(48,051)
Interest cost	(440,366)	-	(440,366)
Change in actuarial assumptions	(48,745)	-	(48,745)
Contributions from employer	-	619,335	619,335
Net investment earnings	-	984,088	984,088
Actual benefits paid	682,879	(682,879)	-
Additional expected benefit payments	157,594	-	157,594
Net Changes	<u>303,311</u>	<u>920,544</u>	<u>1,223,855</u>
Balances at September 20, 2018	<u>\$ (6,400,767)</u>	<u>\$ 7,386,217</u>	<u>\$ 985,450</u>

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Sensitivity analysis

The following represents the sensitivity of the total OPEB liability to changes in the discount rate based on values as of September 30, 2018:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Total OPEB liability	\$ 6,663,223	\$ 6,400,767	\$ 6,154,733

The following represents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates based on values as of September 30, 2018:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 6,165,377	\$ 6,400,767	\$ 6,645,601

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 Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 to 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 of assets, consistent with the long-term perspective of the calculations.

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

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	Level dollar
Remaining amortization period	5 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care cost trend rates	6.5% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Mortality rates were based on the RP-2014 Total Dataset Mortality Table with generational projection of mortality improvements using the MP-2017 Projection Scale (previously, MP-2016 Projection Scale was used).

Deferred items related to OPEB. At September 30, 2018, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,356	\$ -
Changes of assumptions and other inputs	-	(221,306)
Differences between expected and actual return on plan assets	-	(425,193)
Total	<u>\$ 170,356</u>	<u>\$ (646,499)</u>

Fair Value of Plan Asset. The Fair Value Measurements and Application Standard addresses accounting and financial reporting issues related to fair value measurements. The standard describes fair value as an exit price. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements

The statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets or liabilities, inputs that are observable for the asset or liability, and market-corroborated inputs. Level 3 inputs are unobservable inputs and take into account all information about market participant assumptions that are reasonably available. The Plan categorizes its fair value measurements within the fair value hierarchy established by this standard.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds which are valued based on prices readily available in active markets in which those securities are traded. Level 2 investments include interest rate swap agreements which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Plan does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2018. There were no changes during 2018 to the Plan's valuation technique used to measure asset and liability fair values on a recurring basis.

Craven County, North Carolina

Notes to Financial Statements

Note 6. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of September 30, 2018:

	December 31, 2017			
	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ 24,019	\$ -	\$ -	\$ 24,019
Mutual funds	7,362,198	-	-	7,362,198
Total	<u>\$ 7,386,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,386,217</u>

Other Employment Benefits

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. The County considers these contributions to be immaterial.

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

Craven County, North Carolina

Notes to Financial Statements

Note 7. Commitments and Contingencies

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.

At June 30, 2019, the ABC Board leased one retail location, under a non-cancelable agreement that expires June 30, 2019. On May 31, 2017, the ABC Board entered into a two-year lease agreement for the James City store (#6) with equal monthly installments of \$2,625, beginning June 1, 2017.

The total minimum rental commitment at June 30, 2019 under this operating lease are as follows:

Year Ending 30-Jun-20	
Store #6	\$ 31,500
	\$ 31,500

Note 8. Long-Term Obligations

General obligation bonds are collateralized by the full faith, credit, and taxing power of the County or Water and Sewer District that issued the debt. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement.

The County's general obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

Serviced by the County's General Fund:

	Stated Interest Rates	Amounts
General government bonds:		
\$8,335,000 2019 Advance Refunding Bonds issued for 2009 General Obligation Refunding Bonds, due on on June 1, 2019 (interest only) and June 1 (principal of \$2,388,000 to \$1,326,000 plus interest) through June 1, 2023	2.56%	\$ 8,335,000
		\$ 8,335,000

Craven County, North Carolina

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 2,388,000	\$ 213,376
2021	2,337,000	152,243
2022	2,284,000	92,416
2023	1,326,000	33,946
Total	<u>\$ 8,335,000</u>	<u>\$ 491,981</u>

Advance Refunding

On March 28, 2019, the County issued \$8,335,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$8,404,231 of general 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 was below the net carrying amount of the old debt by \$69,231. This amount the County contributed to the irrevocable trust. This advance refunding was undertaken to reduce total interest expense over the next four years by \$237,803 and resulted in an economic gain of \$224,705.

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Qualified School Construction Bond	4.72%	324,450
2013 LOB Refunded School Projects/Fiber Optic	2.07%	10,948,500
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	13,381,500
Total General Government		<u>24,654,450</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	480,686
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	14,561,098
Total Enterprise		<u>15,041,784</u>
Total loans and installment notes payable		<u>\$ 39,696,234</u>

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.

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 outstanding value remaining on this obligation at June 30, 2019 is \$24,330,000.

Craven County, North Carolina

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

Loans and installment notes payable (continued)

The 2003 direct placement 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 direct placement 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 was due May 1, 2018. The loan is payable by revenues of the water system.

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
2020	\$ 3,310,000	\$ 469,373	\$ 889,064	\$ 12,786
2021	3,240,000	401,580	889,064	10,655
2022	3,165,000	335,288	889,064	8,524
2023	3,080,000	270,653	889,064	6,393
2024	3,005,000	207,673	889,064	4,262
2025-2029	8,854,450	261,441	4,124,864	2,131
2030-2034	-	-	4,044,750	-
2035-2039	-	-	2,426,850	-
Total	\$ 24,654,450	\$ 1,946,008	\$ 15,041,784	\$ 44,751

Changes in the County's long-term obligations for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 10,750,000	\$ 8,335,000	\$ 10,750,000	\$ 8,335,000	\$ 2,388,000
Deferred premium on debt	359,056	-	359,056	-	-
Loans and installment notes	29,025,750	-	4,371,300	24,654,450	3,310,000
Total pension obligation (LEOSSA)	1,699,481	-	168,078	1,531,403	-
Total OPEB liability	13,452,076	238,164	-	13,690,240	-
Net pension liability (LRS)	5,714,981	3,058,659	-	8,773,640	-
Compensated absences	3,018,098	2,055,516	2,017,402	3,056,212	2,017,402
Governmental activity Long-term liabilities	\$ 64,019,442	\$ 13,687,339	\$ 17,665,836	\$ 60,040,945	\$ 7,715,402
Due within one year					\$ 7,715,402
Due in more than one year					52,325,543
Total Governmental Activities					\$ 60,040,945
Business-type activities:					
Total OPEB liability	\$ 179,730	\$ 109	\$ -	\$ 179,839	\$ -
Net pension liability (LRS)	128,865	70,404	-	199,269	-
Compensated absences	35,212	35,351	25,920	44,643	25,920
Loans and installment notes	15,930,845	-	889,064	15,041,781	889,064
	\$ 16,274,652	\$ 105,864	\$ 914,984	\$ 15,465,532	\$ 914,984
Due within one year					\$ 914,984
Due in more than one year					14,550,548
Total Business-type Activities					\$ 15,465,532

Craven County, North Carolina

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

Loans and installment notes payable (continued)

Net pension liability, total pension liability, and total other postemployment liability for governmental activities are all typically liquidated in the general fund. 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.

State statutes provide for a legal debt limit of 8 percent of the County’s assessed value of taxable property. The County has utilized \$31,778,494 of its legal debt limitation of \$763,246,247, leaving a legal debt margin of \$731,467,753 at June 30, 2019.

General obligation bonds and bond anticipation notes:

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2019.

In October 2016, the System issued \$60,000,000 of tax-exempt bank direct purchase bonds named Series 2016 Health Care System Revenue Bonds purchased by Branch Banking and Trust Company (BB&T). The System entered into an interest rate swap agreement effective January 3, 2017. Under the swap agreement the System pays interest at 2.6172% and received interest at 68% of the one-month LIBOR plus 0.468%. The notional amount under the swap at September 30, 2017 was \$60,000,000. Due to the immaterial balance on the swap, management has not assessed whether the swap qualifies as an effective interest rate hedge or ineffective interest rate hedge. The fair value of the swap at September 30, 2017 was an asset of approximately \$8,000 with the change in fair value reported in non-operating revenues (expenses) on the statements of revenues, expenses, and changes in net position. The System was in compliance with all other covenants at September 30, 2018.

Note 9. Interfund Assets/Liabilities and Transfers

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.

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2019:

Transfers out:	Transfers In:					
	General Fund	Capital Reserve Fund	Non-Major Governmental Funds	Internal Service Fund	Water Fund	Total
General Fund	\$ -	\$ 385,314	\$ 5,012,138	\$ -	\$ 18,000	\$ 5,415,452
Non-Major Governmental Funds	796,931	22,991	-	-	-	819,922
Capital Reserve Fund	518,000	-	619,732	40,000	-	1,177,732
Water Fund	148,000	-	-	-	-	148,000
Total Transfers out	\$ 1,462,931	\$ 408,305	\$ 5,631,870	\$ 40,000	\$ 18,000	\$ 7,561,106

Transfers consist primarily of the following:

\$5,012,138 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

Craven County, North Carolina

Notes to Financial Statements

Note 9. Interfund Assets/Liabilities and Transfers (Continued)

\$385,314 From General Fund to Capital Reserve fund to provide resources for future capital projects.

\$659,732 From Capital Reserve Fund to Non-Major Governmental Funds to provide resources for current capital projects.

\$796,931 From Occupancy Tax Fund to General Fund for annual share of occupancy tax collections.

Note 10. 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 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.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 82,216,509	\$ 42,317,233
Temporary Assistance to Needy Families	290,710	-
SC/SA Domiciliary Care - Special Assistance	-	440,095
State County Special Assistance	-	24,463
WIC	1,661,114	-
Health Choice	2,644,851	-
Special Child Adoption	13,920	-
IV-E Adoption Subsidy	413,328	103,372
Child Welfare Services Adoption Subsidy	-	265,455
	<u>\$ 87,240,432</u>	<u>\$ 43,150,618</u>

Craven County, North Carolina

Notes to Financial Statements

Note 12. Deferred Outflows/Inflows of Resources

Deferred outflows/Inflows of Resources at June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charges on refunding of debt	\$ 3,056,004	\$ -
Pensions - difference between expected and actual experience		
Pensions	1,385,579	168,438
OPEB	324,720	-
Pension - Changes of assumptions		
Pensions	2,455,928	59,620
OPEB		862,141
Pensions - difference between projected and actual investment earnings (Pensions)	1,254,721	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions (Pensions)	224,427	6,841
Contributions to plans in fiscal year 2019		
Pensions	2,233,623	-
OPEB	754,896	-
Prepaid taxes not yet earned (General Fund)	-	196,171
Prepaid fees (General)	-	-
Total reported in government wide statements	<u>11,689,898</u>	<u>1,293,211</u>
Property taxes receivable, net (General Fund)	-	561,297
Property taxes receivable, net (Special Revenue Fund)	-	31,396
Recycling fees receivable (General Fund)	-	146,699
Total reported in the fund statements	<u>\$ -</u>	<u>\$ 935,563</u>

Deferred inflows and outflows for OPEB and pensions will not tie in directly to footnote schedule for OPEB and pensions due to the fact that the portions related to the Airport Authority are not included in the schedule above.

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 \$5,121,082 in claims was incurred for benefits during fiscal year 2019. Payments received from the insurer for claims over the limit of \$187,355 and \$202,979 during fiscal 2019 and fiscal 2018, 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
2018-2019	\$ 470,000	\$ 5,121,082	\$ 5,271,082	\$ 320,000
2017-2018	\$ 550,000	\$ 5,689,983	\$ 5,769,983	\$ 470,000

Craven County, North Carolina

Notes to Financial Statements

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 \$453,104 in claims or changes in estimates were incurred for benefits during fiscal year 2019. 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
2018-2019	\$ 190,473	\$ 453,104	\$ 561,555	\$ 82,022
2017-2018	\$ 103,104	\$ 327,981	\$ 240,612	\$ 190,473

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 \$119 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

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 ending September 30, 2018 and 2017 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 2,600,000	\$ 25,699,212	\$ 25,519,212	\$ 2,780,000
2016-2017	\$ 2,100,000	\$ 24,421,740	\$ 23,921,740	\$ 2,600,000

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

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 \$0 during the fiscal year ended September 30, 2018.

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 \$764,892 for General, Professional, and Umbrella coverage in fiscal year September 30, 2018. 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.

Asserted and Unasserted claims: The Health System is aware of various asserted and unasserted claims. Management has been unable to reasonably estimate the amount of the loss, if any, since the ultimate resolution of these matters will be dependent upon future events. Management of the Health System and its legal counsel 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 interests of the Health System should be rendered, management and its legal counsel feel any liability will be fully covered under the Health System's existing insurance policies.

Craven County, North Carolina

Notes to Financial Statements

Note 14. 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, 2019. During the year ended June 30, 2019, the County appropriated \$1,430,817 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 \$373,148. Complete financial statements for the New Bern/Craven County Library can be obtained from the Library's administrative offices at 400 Johnson Street, New Bern, NC 28560.

The County, in conjunction with Carteret County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Craven County appoints three members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2019. 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, 2018. 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, 2019. The County appropriated \$201,875 to the THR during the fiscal year ended June 30, 2019, 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, \$-0- is 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 \$3,548,198 and \$500,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2019. In addition, the County made debt service principal payments of \$216,300 during the fiscal year ended June 30, 2019. 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, 2019.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Joint Ventures (Continued)

Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 800 College Court, New Bern, NC 28562.

Note 15. 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, 2019.

Note 16. 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 17. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2019) through March 23, 2020, which represents the date the financial statements were available to be issued.

Craven County, North Carolina

Notes to Financial Statements

Note 18. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2019 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. 84, *Fiduciary Activities*, will be effective for the County beginning with its year ending June 30, 2020.

GASB Statement No. 87, *Leases*, will be effective for the County beginning with its year ending June 30, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the County beginning with its year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, will be effective for the County beginning with its year ending June 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the County beginning with its year ending June 30, 2021.

GASB Statement No. 92, *Omnibus 2020*, will be effective for the County beginning with its year ending June 30, 2021.

Craven County



REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

- Schedule of County's Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of County Contributions to Local Government Employees' Retirement System
- Schedule of County's Proportionate Share of Net Pension Liability (Asset) for Registers of Deeds' Supplemental Pension Fund
- Schedule of County Contributions for Registers of Deeds' Supplemental Pension Fund
- Schedule of Coastal Carolina Regional Airport Authority's Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Coastal Carolina Regional Airport Authority's Contributions to Local Government Employees' Retirement System
- Schedule of Craven County ABC Board's Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Craven County ABC Board's Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

**Schedule of County's Proportionate Share of Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.378%	0.383%	0.381%	0.390%	0.406%	0.408%
County's proportionate share of the net pension liability (asset) \$	\$ 8,972,909	\$ 5,843,846	\$ 8,094,798	\$ 1,748,322	\$ (2,397,200)	\$ 4,922,788
County's covered payroll	\$ 26,440,751	\$ 25,550,943	\$ 24,774,857	\$ 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	33.94%	22.87%	32.67%	7.24%	(9.90%)	20.14%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,151,022	\$ 2,005,720	\$ 1,873,840	\$ 1,667,585	\$ 1,718,722	\$ 1,718,740
Contributions in relation to the contractually required contribution	<u>2,151,022</u>	<u>2,005,720</u>	<u>1,873,840</u>	<u>1,667,585</u>	<u>1,718,722</u>	<u>1,718,740</u>
Contribution deficiency (excess)	<u>\$ -</u>					
County's covered payroll	\$ 25,617,364	\$ 26,440,751	\$ 25,550,943	\$ 24,774,857	\$ 24,162,555	\$ 24,220,773
Contributions as a percentage of covered payroll	8.40%	7.59%	7.33%	6.73%	7.11%	7.10%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of County's Proportionate Share of Net Pension Liability (Asset)
Registers of Deeds' Supplemental Pension Fund
Last Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.872%	1.178%	1.217%	1.111%	1.108%	1.123%
County's proportionate share of the net pension liability (asset) \$	\$ (144,347)	\$ (201,138)	\$ (227,499)	\$ (257,688)	\$ (251,203)	\$ (239,811)
County's covered payroll	\$ 65,927	\$ 62,811	\$ 60,129	\$ 57,661	\$ 56,197	\$ 53,086
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(218.95%)	(320.23%)	(378.35%)	(446.90%)	(447.00%)	(451.74%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,458	\$ 10,238	\$ 10,238	\$ 9,941	\$ 8,897	\$ 9,049
Contributions in relation to the contractually required contribution	<u>7,458</u>	<u>10,238</u>	<u>10,238</u>	<u>9,941</u>	<u>8,897</u>	<u>9,049</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 68,864	\$ 65,927	\$ 62,811	\$ 60,129	\$ 57,561	\$ 56,197
Contributions as a percentage of covered payroll	10.83%	15.53%	16.30%	16.53%	15.46%	16.10%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Coastal Carolina Regional Airport Authority's Proportionate Share of Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) %	0.006%	0.005%	0.004%	0.003%	0.003%	0.004%
Authority's proportionate share of the net pension liability (asset) \$	\$ 143,527	\$ 72,567	\$ 92,746	\$ 17,502	\$ (19,462)	\$ 43,394
Authority's covered payroll	\$ 462,079	\$ 366,986	\$ 354,738	\$ 345,577	\$ 314,856	\$ 277,758
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.06%	19.77%	26.14%	5.06%	(6.18%)	15.62%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Coastal Carolina Regional Airport Authority's Contributions
Local Governmental Employees' Retirement System
Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 33,767	\$ 34,656	\$ 26,606	\$ 23,663	\$ 25,400	\$ 23,551
Contributions in relation to the contractually required contribution	33,767	34,656	26,606	23,663	25,400	23,551
Contribution deficiency (excess)	<u>\$ -</u>					
County's covered payroll	\$ 437,773	\$ 462,079	\$ 366,986	\$ 354,738	\$ 345,577	\$ 314,856
Contributions as a percentage of covered payroll	7.71%	7.50%	7.25%	6.67%	7.35%	7.48%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Craven County ABC Board's Proportionate Share of Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ABC Board's proportion of the net pension liability (asset) %	0.00786%	0.00843%	0.00728%	0.00735%	0.00621%	0.00700%
ABC Board's proportionate share of the net pension liability (asset) \$	\$ 186,466	\$ 128,787	\$ 154,506	\$ 32,986	\$ (36,623)	\$ 84,377
ABC Board's covered payroll	\$ 676,367	\$ 685,968	\$ 580,917	\$ 570,899	\$ 474,494	\$ 470,002
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.57%	18.77%	26.60%	5.78%	(7.64%)	17.95%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

**This will be the same percentage for all participant employers in the LGERS plan.

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Craven County ABC Board's Contributions
Local Governmental Employees' Retirement System
Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 56,300	\$ 51,877	\$ 51,104	\$ 39,851	\$ 40,320	\$ 33,900
Contributions in relation to the contractually required contribution	56,300	51,877	51,104	39,851	40,320	33,900
Contribution deficiency (excess)	<u>\$ -</u>					
County's covered payroll	\$ 714,459	\$ 676,367	\$ 685,968	\$ 580,917	\$ 570,899	\$ 479,494
Contributions as a percentage of covered payroll	7.88%	7.67%	7.45%	6.86%	7.06%	7.07%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2019**

	2019	2018
Beginning balance	\$ 1,699,481	\$ 1,585,538
Service Cost	78,775	69,732
Interest on the total pension liability	52,055	58,828
Changes of benefit terms	-	-
Difference between expected and actual experience in the measurement of the total pension liability	(140,990)	(1,068)
Changes of assumptions or other inputs	(53,553)	109,457
Benefit payments	(104,365)	(123,006)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,531,403</u>	<u>\$ 1,699,481</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2019**

	2019	2018
Total pension liability	\$ 1,531,403	\$ 1,699,481
Covered payroll	3,344,394	3,206,963
Total pension liability as a percentage of covered payroll	45.79%	52.99%

Notes to the schedules:

Craven County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2019**

	Measurement Period Ending 2018	Measurement Period Ending 2017
Total OPEB liability - beginning	\$ 13,825,361	\$ 13,876,112
Service cost	613,031	662,069
Interest on the total pension liability	477,912	411,261
Changes of benefit terms	-	-
Difference between expected and actual experience	369,590	14,747
Changes of assumptions	(418,307)	(709,756)
Benefit payments	(808,815)	(429,072)
Other changes	-	-
Net change in total OPEB liability	233,411	(50,751)
Total OPEB liability - ending	\$ 14,058,772	\$ 13,825,361
Covered payroll	\$ 27,587,907	\$ 27,587,907
Total OPEB liability as a percentage of covered payroll	50.96%	50.11%
Plan fiduciary net position	-	-
Plan fiduciary net position as a percentage of covered payroll	0.00%	0.00%

Notes to Schedule

Craven County has elected not to fund the OPEB plan through a qualified trust.

Changes of assumptions: Changes of assumptions and their inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2017	3.01%
2018	3.56%
2019	3.89%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

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

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2019**

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2018	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2019
2019	\$ -	\$ 51,565,034	\$ 51,213,187	\$ 351,847
2018	328,466	-	182,950	145,516
2017	149,970	-	54,734	95,236
2016	90,610	-	20,920	69,690
2015	68,368	-	11,734	56,634
2014	119,804	-	10,340	109,464
2013	152,524	-	16,203	136,321
2012	128,191	-	8,494	119,697
2011	94,904	-	6,483	88,421
2010	93,753	-	5,285	88,468
2009	94,056	-	94,056	-
	<u>\$ 1,320,646</u>	<u>\$ 51,565,034</u>	<u>\$ 51,624,386</u>	<u>\$ 1,261,294</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>700,000</u>
				<u>\$ 561,294</u>

Reconciliation with revenues:	
Ad valorem taxes- General Fund	\$ 51,523,279
Less: Collection of taxes older than ten years	16,719
Plus: Abatements and adjustments of prior year taxes	117,826
Total collections and credits	<u>\$ 51,624,386</u>

CRAVEN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2019**

	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	\$9,248,317,411	\$0.5394	\$49,879,088	\$45,948,024	\$3,931,064
Motor vehicles taxed at prior year's rate	217,980,719	0.5394	1,175,788	-	1,175,788
Penalties	-		152,380	152,380	-
	<u>\$9,466,298,130</u>		<u>\$51,207,256</u>	<u>\$46,100,404</u>	<u>\$5,106,852</u>
DISCOVERIES	97,588,030		505,193	505,193	-
	<u>\$9,563,886,160</u>		<u>\$51,712,449</u>	<u>\$46,605,597</u>	<u>\$5,106,852</u>
ABATEMENTS	(23,308,076)		(147,415)	(147,415)	-
Total property valuation	<u><u>\$9,540,578,084</u></u>				
Net Levy			\$51,565,034	\$46,458,182	\$5,106,852
Uncollected taxes at June 30, 2019			351,847	351,847	-
Current year's taxes collected			<u>\$51,213,187</u>	<u>\$46,106,335</u>	<u>\$5,106,852</u>
Current levy collection percentage			<u>99.32%</u>	<u>99.24%</u>	<u>100.00%</u>

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,430,812	\$ 957,186	\$ 48,101	\$ 3,436,099
Sales taxes receivable	31,586	7,409	1,200,197	1,239,192
Accounts receivable	853,197	-	-	853,197
Due from other funds	-	-	-	-
Restricted cash	-	307,957	-	307,957
Total assets	<u>\$ 3,315,595</u>	<u>\$ 1,272,552</u>	<u>\$ 1,248,298</u>	<u>\$ 5,836,445</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 644,338	\$ 291,223	\$ 37,341	\$ 972,902
Due to other funds	-	-	-	-
Total liabilities	<u>644,338</u>	<u>291,223</u>	<u>37,341</u>	<u>972,902</u>
Deferred inflows of resources:				
Tax receivable	31,395	-	-	31,395
Total deferred inflows of resources	<u>31,395</u>	<u>-</u>	<u>-</u>	<u>31,395</u>
Fund balances:				
Restricted				
Stabilization by state statute	315,349	-	-	315,349
Public safety	1,328,278	-	-	1,328,278
General government	-	913,772	-	913,772
Economic and physical development	996,235	-	-	996,235
Education, schools	-	307,957	1,210,957	1,518,914
Unassigned	-	(240,400)	-	(240,400)
Total fund balances	<u>2,639,862</u>	<u>981,329</u>	<u>1,210,957</u>	<u>4,832,148</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,315,595</u>	<u>\$ 1,272,552</u>	<u>\$ 1,248,298</u>	<u>\$ 5,836,445</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	Fire District Funds	Emergency Telephone System	Occupancy Tax Fund	Flood Hazard Mitigation Assist 2015-010	Stream Debris Removal Project	CDBG-DR Active Disaster Grants Fund	Flood Hazard Mitigation Assist 2016-006	Flood Hazard Mitigation Assist 2016-014	CDBG-NR NC Dept of Commerce Grants Fund	Totals
ASSETS										
Cash and cash equivalents	\$ 844,959	\$ 501,954	\$ 1,051,569	\$ -	\$ 32,330	\$ -	\$ -	\$ -	\$ -	\$ 2,430,812
Taxes receivable	31,396	190	-	-	-	-	-	-	-	31,586
Accounts receivable	291,938	23,411	-	-	-	-	310,516	186,049	41,283	853,197
Total assets	<u>\$ 1,168,293</u>	<u>\$ 525,555</u>	<u>\$ 1,051,569</u>	<u>\$ -</u>	<u>\$ 32,330</u>	<u>\$ -</u>	<u>\$ 310,516</u>	<u>\$ 186,049</u>	<u>\$ 41,283</u>	<u>\$ 3,315,595</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ 18,826	\$ 59,002	\$ -	\$ -	\$ 1,152	\$ 324,951	\$ 199,124	\$ 41,283	\$ 644,338
Total liabilities	<u>-</u>	<u>18,826</u>	<u>59,002</u>	<u>-</u>	<u>-</u>	<u>1,152</u>	<u>324,951</u>	<u>199,124</u>	<u>41,283</u>	<u>644,338</u>
Deferred inflows of resources:										
Tax receivable	31,395	-	-	-	-	-	-	-	-	31,395
Total deferred inflows of resources	<u>31,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,395</u>
Fund balances:										
Restricted										
Stabilization by state statute	291,938	23,411	-	-	-	-	-	-	-	315,349
Public safety	844,960	483,318	-	-	-	-	-	-	-	1,328,278
Economic and physical development	-	-	992,567	-	32,330	(1,152)	(14,435)	(13,075)	-	996,235
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,136,898</u>	<u>506,729</u>	<u>992,567</u>	<u>-</u>	<u>32,330</u>	<u>(1,152)</u>	<u>(14,435)</u>	<u>(13,075)</u>	<u>-</u>	<u>2,639,862</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,168,293</u>	<u>\$ 525,555</u>	<u>\$ 1,051,569</u>	<u>\$ -</u>	<u>\$ 32,330</u>	<u>\$ -</u>	<u>\$ 310,516</u>	<u>\$ 186,049</u>	<u>\$ 41,283</u>	<u>\$ 3,315,595</u>

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2019**

	School Capital Fund	Convention Center Restoration Fund	ERP Software Replace Phase One	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 957,186	\$ 957,186
Restricted cash	307,957	-	-	307,957
Sales tax receivable	-	-	7,409	7,409
Total assets	<u>\$ 307,957</u>	<u>-</u>	<u>\$ 964,595</u>	<u>\$ 1,272,552</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	240,400	\$ 50,823	\$ 291,223
Total liabilities	<u>-</u>	<u>240,400</u>	<u>50,823</u>	<u>291,223</u>
Fund Balances:				
Restricted				
Education, schools	307,957	-	-	307,957
Public safety	-	-	-	-
General government	-	-	913,772	913,772
Economic and physical development	-	-	-	-
Unrestricted	-	(240,400)	-	(240,400)
	<u>307,957</u>	<u>(240,400)</u>	<u>913,772</u>	<u>981,329</u>
Total liabilities and fund balances	<u>\$ 307,957</u>	<u>\$ -</u>	<u>\$ 964,595</u>	<u>\$ 1,272,552</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, 2019

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 5,084,503	\$ -	\$ -	\$ 5,084,503
Intergovernmental	1,574,907	-	981,500	2,556,407
Miscellaneous	2,599	-	-	2,599
Interest	535	201	188	924
Total revenues	<u>6,662,544</u>	<u>201</u>	<u>981,688</u>	<u>7,644,433</u>
EXPENDITURES				
Current:				
General government	-	513,936	-	513,936
Public safety	3,446,247	8,136	-	3,454,383
Economic and physical development	1,674,154	-	-	1,674,154
Education	-	144,637	-	144,637
Debt service:				
Principal	-	-	4,016,550	4,016,550
Interest	-	-	625,011	625,011
Total expenditures	<u>5,120,401</u>	<u>666,709</u>	<u>4,641,561</u>	<u>10,428,671</u>
Excess of revenues over (under) expenditures	<u>1,542,143</u>	<u>(666,508)</u>	<u>(3,659,873)</u>	<u>(2,784,238)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,498	1,081,732	4,469,640	5,631,870
Transfers out	(796,931)	(22,991)	-	(819,922)
Total other financing sources (uses)	<u>(716,433)</u>	<u>1,058,741</u>	<u>4,469,640</u>	<u>4,811,948</u>
Net change in fund balances	825,710	392,233	809,767	2,027,710
FUND BALANCES:				
Beginning	<u>1,814,152</u>	<u>589,096</u>	<u>401,190</u>	<u>2,804,438</u>
Ending	<u>\$ 2,639,862</u>	<u>\$ 981,329</u>	<u>\$ 1,210,957</u>	<u>\$ 4,832,148</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, 2019**

	Fire District Funds	Emergency Telephone System	Occupancy Tax Fund	Flood Hazard Mitigation Assist 2015-010	Stream Debris Removal Project	CDBG-DR Active Disaster Grants Fund	Flood Mitigation Assist 2016-006	Flood Mitigation Assist 2016-014	CDBG-NR NC Dept of Commerce Grants Fund	Totals
REVENUES										
Taxes	\$ 3,326,382	\$ -	\$ 1,758,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,084,503
Intergovernmental	-	280,937	-	69,668	689,381	-	310,516	183,122	41,283	1,574,907
Miscellaneous	-	426	2,173	-	-	-	-	-	-	2,599
Interest	-	158	377	-	-	-	-	-	-	535
Total revenues	<u>3,326,382</u>	<u>281,521</u>	<u>1,760,671</u>	<u>69,668</u>	<u>689,381</u>	<u>-</u>	<u>310,516</u>	<u>183,122</u>	<u>41,283</u>	<u>6,662,544</u>
EXPENDITURES										
Current:										
Public safety	3,226,957	219,290	-	-	-	-	-	-	-	3,446,247
Economic and physical development	-	-	533,342	11,655	594,236	-	310,516	183,122	41,283	1,674,154
Total expenditures	<u>3,226,957</u>	<u>219,290</u>	<u>533,342</u>	<u>11,655</u>	<u>594,236</u>	<u>-</u>	<u>310,516</u>	<u>183,122</u>	<u>41,283</u>	<u>5,120,401</u>
Excess of revenues over (under) expenditures	<u>99,425</u>	<u>62,231</u>	<u>1,227,329</u>	<u>58,013</u>	<u>95,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,542,143</u>
OTHER FINANCING SOURCES (USES)										
Transfers in (out):										
To General Fund	-	-	(796,931)	-	-	-	-	-	-	(796,931)
From County Reserve Fund	-	-	-	-	-	-	-	-	-	-
From General Fund	80,498	-	-	-	-	-	-	-	-	80,498
Total other financing sources (uses)	<u>80,498</u>	<u>-</u>	<u>(796,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(716,433)</u>
Net change in fund balances	179,923	62,231	430,398	58,013	95,145	-	-	-	-	825,710
FUND BALANCES:										
Beginning	956,975	444,498	562,169	(58,013)	(62,815)	(1,152)	(14,435)	(13,075)	-	1,814,152
Ending	<u>\$ 1,136,898</u>	<u>\$ 506,729</u>	<u>\$ 992,567</u>	<u>\$ -</u>	<u>\$ 32,330</u>	<u>\$ (1,152)</u>	<u>\$ (14,435)</u>	<u>\$ (13,075)</u>	<u>\$ -</u>	<u>\$ 2,639,862</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2019**

	School Capital Fund	Convention Center Restoration Fund	Animal Shelter Project Fund	ERP Software Replace Phase One	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	-	\$ -	\$ -
Interest income	13	-	-	188	201
Total revenue	13	-	-	188	201
EXPENDITURES					
Economic and physical development	-	240,400	-	273,536	513,936
Public Safety	-	-	8,136	-	8,136
Education	144,637	-	-	-	144,637
Total expenditures	144,637	240,400	8,136	273,536	666,709
Excess of revenues under expenditures	(144,624)	(240,400)	(8,136)	(273,348)	(666,508)
OTHER FINANCING SOURCES					
Transfers in	422,000	-	-	659,732	1,081,732
Transfers out	-	-	(22,991)	-	(22,991)
Total other financing sources	422,000	-	(22,991)	659,732	1,058,741
Net change in fund balances	277,376	(240,400)	(31,127)	386,384	392,233
FUND BALANCES					
Beginning	30,581	-	31,127	527,388	589,096
Ending	\$ 307,957	\$ (240,400)	-	\$ 913,772	\$ 981,329

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.
- **Flood Mitigation Assistance Grant 2015 – 010** – Elevate six residential structures throughout County to prevent further flood loss damages.
- **Stream Debris Removal Project Fund** – These funds are allocated for the cutting and removing woody and non-woody debris from the targeted stream channels, which impede or potentially impedes water flow during rain events. This program has helped alleviate the severity and duration of flooding caused by upstream discharge.
- **Community Development Block Grant Disaster Recovery (CDBG-DR)** – As a result of Hurricane Matthew, the State of North Carolina made funds available to help low to moderate-income households recover from the storm. These funds will help six to seven household rehabilitate and/or elevate their homes.
- **Flood Mitigation Assistance Grant 2016 – 006** – As part of the County's ongoing hazard mitigation activities, the County applied for and received Federal Emergency Management Agency funds to elevate 3 residential structures to help reduce future flood losses to these properties.
- **Flood Mitigation Assistance Grant 2016 – 014** – As part of the County's ongoing hazard mitigation activities, the County applied for and received Federal Emergency Management Agency funds to elevate 2 residential structures to help reduce future flood losses to these properties.
- **Community Development Block Grant Neighborhood Revitalization** - As the result of Hurricane Matthew, the County received \$750,000 from the NC Department of Commerce to elevate and rehabilitate 6 structures in western Craven County.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2019**

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
ASSETS												
Cash and cash equivalents	\$ 76,481	\$ 101,972	\$ 240,655	\$ 50,743	\$ 33,131	\$ 49,264	\$ 109,531	\$ 22,557	\$ 100,451	\$ 55,051	\$ 5,123	\$ 844,959
Taxes receivable	1,651	3,240	4,585	3,673	4,091	5,006	1,681	2,882	1,059	2,964	564	31,396
Accounts receivable	24,651	23,114	47,026	16,089	24,138	32,026	28,245	39,488	35,305	21,017	839	291,938
Total assets	\$ 102,783	\$ 128,326	\$ 292,266	\$ 70,505	\$ 61,360	\$ 86,296	\$ 139,457	\$ 64,927	\$ 136,815	\$ 79,032	\$ 6,526	\$ 1,168,293
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES												
Deferred inflows of resources:												
Unavailable revenue - taxes	\$ 1,651	\$ 3,240	\$ 4,585	\$ 3,673	\$ 4,091	\$ 5,006	\$ 1,681	\$ 2,882	\$ 1,058	\$ 2,964	\$ 564	\$ 31,395
Total deferred inflows of resources	1,651	3,240	4,585	3,673	4,091	5,006	1,681	2,882	1,058	2,964	564	31,395
Fund Balances:												
Restricted:												
Stabilization by state statute	24,651	23,114	47,026	16,089	24,138	32,026	28,245	39,488	35,305	21,017	839	291,938
Public safety	76,481	101,972	240,655	50,743	33,131	49,264	109,531	22,557	100,452	55,051	5,123	844,960
Total fund balances	101,132	125,086	287,681	66,832	57,269	81,290	137,776	62,045	135,757	76,068	5,962	1,136,898
Total liabilities, deferred inflows of resources and fund balances	\$ 102,783	\$ 128,326	\$ 292,266	\$ 70,505	\$ 61,360	\$ 86,296	\$ 139,457	\$ 64,927	\$ 136,815	\$ 79,032	\$ 6,526	\$ 1,168,293

CRAVEN COUNTY, NORTH CAROLINA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FIRE DISTRICT FUNDS

For the Fiscal Year Ended June 30, 2019

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
REVENUES												
Taxes:												
Property	\$ 190,617	\$ 191,358	\$ 347,183	\$ 134,569	\$ 200,140	\$ 267,211	\$ 203,338	\$ 354,156	\$ 291,562	\$ 173,199	\$ 6,804	\$ 2,360,137
Sales and use tax	83,899	74,407	144,995	52,774	80,256	105,964	93,919	143,474	115,904	67,870	2,783	966,245
Total revenues	274,516	265,765	492,178	187,343	280,396	373,175	297,257	497,630	407,466	241,069	9,587	3,326,382
EXPENDITURES												
Remittances to fire districts	209,268	203,677	468,933	196,764	265,642	355,821	282,000	495,287	416,973	214,757	-	3,109,122
Workers' compensation	2,825	4,680	5,281	2,275	5,720	2,600	2,730	10,790	3,835	4,030	-	44,766
Capital outlay	-	-	-	-	47,931	-	-	-	-	-	-	47,931
Grant match - Safety	-	12,896	-	-	-	-	-	-	-	-	-	12,896
Miscellaneous	1,241	1,000	999	998	2,399	1,244	1,244	1,325	997	795	-	12,242
Total expenditures	213,334	222,253	475,213	200,037	321,692	359,665	285,974	507,402	421,805	219,582	-	3,226,957
Excess of revenues over (under) expenditures	61,182	43,512	16,965	(12,694)	(41,296)	13,510	11,283	(9,772)	(14,339)	21,487	9,587	99,425
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	-	-	-	23,695	47,931	-	-	-	-	8,872	-	80,498
Between fire districts	(35,248)	(13,696)	7,380	13,696	3,000	2,610	(2,610)	-	35,248	(3,000)	(7,380)	-
Total other financing sources (uses)	(35,248)	(13,696)	7,380	37,391	50,931	2,610	(2,610)	-	35,248	5,872	(7,380)	80,498
Net change in fund balances	25,934	29,816	24,345	24,697	9,635	16,120	8,673	(9,772)	20,909	27,359	2,207	179,923
FUND BALANCES												
Beginning	75,198	95,270	263,336	42,135	47,634	65,170	129,103	71,817	114,848	48,709	3,755	956,975
Ending	\$ 101,132	\$ 125,086	\$ 287,681	\$ 66,832	\$ 57,269	\$ 81,290	\$ 137,776	\$ 62,045	\$ 135,757	\$ 76,068	\$ 5,962	\$ 1,136,898

**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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 186,797	\$ 190,617	\$ 3,820
Sales and use tax	74,812	83,899	9,087
Total revenues	<u>261,609</u>	<u>274,516</u>	<u>12,907</u>
EXPENDITURES			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	3,200	2,825	375
Capital outlay	12,693	-	12,693
Miscellaneous	1,244	1,241	3
Total expenditures	<u>226,405</u>	<u>213,334</u>	<u>13,071</u>
Excess of revenue over expenditures	<u>35,204</u>	<u>61,182</u>	<u>25,978</u>
OTHER FINANCING USES			
Transfers out:			
To West New Bern Fire District	(35,248)	(35,248)	-
Total other financing uses	<u>(35,248)</u>	<u>(35,248)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(44)	25,934	25,978
Appropriated fund balance	<u>44</u>	<u>-</u>	<u>(44)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>25,934</u>	<u>\$ 25,934</u>
FUND BALANCE			
Beginning		<u>75,198</u>	
Ending		<u>\$ 101,132</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 185,758	\$ 191,358	\$ 5,600
Sales and use tax	66,125	74,407	8,282
Total revenues	<u>251,883</u>	<u>265,765</u>	<u>13,882</u>
EXPENDITURES			
Remittances to fire districts	203,677	203,677	-
Workers' compensation	4,680	4,680	-
Capital outlay	28,870	-	28,870
Grant match - Safety	12,900	12,896	4
Miscellaneous	999	1,000	(1)
Total expenditures	<u>251,126</u>	<u>222,253</u>	<u>28,873</u>
Excess of revenue over expenditures	<u>757</u>	<u>43,512</u>	<u>42,755</u>
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(13,696)	(13,696)	-
Total other financing uses	<u>(13,696)</u>	<u>(13,696)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(12,939)	29,816	42,755
Appropriated fund balance	<u>12,939</u>	<u>-</u>	<u>(12,939)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>29,816</u>	<u>\$ 29,816</u>
FUND BALANCE			
Beginning		<u>95,270</u>	
Ending		<u>\$ 125,086</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 339,692	\$ 347,183	\$ 7,491
Sales and use tax	123,456	144,995	21,539
Total revenues	<u>463,148</u>	<u>492,178</u>	<u>29,030</u>
EXPENDITURES			
Remittances to fire districts	468,933	468,933	-
Workers' compensation	5,282	5,281	1
Capital outlay	-	-	-
Miscellaneous	999	999	-
Total expenditures	<u>475,214</u>	<u>475,213</u>	<u>1</u>
Excess of revenue over (under) expenditures	<u>(12,066)</u>	<u>16,965</u>	<u>29,031</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Sandy Point	7,380	7,380	-
Total other financing sources	<u>7,380</u>	<u>7,380</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(4,686)</u>	<u>24,345</u>	<u>29,031</u>
Appropriated fund balance	<u>4,686</u>	<u>-</u>	<u>(4,686)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>24,345</u>	<u>\$ 24,345</u>
FUND BALANCE			
Beginning		<u>263,336</u>	
Ending		<u>\$ 287,681</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 128,671	\$ 134,569	\$ 5,898
Sales and use tax	46,057	52,774	6,717
Total revenues	<u>174,728</u>	<u>187,343</u>	<u>12,615</u>
EXPENDITURES			
Remittances to fire districts	197,374	196,764	610
Workers' compensation	2,800	2,275	525
Capital outlay	11,595	-	11,595
Miscellaneous	999	998	1
Total expenditures	<u>212,768</u>	<u>200,037</u>	<u>12,731</u>
Excess of revenue over (under) expenditures	<u>(38,040)</u>	<u>(12,694)</u>	<u>25,346</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	24,305	23,695	(610)
From Township No. 1 Fire District Fund	13,696	13,696	-
Total other financing sources	<u>38,001</u>	<u>37,391</u>	<u>(610)</u>
Excess of revenues and other financing sources over (under) expenditures	(39)	24,697	24,736
Appropriated fund balance	<u>39</u>	<u>-</u>	<u>(39)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>24,697</u>	<u>\$ 24,697</u>
FUND BALANCE			
Beginning		<u>42,135</u>	
Ending		<u>\$ 66,832</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 199,329	\$ 200,140	\$ 811
Sales and use tax	71,318	80,256	8,938
Total revenues	<u>270,647</u>	<u>280,396</u>	<u>9,749</u>
EXPENDITURES			
Remittances to fire districts	265,642	265,642	-
Workers' compensation	-	5,720	(5,720)
Capital outlay	51,405	47,931	3,474
Miscellaneous	2,398	2,399	(1)
Total expenditures	<u>319,445</u>	<u>321,692</u>	<u>(2,247)</u>
Excess of revenue over (under) expenditures	<u>(48,798)</u>	<u>(41,296)</u>	<u>7,502</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	51,405	47,931	(3,474)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>54,405</u>	<u>50,931</u>	<u>(3,474)</u>
Excess of revenues and other financing sources over (under) expenditures	5,607	9,635	4,028
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ 5,607</u>	<u>9,635</u>	<u>\$ 4,028</u>
FUND BALANCE			
Beginning		<u>47,634</u>	
Ending		<u>\$ 57,269</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 262,772	\$ 267,211	\$ 4,439
Sales and use tax	94,339	105,964	11,625
Total revenues	<u>357,111</u>	<u>373,175</u>	<u>16,064</u>
EXPENDITURES			
Remittances to fire districts	355,821	355,821	-
Workers' compensation	2,700	2,600	100
Capital outlay	-	-	-
Miscellaneous	1,244	1,244	-
Total expenditures	<u>359,765</u>	<u>359,665</u>	<u>100</u>
Excess of revenue over (under) expenditures	<u>(2,654)</u>	<u>13,510</u>	<u>16,164</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	-	-	-
From Township No. 6	2,610	2,610	-
Total other financing sources	<u>2,610</u>	<u>2,610</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(44)</u>	<u>16,120</u>	<u>16,164</u>
Appropriated fund balance	<u>44</u>	<u>-</u>	<u>(44)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>16,120</u>	<u>\$ 16,120</u>
FUND BALANCE			
Beginning		<u>65,170</u>	
Ending		<u>\$ 81,290</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 198,720	\$ 203,338	\$ 4,618
Sales and use tax	83,662	93,919	10,257
Total revenues	<u>282,382</u>	<u>297,257</u>	<u>14,875</u>
EXPENDITURES			
Remittances to fire districts	282,000	282,000	-
Workers' compensation	2,730	2,730	-
Capital outlay	-	-	-
Miscellaneous	1,244	1,244	-
Total expenditures	<u>285,974</u>	<u>285,974</u>	<u>-</u>
Excess of revenue over expenditures	<u>(3,592)</u>	<u>11,283</u>	<u>14,875</u>
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,610)	(2,610)	-
Total other financing uses	<u>(2,610)</u>	<u>(2,610)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(6,202)	8,673	14,875
Appropriated fund balance	<u>6,202</u>	<u>-</u>	<u>(6,202)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,673</u>	<u>\$ 8,673</u>
FUND BALANCE			
Beginning		<u>129,103</u>	
Ending		<u>\$ 137,776</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 346,518	\$ 354,156	\$ 7,638
Sales and use tax	132,573	143,474	10,901
Total revenues	<u>479,091</u>	<u>497,630</u>	<u>18,539</u>
EXPENDITURES			
Remittances to fire districts	495,287	495,287	-
Workers' compensation	10,790	10,790	-
Miscellaneous	1,325	1,325	-
Total expenditures	<u>507,402</u>	<u>507,402</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(28,311)</u>	<u>(9,772)</u>	<u>18,539</u>
Appropriated fund balance	<u>28,311</u>	<u>-</u>	<u>(28,311)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(9,772)</u>	<u>\$ (9,772)</u>
FUND BALANCE			
Beginning		<u>71,817</u>	
Ending		<u>\$ 62,045</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 287,488	\$ 291,562	\$ 4,074
Sales and use tax	102,985	115,904	12,919
Total revenues	<u>390,473</u>	<u>407,466</u>	<u>16,993</u>
EXPENDITURES			
Remittances to fire districts	416,973	416,973	-
Workers' compensation	3,900	3,835	65
Capital outlay	3,888	-	3,888
Miscellaneous	999	997	2
Total expenditures	<u>425,760</u>	<u>421,805</u>	<u>3,955</u>
Excess of revenue over (under) expenditures	<u>(35,287)</u>	<u>(14,339)</u>	<u>20,948</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Rhems	35,248	35,248	-
Total other financing sources	<u>35,248</u>	<u>35,248</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	(39)	20,909	20,948
Appropriated fund balance	<u>39</u>	<u>-</u>	<u>(39)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,909</u>	<u>\$ 20,909</u>
FUND BALANCE			
Beginning		<u>114,848</u>	
Ending		<u>\$ 135,757</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 170,482	\$ 173,199	\$ 2,717
Sales and use tax	60,902	67,870	6,968
Total revenues	<u>231,384</u>	<u>241,069</u>	<u>9,685</u>
EXPENDITURES			
Remittances to fire districts	214,885	214,757	128
Workers' compensation	4,030	4,030	-
Capital outlay	17,669	-	17,669
Miscellaneous	800	795	5
Total expenditures	<u>237,384</u>	<u>219,582</u>	<u>17,802</u>
Excess of revenue over (under) expenditures	<u>(6,000)</u>	<u>21,487</u>	<u>27,487</u>
OTHER FINANCING USES			
Transfers in (out):			
To Township No. 3	(3,000)	(3,000)	-
From General Fund	9,000	8,872	(128)
Total other financing uses	<u>6,000</u>	<u>5,872</u>	<u>(128)</u>
Excess of revenues over (under) expenditures and other financing uses	-	27,359	27,359
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>27,359</u>	<u>\$ 27,359</u>
FUND BALANCE			
Beginning		<u>48,709</u>	
Ending		<u>\$ 76,068</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 6,944	\$ 6,804	\$ (140)
Sales and use tax	2,477	2,783	306
Total revenues	<u>9,421</u>	<u>9,587</u>	<u>166</u>
EXPENDITURES			
Capital outlay	<u>2,041</u>	-	<u>2,041</u>
Excess of revenues over (under) expenditures	<u>7,380</u>	<u>9,587</u>	<u>2,207</u>
OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	(7,380)	(7,380)	-
Total other financing uses	<u>(7,380)</u>	<u>(7,380)</u>	<u>-</u>
Excess of revenues under expenditures and other financing sources (uses)	<u>\$ -</u>	2,207	<u>\$ 2,207</u>
FUND BALANCE			
Beginning		<u>3,755</u>	
Ending		<u>\$ 5,962</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 280,937	\$ 280,937	\$ -
Miscellaneous income	-	426	426
Interest	1,000	158	(842)
Total revenues	<u>281,937</u>	<u>281,521</u>	<u>(416)</u>
EXPENDITURES			
Public safety	<u>281,937</u>	<u>219,290</u>	<u>62,647</u>
Total expenditures	<u>281,937</u>	<u>219,290</u>	<u>62,647</u>
Excess of revenue over (under) expenditures	-	62,231	62,231
OTHER FINANCING SOURCES			
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)	-	62,231	62,231
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>62,231</u>	<u>\$ 62,231</u>
FUND BALANCE			
Beginning		<u>444,498</u>	
Ending		<u>\$ 506,729</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, 2019**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,354,426	\$ 1,758,121	\$ 403,695
Miscellaneous income	-	2,173	2,173
Interest	-	377	377
Total revenues	<u>1,354,426</u>	<u>1,760,671</u>	<u>406,245</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Remittance to Tourism Development Authority	460,000	436,299	23,701
Professional services	50	43	(7)
Total expenditures	<u>557,050</u>	<u>533,342</u>	<u>23,708</u>
Excess of revenue over expenditures	<u>797,376</u>	<u>1,227,329</u>	<u>429,953</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(797,376)</u>	<u>(796,931)</u>	<u>(445)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>430,398</u>	<u>\$ 430,398</u>
FUND BALANCE			
Beginning		<u>562,169</u>	
Ending		<u>\$ 992,567</u>	

**CRAVEN COUNTY, NORTH CAROLINA
FLOOD HAZARD MITIGATION ASSISTANCE PROJECT 2015-010**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 815,721	\$ 357,609	\$ -	\$ 357,609
Owner Contributions		41,442	69,668	111,110
Total revenue	<u>815,721</u>	<u>399,051</u>	<u>69,668</u>	<u>468,719</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	815,721	457,064	11,655	468,719
Total expenditures	<u>815,721</u>	<u>457,064</u>	<u>11,655</u>	<u>468,719</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (58,013)</u>	58,013	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>(58,013)</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
STREAM DEBRIS REMOVAL PROJECT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 709,229	\$ -	\$ 168,636	\$ 168,636
Goldenleaf Foundation Grant	618,670	-	520,745	520,745
Total revenue	<u>1,327,899</u>	<u>-</u>	<u>689,381</u>	<u>689,381</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	1,378,129	113,045	594,236	707,281
Total expenditures	<u>1,378,129</u>	<u>113,045</u>	<u>594,236</u>	<u>707,281</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Reserve fund	50,230	50,230	-	50,230
	<u>50,230</u>	<u>50,230</u>	<u>-</u>	<u>50,230</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>-</u>	\$ <u>(62,815)</u>	95,145	\$ <u>32,330</u>
FUND BALANCE				
Beginning			<u>(62,815)</u>	
Ending			\$ <u>32,330</u>	

**CRAVEN COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 1,000,000	\$ -	\$ -	\$ -
Total revenue	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	1,000,000	1,152	(1,152)	-
Total expenditures	<u>1,000,000</u>	<u>1,152</u>	<u>(1,152)</u>	<u>-</u>
Excess of revenues under expenditures	\$ -	\$ (1,152)	1,152	\$ -
FUND BALANCE				
Beginning			(1,152)	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
FLOOD HAZARD MITIGATION ASSISTANCE PROJECT 2016-006**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 502,173	\$ -	\$ 310,516	\$ 310,516
Total revenue	<u>502,173</u>	<u>-</u>	<u>310,516</u>	<u>310,516</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	502,173	14,435	310,516	324,951
Total expenditures	<u>502,173</u>	<u>14,435</u>	<u>310,516</u>	<u>324,951</u>
Excess of revenues under expenditures	\$ -	\$ (14,435)	-	\$ (14,435)
FUND BALANCE				
Beginning			<u>(14,435)</u>	
Ending			<u>\$ (14,435)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 FLOOD HAZARD MITIGATION ASSISTANCE PROJECT 2016-014**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 348,099	\$ -	\$ 183,122	\$ 183,122
Total revenue	<u>348,099</u>	<u>-</u>	<u>183,122</u>	<u>183,122</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	348,099	13,075	183,122	196,197
Total expenditures	<u>348,099</u>	<u>13,075</u>	<u>183,122</u>	<u>196,197</u>
Excess of revenues under expenditures	\$ -	\$ <u>(13,075)</u>	-	\$ <u>(13,075)</u>
FUND BALANCE				
Beginning			<u>(13,075)</u>	
Ending			<u>\$ (13,075)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT BLOCK GRANT NEIGHBORHOOD REVITALIZATION**

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

From Inception and for the Fiscal Year Ended June 30, 2019

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 750,000	\$ -	\$ 41,283	\$ 41,283
Total revenue	<u>750,000</u>	<u>-</u>	<u>41,283</u>	<u>41,283</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	750,000	-	41,283	41,283
Total expenditures	<u>750,000</u>	<u>-</u>	<u>41,283</u>	<u>41,283</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ -</u>	

DEBT SERVICE FUND

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

Craven County



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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 496,300	\$ 981,500	\$ 485,200
Interest	-	188	188
Total revenues	<u>496,300</u>	<u>981,688</u>	<u>485,388</u>
EXPENDITURES			
Principal	4,016,550	4,016,550	-
Interest and fiscal charges	646,818	625,011	21,807
Total expenditures	<u>4,663,368</u>	<u>4,641,561</u>	<u>21,807</u>
Excess of revenue under expenditures	<u>(4,167,068)</u>	<u>(3,659,873)</u>	<u>507,195</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	4,167,068	4,469,640	302,572
Total other financing sources	<u>4,167,068</u>	<u>4,469,640</u>	<u>302,572</u>
Excess of revenues over (under) expenditures and other financing sources	-	809,767	809,767
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>809,767</u>	<u>\$ 809,767</u>
FUND BALANCE			
Beginning		<u>401,190</u>	
Ending		<u>\$ 1,210,957</u>	

Craven County



CAPITAL PROJECT FUNDS

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

The following comprise the County's Capital Project Funds:

Major Fund:

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

Non-major Funds:

- **School Capital Fund** – Fund category 1 capital projects over \$100,000 for Craven County Board of Education.
- **Animal Shelter Project Fund** – The Animal Shelter Project Fund is for renovations and expansion of the existing animal shelter facility.
- **Convention Center Restoration Project Fund** – Restoration and improvements of the existing convention center.
- **ERP Software Replace Phase One** – Conversion from current financial reporting package software to Munis (Tyler) package.

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, 2019**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ -	\$ 1,257,551	\$ 127,033	\$ 1,384,584
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	-	28,443,541	385,314	28,828,855
To General Fund	(1,649,983)	(332,016)	(518,000)	(850,016)
To Animal Shelter Project	-	(1,276,518)	22,991	(1,253,527)
To ERP Software Replace Phase 1	(659,732)	(859,135)	(659,732)	(1,518,867)
To Stream Debris Removal	-	(50,230)	-	(50,230)
Between closed projects	-	(15,959,587)	-	(15,959,587)
Total other financing sources (uses)	(2,309,715)	9,966,055	(769,427)	9,196,628
Excess of revenues over (under) other financing sources (uses)	(2,309,715)	11,223,606	(642,394)	10,581,212
Appropriated fund balance	2,309,715	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 11,223,606	(642,394)	\$ 10,581,212
FUND BALANCE				
Beginning			11,223,606	
Ending			\$ 10,581,212	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

	Budget	Actual	Variance Positive
REVENUES			
Interest	\$ -	\$ 13	\$ 13
Total revenues	<u>-</u>	<u>13</u>	<u>13</u>
EXPENDITURES			
Capital outlay:			
Public schools	422,000	144,637	277,363
Total expenditures	<u>422,000</u>	<u>144,637</u>	<u>277,363</u>
Excess of revenue under expenditures	<u>(422,000)</u>	<u>(144,624)</u>	<u>277,376</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	422,000	422,000	-
Total other financing sources	<u>422,000</u>	<u>422,000</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>277,376</u>	<u>\$ 277,376</u>
FUND BALANCE			
Beginning		<u>30,581</u>	
Ending		<u>\$ 307,957</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 1,253,526	\$ 1,245,391	\$ 8,136	\$ 1,253,527
Total expenditures	<u>1,253,526</u>	<u>1,245,391</u>	<u>8,136</u>	<u>1,253,527</u>
OTHER FINANCING SOURCES				
Transfers in (out):				
To Capital Reserve Fund	(22,992)	-	(22,991)	(22,991)
From Capital Reserve Fund	1,276,518	1,276,518		1,276,518
Total other financing sources	<u>1,253,526</u>	<u>1,276,518</u>	<u>(22,991)</u>	<u>1,253,527</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 31,127</u>	<u>(31,127)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>31,127</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CONVENTION CENTER RESTORATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Insurance proceeds	\$ 1,386,300	\$ -	\$ -	\$ -
Total revenues	<u>1,386,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
Project construction	1,386,300	-	240,400	240,400
Total expenditures	<u>1,386,300</u>	<u>-</u>	<u>240,400</u>	<u>240,400</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(240,400)</u>	<u>\$ (240,400)</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ (240,400)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
ERP SOFTWARE REPLACE PHASE ONE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ -	\$ 72	\$ 188	\$ 260
Total revenues	-	72	188	260
EXPENDITURES				
Capital outlay:				
Project construction	1,972,089	785,041	273,536	1,058,577
Total expenditures	1,972,089	785,041	273,536	1,058,577
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	270,000	270,000	-	270,000
From Capital Reserve Fund	1,518,867	859,135	659,732	1,518,867
From Water Operating Fund	183,222	183,222	-	183,222
Total other financing sources	1,972,089	1,312,357	659,732	1,972,089
Excess of other financing sources over (under) expenditures	\$ -	\$ 527,388	386,384	\$ 913,772
FUND BALANCE				
Beginning			527,388	
Ending			\$ 913,772	

Craven County



ENTERPRISE FUNDS

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

The following comprise the County's Enterprise Funds:

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

- Craven County Water Fund (Major Fund)

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

- Northwest Craven Water and Sewer District

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF NET POSITION-
CRAVEN COUNTY WATER FUND
June 30, 2019**

	Craven County Water Operating Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,810,552
Short-term investments	4,907,911
Accounts receivable, net of allowance for doubtful accounts	749,654
Prepays	47,684
Total current assets	<u>13,515,801</u>
Noncurrent assets:	
Capital assets:	
Land	947,354
Improvements other than buildings	30,075,378
Buildings	30,695,648
Machinery and equipment	459,240
Accumulated depreciation	<u>(20,213,832)</u>
Total capital assets, net of accumulated depreciation	<u>41,963,788</u>
Total noncurrent assets	<u>41,963,788</u>
Total assets	<u>55,479,589</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>176,387</u>
LIABILITIES	
Current liabilities:	
Accounts payable	247,840
Accrued salaries and benefits	42,341
Accrued payroll taxes	(27,075)
Customer deposits payable	301,415
Compensated absences liability - current	25,920
Debt payable - current	808,950
Obligations under capital lease - current	82,245
Total current liabilities	<u>1,481,636</u>
Noncurrent liabilities	
Compensated absences liability	18,723
Net pension liability	199,269
Other postemployment benefit liability	179,839
Debt payable	13,752,145
Obligations under capital lease	400,571
Total noncurrent liabilities	<u>14,550,547</u>
Total liabilities	<u>16,032,183</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,179</u>
NET POSITION	
Net investment in capital assets	26,919,877
Unrestricted	12,692,737
Total net position	<u>\$ 39,612,614</u>

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

**DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019**

	Craven County Water Operating Fund
OPERATING REVENUES	
Charges for services	\$ 3,849,791
Miscellaneous	109,459
Total operating revenues	<u>3,959,250</u>
OPERATING EXPENSES	
Cost of services	2,380,069
Depreciation	1,696,228
Total operating expenses	<u>4,076,297</u>
Operating income	<u>(117,047)</u>
NONOPERATING REVENUES & EXPENSES	
Interest income	135,443
Interest expense	(14,562)
Total nonoperating	<u>120,881</u>
Income before transfers	<u>3,834</u>
TRANSFERS IN (OUT):	
From General Fund	18,000
To General Fund	(148,000)
Total transfers in (out)	<u>(130,000)</u>
Change in net position	(126,166)
Net position, beginning	<u>39,738,780</u>
Net position, ending	<u>\$ 39,612,614</u>

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER OPERATING 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, 2019

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,600,000	\$ 3,682,597	\$ 82,597
Tap and permit fees	161,600	167,194	5,594
Miscellaneous	88,200	109,459	21,259
Total operating revenues	<u>3,849,800</u>	<u>3,959,250</u>	<u>109,450</u>
OPERATING EXPENDITURES			
Personnel services:			
Salaries	680,663	674,844	5,819
Employee benefits	235,006	230,640	4,366
Retirement	40,959	58,888	(17,929)
Professional services:			
Audit and accounting fees	3,500	1,110	2,390
Legal fees	2,000	-	2,000
Engineering fees	21,350	21,350	-
Contractual services	130,596	124,390	6,206
Operating supplies	24,821	24,333	488
Utilities	191,170	141,929	49,241
Maintenance and repairs:			
Systems	194,450	190,217	4,233
Building and grounds	95,000	89,610	5,390
Vehicle expense	74,192	73,049	1,143
Equipment	5,950	4,908	1,042
Sanitation	100,000	89,955	10,045
Insurance	54,827	54,826	1
Tap outlays	59,565	59,565	-
Telephone and postage	19,500	18,282	1,218
Lockbox	97,000	92,408	4,592
Chemical and lab work	199,774	177,466	22,308
Supplies	4,232	5,531	(1,299)
Capital outlay	375,598	89,220	286,378
Bad Debt Expenses	-	25,000	(25,000)
Miscellaneous	228,164	221,768	6,396
Total operating expenditures	<u>2,838,317</u>	<u>2,469,289</u>	<u>369,028</u>
Excess of operating revenues over operating expenditures	<u>1,011,483</u>	<u>1,489,961</u>	<u>478,478</u>
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	25,000	135,443	110,443
Interest paid	(17,418)	(14,562)	2,856
Principal payments	(889,065)	(889,064)	1
Total nonoperating revenues (expenditures)	<u>(881,483)</u>	<u>(768,183)</u>	<u>113,300</u>
Excess of revenues over expenditures	<u>130,000</u>	<u>721,778</u>	<u>591,778</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER OPERATING 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, 2019

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 18,000	\$ 18,000	\$ -
To General Fund	(148,000)	(148,000)	-
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	-
Excess of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 591,778	\$ 591,778
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 591,778</u>	<u>\$ 591,778</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	\$ 591,778
Capital outlay	89,220
Payment on obligation under capital lease payable	889,064
Depreciation	<u>(1,696,228)</u>
Change in net position, full accrual basis	<u>\$ (126,166)</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, 2019**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 17,418	\$ 14,562	\$ (2,856)
Interest paid	(17,418)	(14,562)	2,856
Principal payment	(80,115)	(80,114)	1
Total nonoperating revenues (expenditures)	<u>(80,115)</u>	<u>(80,114)</u>	<u>1</u>
 OTHER FINANCING SOURCES			
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>

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, 2019**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 6,814,300	\$ 6,020,403	\$ (793,897)
Miscellaneous	-	187,355	187,355
Total revenues	<u>6,814,300</u>	<u>6,207,758</u>	<u>(606,542)</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>6,860,300</u>	<u>6,089,728</u>	<u>770,572</u>
Excess of operating revenues under operating expenditures	(46,000)	118,030	164,030
NONOPERATING REVENUES			
Interest income	<u>6,000</u>	<u>1,628</u>	<u>(4,372)</u>
Excess of operating revenues and nonoperating revenue over operating expenditures	(40,000)	119,658	159,658
OTHER FINANCING SOURCES (USES)			
Transfers out:			
From General fund	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing uses	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ 159,658</u>	<u>\$ 159,658</u>

Craven County



AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

Deed of Trust Fund – The Deed of Trust Fund accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

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

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS**

June 30, 2019

	<u>Social Services Trust Fund</u>
ASSETS	
Cash	<u>\$ 75,198</u>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 75,198</u>

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Social Services Trust Fund:				
Assets, cash and investments	\$ 82,112	\$ -	\$ 6,914	\$ 75,198
Liabilities, accounts payable and accrued liabilities	\$ 82,112	\$ -	\$ 6,914	\$ 75,198
Deed of Trust Fund:				
Assets, cash and investments	\$ 5,698	\$ 69,626	\$ 75,324	\$ -
Liabilities, accounts payable and accrued liabilities	\$ 5,698	\$ 69,626	\$ 75,324	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 20,202,636	\$ 20,202,636	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 20,202,636	\$ 20,202,636	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 87,810	\$ 20,272,262	\$ 20,284,874	\$ 75,198
Liabilities, accounts payable and accrued liabilities	\$ 87,810	\$ 20,272,262	\$ 20,284,874	\$ 75,198

**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, 2019**

ASSETS

Cash and cash equivalents	\$	346,849
Accounts receivable		<u>59,002</u>
		<u>405,851</u>

LIABILITIES

Accounts payable		<u>2,675</u>
		<u>2,675</u>

Net position:

Unrestricted		
accrued liabilities	\$	<u><u>346,849</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 570,000	\$ 689,331	\$ 119,331
Interest	450	165	(285)
Miscellaneous	-	2,248	2,248
Total revenues	<u>570,450</u>	<u>691,744</u>	<u>121,294</u>
EXPENDITURES			
Economic development	<u>570,450</u>	<u>480,825</u>	<u>89,625</u>
Excess of revenues over expenditure	<u>\$ -</u>	<u>210,919</u>	<u>\$ 210,919</u>
NET POSITION			
Beginning		<u>192,257</u>	
Ending		<u>\$ 403,176</u>	
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ 210,919</u>	
Change in net position, full accrual basis		<u>\$ 210,919</u>	

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

**COMBINING STATEMENT OF NET POSITION
 June 30, 2019**

	Airport Authority Operating Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements FY19 Project Fund	Airfield Improvements STIP Project Fund	Terminal Area Development Site No. 42 Project Fund	Airport Reserve Fund	Totals
ASSETS										
Cash and cash equivalents	\$ 2,743,894	\$ 4,515	\$ 21,188	\$ -	\$ -	\$ 492,402	\$ -	\$ -	\$ 628,855	\$ 3,890,854
Accounts receivable	1,620,408	-	65,018	-	710,103	81	171,667	45,337	-	2,612,614
	<u>4,364,302</u>	<u>4,515</u>	<u>86,206</u>	<u>-</u>	<u>710,103</u>	<u>492,483</u>	<u>171,667</u>	<u>45,337</u>	<u>628,855</u>	<u>6,503,468</u>
Capital assets:										
Land	9,649,508	-	-	-	-	-	-	-	-	9,649,508
Buildings	9,450,092	-	-	-	-	-	-	-	-	9,450,092
Improvements other than buildings	31,983,233	-	-	-	-	-	-	-	-	31,983,233
Machinery and equipment	2,233,418	-	-	-	-	-	-	-	-	2,233,418
Construction in progress	-	1,183,781	74,742	249,087	2,678,122	-	300,000	5,454,363	-	9,940,095
Accumulated depreciation	(20,774,274)	-	-	-	-	-	-	-	-	(20,774,274)
Capital assets, net of accumulated depreciation	<u>32,541,977</u>	<u>1,183,781</u>	<u>74,742</u>	<u>249,087</u>	<u>2,678,122</u>	<u>-</u>	<u>300,000</u>	<u>5,454,363</u>	<u>-</u>	<u>42,482,072</u>
Total assets	<u>36,906,279</u>	<u>1,188,296</u>	<u>160,948</u>	<u>249,087</u>	<u>3,388,225</u>	<u>492,483</u>	<u>471,667</u>	<u>5,499,700</u>	<u>628,855</u>	<u>48,985,540</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>152,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,190</u>
LIABILITIES										
Accounts payable	58,048	-	53,239	-	710,102	-	171,667	14,662	-	1,007,718
Accrued salaries and benefits	83,005	-	-	-	-	-	-	-	-	83,005
Net pension liability	143,527	-	-	-	-	-	-	-	-	143,527
Other postemployment benefit obligation	188,693	-	-	-	-	-	-	-	-	188,693
Total liabilities	<u>473,273</u>	<u>-</u>	<u>53,239</u>	<u>-</u>	<u>710,102</u>	<u>-</u>	<u>171,667</u>	<u>14,662</u>	<u>-</u>	<u>1,422,943</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,472</u>
NET POSITION										
Net investment in capital assets	32,541,977	1,183,781	21,503	249,087	1,968,020	-	128,333	5,439,701	-	41,532,402
Unrestricted	4,030,747	4,515	86,206	-	710,103	492,483	171,667	45,337	628,855	6,169,913
Total net position	<u>\$ 36,572,724</u>	<u>\$ 1,188,296</u>	<u>\$ 107,709</u>	<u>\$ 249,087</u>	<u>\$ 2,678,123</u>	<u>\$ 492,483</u>	<u>\$ 300,000</u>	<u>\$ 5,485,038</u>	<u>\$ 628,855</u>	<u>\$ 47,702,315</u>
Total liabilities and net position	<u>\$ 37,058,469</u>	<u>\$ 1,188,296</u>	<u>\$ 160,948</u>	<u>\$ 249,087</u>	<u>\$ 3,388,225</u>	<u>\$ 492,483</u>	<u>\$ 471,667</u>	<u>\$ 5,499,700</u>	<u>\$ 628,855</u>	<u>\$ 49,137,730</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, 2019**

	Airport Authority Operating Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements FY18 Project Fund	Airfield Improvements FY19 Project Fund	Airfield Improvements STIP Project Fund	Terminal Area Development Site No. 42 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES											
Charges for services	\$ 2,178,646	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,178,646
Passenger facility fee	469,567	-	-	-	-	-	-	-	-	-	469,567
Total revenues	2,648,213	-	-	-	-	-	-	-	-	-	2,648,213
OPERATING EXPENSES											
Cost of sales and services	1,826,723	-	-	-	-	-	-	-	-	-	1,826,723
Depreciation and amortization	1,199,980	-	-	-	-	-	-	-	-	-	1,199,980
Total operating expenses	3,026,703	-	-	-	-	-	-	-	-	-	3,026,703
Operating loss	(378,490)	-	-	-	-	-	-	-	-	-	(378,490)
NONOPERATING REVENUES (EXPENSES)											
Interest income	4,378	-	-	-	-	-	-	-	-	1,110	5,488
Project reimbursements	270,107	-	-	-	-	-	-	-	-	-	270,107
Total nonoperating revenues	274,485	-	-	-	-	-	-	-	-	1,110	275,595
Income (Loss) before transfers	(104,005)	-	-	-	-	-	-	-	-	1,110	(102,895)
Transfers in (out) Airport Funds	2,477,956	-	-	(2,249,226)	-	(653,162)	(160,679)	-	576,111	9,000	-
Capital contributions - federal and state grants	100,075	25,616	67,268	21,611	2,349,047	-	653,162	300,000	4,908,927	-	8,425,706
Change in net position	2,474,026	25,616	67,268	(2,227,615)	2,349,047	(653,162)	492,483	300,000	5,485,038	10,110	8,322,811
Net position, beginning	34,098,698	1,162,680	40,441	2,476,702	329,076	653,162	-	-	-	618,745	39,379,504
Net position, ending	\$ 36,572,724	\$ 1,188,296	\$ 107,709	\$ 249,087	\$ 2,678,123	\$ -	\$ 492,483	\$ 300,000	\$ 5,485,038	\$ 628,855	\$ 47,702,315

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

**COMBINING SCHEDULE OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2019
 (Page 1 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements FY18 Project Fund	Airfield Improvements FY19 Project Fund	Airfield Improvements STIP Project Fund	Terminal Area Development Site No. 42 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES											
Receipts from customers and users	\$ 827,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 827,786
Receipts from passenger facility fees	469,567	-	-	-	-	-	-	-	-	-	469,567
Payments to suppliers	(821,518)	-	-	-	-	-	-	-	-	-	(821,518)
Payments to employees	(1,021,697)	-	-	-	-	-	-	-	-	-	(1,021,697)
Net cash provided by (used in) operating activities	(545,862)	-	-	-	-	-	-	-	-	-	(545,862)
CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES											
Acquisition & construction of capital assets	(26,181)	(32,749)	(86,521)	(151,871)	(2,337,022)	-	(81)	(300,000)	(5,485,038)	-	(8,419,463)
Receipts from capital grants	100,075	25,616	67,268	21,611	2,337,022	-	653,162	300,000	4,908,927	9,000	8,422,681
Project reimbursements	270,107	-	-	-	-	-	-	-	-	-	270,107
Net cash provided by (used in) capital and related financing activities	344,001	(7,133)	(19,253)	(130,260)	-	-	653,081	-	(576,111)	9,000	273,325
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES											
Transfers in	1,191,105	-	-	-	-	-	-	-	576,111	9,000	1,776,216
Transfers out	(954,929)	-	-	(7,446)	-	(653,162)	(160,679)	-	-	-	(1,776,216)
Net cash provided by (used in) noncapital financing activities	236,176	-	-	(7,446)	-	(653,162)	(160,679)	-	576,111	9,000	-
CASH FLOWS FROM INVESTING ACTIVITIES											
Interest on cash and investments	4,378	-	-	-	-	-	-	-	-	1,110	5,488
Net cash provided by investing activities	4,378	-	-	-	-	-	-	-	-	1,110	5,488
Net increase (decrease) in cash and cash equivalents	38,693	(7,133)	(19,253)	(137,706)	-	(653,162)	492,402	-	-	19,110	(267,049)
CASH AND CASH EQUIVALENTS											
Beginning	2,705,201	11,648	40,441	137,706	-	653,162	-	-	-	609,745	4,157,903
Ending	\$ 2,743,894	\$ 4,515	\$ 21,188	\$ -	\$ -	\$ -	\$ 492,402	\$ -	\$ -	\$ 628,855	\$ 3,890,854

Continued

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

**COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019
(Page 2 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements FY18 Project Fund	Airfield Improvements FY19 Project Fund	Airfield Improvements STIP Project Fund	Terminal Area Development Site No. 42 Project Fund	Airport Reserve Fund	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:											
Operating loss	\$ (378,490)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (378,490)
Adjustments to reconcile operating loss to net cash provided by operating activities:											
Depreciation and amortization	1,199,980	-	-	-	-	-	-	-	-	-	1,199,980
Change in assets and liabilities, and deferred outflows and inflows of resources:											
Accounts receivable	(1,350,860)	-	-	-	-	-	-	-	-	-	(1,350,860)
Prepays	395	-	-	-	-	-	-	-	-	-	395
Increase in deferred outflows of resources-pension	(55,976)	-	-	-	-	-	-	-	-	-	(55,976)
Increase in net pension liability	70,960	-	-	-	-	-	-	-	-	-	70,960
Increase in deferred inflow of resources-pension	1,856	-	-	-	-	-	-	-	-	-	1,856
Accounts payable and accrued expenses	(33,727)	-	-	-	-	-	-	-	-	-	(33,727)
Net cash provided by (used in) operating activities	\$ (545,862)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (545,862)

**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, 2019
(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,596,790	\$ 2,178,646	\$ (418,144)
Passenger Facility Fee	442,000	469,567	27,567
Total operating revenue	<u>3,038,790</u>	<u>2,648,213</u>	<u>(390,577)</u>
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	937,810	841,628	96,182
Employee benefits	155,395	130,602	24,793
Retirement	69,507	66,307	3,200
Professional Services:			
Audit and accounting fees	12,045	12,044	1
Legal fees	52,683	48,846	3,837
Contractual services	759,754	146,925	612,829
Operating supplies	55,100	39,845	15,255
Utilities	165,450	164,762	688
Maintenance and repairs:			
Building and grounds	99,500	54,224	45,276
Vehicle expense	26,000	17,639	8,361
Insurance	130,000	111,930	18,070
Telephone and postage	13,250	11,064	2,186
Capital outlay	112,342	26,181	86,161
Sanitation - Hurricane Florence	29,000	28,024	976
Miscellaneous	84,513	64,922	19,591
Travel/Training	27,148	17,340	9,808
Advertising	78,000	56,707	21,293
Dues and subscriptions	16,110	13,914	2,196
Total operating expenditures	<u>2,823,607</u>	<u>1,852,904</u>	<u>970,703</u>
Excess of operating revenues over (under) operating expenditures	<u>215,183</u>	<u>795,309</u>	<u>580,126</u>
NONOPERATING REVENUES			
Interest income	5,734	4,378	(1,356)
Project reimbursements	-	270,107	270,107
Capital Contributions - intergovernmental grants	90,000	100,075	10,075
Total nonoperating revenues	<u>95,734</u>	<u>374,560</u>	<u>278,826</u>
Excess of revenues over expenditures	<u>310,917</u>	<u>1,169,869</u>	<u>858,952</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, 2019

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 698,616	\$ 3,432,885	\$ 2,734,269
To airport project funds	(1,009,533)	(954,929)	54,604
Total other financing sources (uses)	<u>(310,917)</u>	<u>2,477,956</u>	<u>2,788,873</u>
Excess revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 3,647,825</u>	<u>\$ 3,647,825</u>

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

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

\$ 3,647,825

Capital outlay

26,181

Depreciation

(1,199,980)

Change in net position, full accrual basis

\$ 2,474,026

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRFIELD IMPROVEMENTS SITE NO. 39 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,106,036	\$ 1,039,787	\$ 25,616	\$ 1,065,403
Total revenues	<u>1,106,036</u>	<u>1,039,787</u>	<u>25,616</u>	<u>1,065,403</u>
EXPENDITURES				
Capital outlay:				
Administrative	-	535	(157)	378
Construction	1,228,929	1,154,784	28,619	1,183,403
Total expenditures	<u>1,228,929</u>	<u>1,155,319</u>	<u>28,462</u>	<u>1,183,781</u>
Excess of revenues over (under) expenditures	<u>(122,893)</u>	<u>(115,532)</u>	<u>(2,846)</u>	<u>(118,378)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	122,893	122,893	-	122,893
Total other financing sources (uses)	<u>122,893</u>	<u>122,893</u>	<u>-</u>	<u>122,893</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ 7,361</u>	<u>\$ (2,846)</u>	<u>\$ 4,515</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (2,846)	
Capital outlay			<u>28,462</u>	
Change in net position, full accrual basis			<u>\$ 25,616</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 40 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, 2019

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 363,969	\$ -	\$ 67,268	\$ 67,268
Total revenues	363,969	-	67,268	67,268
EXPENDITURES				
Capital outlay:				
Administrative	404,410	-	74,742	74,742
Total expenditures	404,410	-	74,742	74,742
Excess of revenues over (under) expenditures	(40,441)	-	(7,474)	(7,474)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	40,441	40,441	-	40,441
Total other financing sources (uses)	40,441	40,441	-	40,441
Excess of other financing sources (uses) under expenditures	\$ -	\$ 40,441	\$ (7,474)	\$ 32,967
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (7,474)	
Capital outlay			74,742	
Change in net position, full accrual basis			\$ 67,268	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 41 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 2,241,781	\$ 2,220,169	\$ 21,611	\$ 2,241,780
Total revenues	<u>2,241,781</u>	<u>2,220,169</u>	<u>21,611</u>	<u>2,241,780</u>
EXPENDITURES				
Capital outlay:				
Administrative	447	-	447	447
Construction	2,490,421	2,466,854	23,566	2,490,420
Total expenditures	<u>2,490,868</u>	<u>2,466,854</u>	<u>24,013</u>	<u>2,490,867</u>
Excess of revenues over (under) expenditures	<u>(249,087)</u>	<u>(246,685)</u>	<u>(2,402)</u>	<u>(249,087)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	256,533	256,533	-	256,533
To Airport Operating Fund	(7,446)	-	(2,249,226)	(2,249,226)
Total other financing sources (uses)	<u>249,087</u>	<u>256,533</u>	<u>(2,249,226)</u>	<u>(1,992,693)</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ 9,848</u>	<u>\$ (2,251,628)</u>	<u>\$ (2,241,780)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			<u>\$ (2,251,628)</u>	
Capital outlay			<u>24,013</u>	
Change in net position, full accrual basis			<u>\$ (2,227,615)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 RUNWAY PAVEMENT REHABILITATION 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 3,000,000	\$ 329,076	\$ 2,349,047	\$ 2,678,123
Total revenues	<u>3,000,000</u>	<u>329,076</u>	<u>2,349,047</u>	<u>2,678,123</u>
EXPENDITURES				
Capital outlay:				
Administrative	4,600	3,600	-	3,600
Construction	2,995,400	342,765	2,331,757	2,674,522
Total expenditures	<u>3,000,000</u>	<u>346,365</u>	<u>2,331,757</u>	<u>2,678,122</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(17,289)</u>	<u>17,290</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	-	-	-	-
To Airport Operating Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ (17,289)</u>	<u>\$ 17,290</u>	<u>\$ 1</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			<u>\$ 17,290</u>	
Capital outlay			<u>2,331,757</u>	
Change in net position, full accrual basis			<u>\$ 2,349,047</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 AIRFIELD IMPROVEMENTS FY18 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 653,162	\$ 653,162	\$ -	\$ 653,162
Total revenues	<u>653,162</u>	<u>653,162</u>	<u>-</u>	<u>653,162</u>
EXPENDITURES				
Capital outlay:				
Administrative	-	-	-	-
Construction	653,162	-	-	-
Total expenditures	<u>653,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>653,162</u>	<u>-</u>	<u>653,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	-	-	-	-
To Airport Operating Fund	-	-	(653,162)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(653,162)</u>	<u>-</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ 653,162</u>	<u>\$ (653,162)</u>	<u>\$ 653,162</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			<u>\$ (653,162)</u>	
Capital outlay			<u>-</u>	
Change in net position, full accrual basis			<u><u>\$ (653,162)</u></u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRFIELD IMPROVEMENTS FY19 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 653,162	\$ -	\$ 653,162	\$ 653,162
Total revenues	<u>653,162</u>	<u>-</u>	<u>653,162</u>	<u>653,162</u>
EXPENDITURES				
Capital outlay:				
Construction	653,162	-	-	-
Total expenditures	<u>653,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>653,162</u>	<u>653,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	-	-	-	-
To Airport Operating Fund	-	-	(160,679)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(160,679)</u>	<u>-</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,483</u>	<u>\$ 653,162</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			<u>\$ 492,483</u>	
Capital outlay			<u>-</u>	
Change in net position, full accrual basis			<u>\$ 492,483</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRFIELD IMPROVEMENTS STIP 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 300,000	\$ -	\$ 300,000	\$ 300,000
Total revenues	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
EXPENDITURES				
Capital outlay:				
Construction	300,000	-	300,000	300,000
Total expenditures	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	-	-	-	-
To Airport Operating Fund	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ -	
Capital outlay			<u>300,000</u>	
Change in net position, full accrual basis			<u>\$ 300,000</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 42 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, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 5,185,000	\$ -	\$ 4,908,927	\$ 4,908,927
Total revenues	<u>5,185,000</u>	<u>-</u>	<u>4,908,927</u>	<u>4,908,927</u>
EXPENDITURES				
Capital outlay:				
Administrative	5,280	-	4,353	4,353
Construction	5,720,010	-	5,416,808	5,416,808
Land	35,821	-	33,202	33,202
Total expenditures	<u>5,761,111</u>	<u>-</u>	<u>5,454,363</u>	<u>5,454,363</u>
Excess of revenues over (under) expenditures	<u>(576,111)</u>	<u>-</u>	<u>(545,436)</u>	<u>(545,436)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	576,111	-	576,111	576,111
Total other financing sources	<u>576,111</u>	<u>-</u>	<u>576,111</u>	<u>576,111</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,675</u>	<u>\$ 30,675</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ 30,675	
Capital outlay			<u>5,454,363</u>	
Change in net position, full accrual basis			<u>\$ 5,485,038</u>	

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2019**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 42,831	\$ 1,110	\$ 43,941
Total revenues	-	42,831	1,110	43,941
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	(642,287)	9,000	(633,287)
From Airport Operating Fund	-	1,218,201	-	1,218,201
Total other financing sources (uses)	-	575,914	9,000	584,914
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 618,745	\$ 10,110	\$ 628,855
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 10,110	
Change in net position, full accrual basis			\$ 10,110	

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

Craven County



**CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Governmental funds capital assets:		
Land	\$ 10,071,206	\$ 9,904,609
Buildings	66,931,247	67,242,332
Other Improvements	19,302,692	17,174,341
Equipment & Vehicles	15,336,951	13,488,856
Construction in Progress	120,694	2,011,837
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 111,762,790</u>	<u>\$ 109,821,975</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 22,126,195	\$ 20,185,380
Capital Projects	79,465,661	79,465,661
Prior to June, 1992*	10,170,934	10,170,934
	<hr/>	<hr/>
Total invest.in governmental funds capital assets	<u>\$ 111,762,790</u>	<u>\$ 109,821,975</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, 2019**

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
General Government:					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 10,726	\$ 10,726
0201 Administration	-	-	-	-	-
0301 Personnel	-	-	-	-	-
0401 Information Technology	-	-	2,623,099	1,144,096	3,767,195
0404 GIS	-	-	89,304	24,072	113,376
0501 Finance	-	-	-	961,198	961,198
0560 Non Department	-	-	-	23,855	23,855
0601 Elections	-	-	-	288,221	288,221
0801 Tax Assessor	-	-	-	5,635	5,635
0804 Tax Assessor -Mapping	-	-	-	-	-
0805 Tax Assessor -Appraisal	-	-	-	374,250	374,250
0901 Tax Collections	-	-	-	17,841	17,841
0904 Tax Assessor -GIS	-	-	-	-	-
1001 Register of Deeds	-	-	-	38,139	38,139
1201 Public Buildings	4,860,284	9,066,226	768,990	267,694	14,963,194
1212 Housekeeping	-	-	-	23,962	23,962
1301 Court Facilities	126,790	4,466,133	1,717,275	233,901	6,544,099
1401 Maintenance	-	57,000	128,044	226,317	411,361
1501 Central Maintenance	-	-	-	33,204	33,204
Total General Government	\$ 4,987,074	\$ 13,589,359	\$ 5,326,712	\$ 3,673,111	\$ 27,576,256
Public Safety:					
2001 Sheriff	-	-	727,327	2,675,078	3,402,405
2008 Jail	1,718,426	30,856,746	25,000	190,566	32,790,738
2315 Communications	-	-	14,000	430,922	444,922
2301 Emergency Services	-	-	-	579,179	579,179
2401 Inspections	-	-	-	75,249	75,249
2501 E 911	-	-	1,342,796	1,029,717	2,372,513
2601 Animal Control	-	1,636,220	2,997	254,730	1,893,947
Total Public Safety	1,718,426	32,492,966	2,112,120	5,235,441	41,558,953
Environmental Protection:					
3101 Environmental Health	-	26,948	-	310,996	337,944
3201 Solid Waste	80,564	-	1,246	588,819	670,629
4101 Soil Conservation	-	-	-	28,980	28,980
4201 Cooperative Extension	-	765,129	124,282	33,163	922,574
Total Environmental Protection	80,564	792,077	125,528	961,958	1,960,127
Economic and Physical Development:					
4001 Planning	-	-	-	46,425	46,425
4401 Economic Development	115,463	-	1,642,840	26,052	1,784,355
8201 Convention Center	1,192,410	10,752,459	1,511,412	435,870	13,892,151
Total Economic and Physical Development	1,307,873	10,752,459	3,154,252	508,347	15,722,931
Health					
5001 Health	-	4,897,335	827,082	1,921,155	7,645,572
Total Health	-	4,897,335	827,082	1,921,155	7,645,572
Social Services:					
7001 CARTS	-	-	-	1,548,845	1,548,845
7201 DSS	-	5,324,840	876,249	1,085,505	7,286,594
Total Social Services	-	5,324,840	876,249	2,634,350	8,835,439
Recreation:					
8001 Recreation	1,977,264	307,335	5,645,820	403,190	8,333,609
Library- Havelock	-	9,809	-	-	9,809
Total Recreation	1,977,264	317,144	5,645,820	403,190	8,343,418
Total	\$ 10,071,201	\$ 68,166,180	\$ 18,067,763	\$ 15,336,952	\$ 111,642,096
Construction in Progress					120,694
Total Government Funds Capital Assets					\$ 111,762,790

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2019**

Function and Activity	Governmental Funds Capital Assets July 1, 2018	Additions	Deductions	Governmental Funds Capital Assets June 30, 2019
General Government:				
101 Commissioners	\$ 10,726	\$ -	\$ -	\$ 10,726
201 Administration	-	-	-	-
301 Personnel	-	-	-	-
401 Information Technology	3,665,852	101,343	-	3,767,196
404 GIS	113,376	-	-	113,376
501 Finance	23,313	937,885	-	961,198
560 Non Department	23,855	-	-	23,855
601 Elections	275,346	12,875	-	288,221
801 Tax Assessor	5,635	-	-	5,635
805 Tax Assessor -Appraisal	321,877	52,373	-	374,250
901 Tax Collections	17,841	-	-	17,841
1001 Register of Deeds	38,139	-	-	38,139
1201 Public Buildings	14,786,093	224,086	47,589	14,962,590
1212 Housekeeping	23,962	-	-	23,962
1301 Court Facilities	6,521,383	178,202	155,487	6,544,098
1401 Maintenance	250,032	161,330	-	411,362
1501 Central Maintenance	33,204	-	-	33,203
Total General Government	26,110,634	1,668,094	203,076	27,575,652
Public Safety:				
2001 Sheriff	3,328,910	466,638	393,144	3,402,404
2008 Jail	32,790,738	-	-	32,790,738
2315 Communications	335,404	109,518	-	444,921
2301 Emergency Services	473,711	9,468	-	483,179
2401 Inspections	75,249	-	-	75,249
2501 E 911	2,409,020	59,493	-	2,468,514
2601 Animal Control	619,732	1,274,215	-	1,893,947
Total Public Safety	40,032,764	1,919,332	393,144	41,558,952
Environmental Protection:				
3101 Environmental Health	298,712	-	14,971	283,741
3201 Solid Waste	753,282	118,977	147,427	724,832
4101 Soil Conservation	28,980	-	-	28,980
4201 Cooperative Extension	922,574	-	-	922,574
Total Environmental Protection	2,003,548	118,977	162,398	1,960,127
Economic and Physical Development:				
4001 Planning	52,025	-	5,600	46,426
4401 Economic Development	1,663,835	120,520	-	1,784,355
8201 Convention Center	13,372,705	519,446	-	13,892,150
Total Economic and Physical Development	15,088,565	639,966	5,600	15,722,931
Health				
5001 Health	7,402,066	594,398	350,890	7,645,573
Total Health	7,402,065	594,398	350,890	7,645,573
Social Services:				
7001 CARTS	1,722,147	169,246	342,548	1,548,845
7201 DSS	7,326,652	77,561	117,619	7,286,594
Total Social Services	9,048,799	246,807	460,167	8,835,439
Recreation:				
8001 Recreation	8,113,953	219,661	-	8,333,614
Library- Havelock	9,809	-	-	9,809
Total Recreation	8,123,762	219,661	-	8,343,423
Construction in Progress				
	2,011,838	281,672	2,172,816	120,693
Total governmental funds capital assets	\$ 109,821,975	\$ 5,688,905	\$ 3,748,091	\$ 111,762,790

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)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Governmental activities</u>										
Net investment in capital assets	\$ 34,254,404	\$ 37,674,722	\$ 37,057,382	\$ 38,519,516	\$ 40,967,813	\$ 40,687,026	\$ 41,106,523	\$ 42,035,851	\$ 44,781,813	\$ 47,005,992
Restricted	4,029,326	8,300,518	9,058,929	9,316,938	9,303,705	9,704,162	12,286,432	11,116,909	10,796,574	15,448,708
Unrestricted (deficit)	<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>	<u>5,346,096</u>	<u>1,530,331</u>	<u>3,642,078</u>
Total governmental activities net position	<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>	<u>\$ 58,498,856</u>	<u>\$ 57,108,718</u>	<u>\$ 66,096,778</u>
<u>Business-type activities</u>										
Net investment in capital assets	\$ 18,280,499	\$ 17,797,133	\$ 17,751,235	\$ 18,944,146	\$ 16,063,577	\$ 21,306,317	\$ 26,133,140	\$ 27,475,458	\$ 27,637,466	\$ 26,919,877
Unrestricted	<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>11,950,188</u>	<u>11,911,171</u>	<u>12,101,314</u>	<u>12,692,737</u>
Total business-type activities net position	<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>	<u>\$ 39,386,629</u>	<u>\$ 39,738,780</u>	<u>\$ 39,612,614</u>
<u>Primary government</u>										
Net investment in capital assets	\$ 52,534,903	\$ 55,471,855	\$ 54,808,617	\$ 57,463,662	\$ 57,463,662	\$ 61,993,343	\$ 67,239,663	\$ 69,511,309	\$ 72,419,279	\$ 73,925,869
Restricted	4,029,326	8,300,518	9,058,929	9,316,938	9,316,938	9,704,162	12,286,432	11,116,909	10,796,574	15,448,708
Unrestricted (deficit)	<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>10,354,004</u>	<u>17,257,267</u>	<u>13,631,645</u>	<u>16,334,815</u>
Total primary government net position	<u>\$ 54,841,270</u>	<u>\$ 62,213,668</u>	<u>\$ 65,264,633</u>	<u>\$ 70,138,439</u>	<u>\$ 77,371,449</u>	<u>\$ 82,389,040</u>	<u>\$ 89,880,099</u>	<u>\$ 97,885,485</u>	<u>\$ 96,847,498</u>	<u>\$ 105,709,392</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>(as reclassified)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental activities:										
General government	\$ 7,963,893	\$ 8,577,883	\$ 10,295,084	\$ 10,453,419	\$ 9,529,776	\$ 9,219,322	\$ 10,291,366	\$ 9,925,453	\$ 11,077,893	\$ 17,072,762
Public safety	14,754,169	16,218,231	16,897,985	16,970,296	18,273,896	18,505,550	19,458,091	20,980,588	21,947,336	23,323,223
Social services	22,338,223	23,268,931	23,091,103	22,566,592	22,078,158	21,913,659	22,231,898	22,760,861	19,157,572	21,170,095
Economic and physical development	3,020,353	3,820,355	3,372,531	2,818,906	3,244,680	4,035,005	4,349,446	4,389,590	2,958,118	3,786,002
Environmental protection	5,191,327	5,234,597	5,044,117	4,949,064	5,200,967	5,121,002	4,998,475	4,608,929	4,950,380	6,370,235
Health	8,537,699	8,467,181	8,391,523	8,883,418	8,495,912	7,784,851	8,338,343	8,626,160	9,404,146	10,508,893
Cultural and recreation	2,305,497	2,357,440	2,287,587	2,334,287	2,435,885	2,289,270	2,403,064	2,535,497	2,675,892	3,346,603
Education	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968	24,559,787	26,108,710	27,005,640	27,018,838	27,166,990
Interest on long term debt	3,971,610	3,772,400	3,488,561	2,739,303	2,617,304	2,360,526	2,105,628	1,803,760	1,550,637	1,152,829
Total governmental activities	<u>90,182,147</u>	<u>93,961,218</u>	<u>96,649,668</u>	<u>95,459,075</u>	<u>95,568,546</u>	<u>95,788,972</u>	<u>100,285,021</u>	<u>102,636,478</u>	<u>100,740,812</u>	<u>113,897,632</u>
Business-type activities:										
Water	<u>2,259,291</u>	<u>2,533,584</u>	<u>2,504,781</u>	<u>2,428,976</u>	<u>2,559,429</u>	<u>2,510,634</u>	<u>2,489,876</u>	<u>2,667,016</u>	<u>3,338,714</u>	<u>4,090,859</u>
Total primary government expenses	<u>\$ 92,441,438</u>	<u>\$ 96,494,802</u>	<u>\$ 99,154,449</u>	<u>\$ 97,888,051</u>	<u>\$ 98,127,975</u>	<u>\$ 98,299,606</u>	<u>\$ 102,774,897</u>	<u>\$ 105,303,494</u>	<u>\$ 104,079,526</u>	<u>\$ 117,988,491</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 1,283,052	\$ 1,470,684	\$ 1,633,609	\$ 2,056,024	\$ 2,194,205	\$ 3,493,235	\$ 3,170,663	\$ 4,141,074	\$ 3,836,181	\$ 3,139,033
Public safety	1,715,207	1,998,438	2,250,857	2,728,253	2,584,019	2,947,087	3,190,889	3,316,974	3,057,836	4,996,889
Social services	895,360	705,484	746,897	920,099	597,505	572,655	630,752	559,026	595,252	2,520,085
Economic and physical development	1,048,298	1,040,227	1,094,565	1,211,200	1,244,763	925,772	1,052,562	1,101,404	1,159,464	216,037
Environmental protection	2,442,846	2,462,442	2,509,331	2,470,808	2,417,794	2,428,100	2,432,969	2,405,043	2,670,966	2,956,075
Health	5,158,491	5,808,276	5,005,119	5,252,724	5,003,765	3,866,147	5,652,030	5,463,003	5,663,594	5,360,985
Cultural and recreation	70,223	72,418	75,810	80,782	89,512	69,062	66,145	61,401	59,372	324,505
Operating grants and contributions:										
General government	1,097,706	1,298,151	2,238,620	2,051,064	2,337,535	2,306,404	2,122,023	2,166,871	1,929,566	3,894,897
Public safety	858,361	928,821	845,729	824,904	645,226	430,833	651,546	678,254	489,762	1,762,796
Social services	14,754,004	15,687,981	15,728,496	14,979,911	14,917,957	16,040,514	15,798,488	15,324,889	11,768,753	11,973,191
Economic and physical development	44,816	-	32,998	34,034	-	1,453,613	1,252,208	1,346,255	630,177	656,696
Environmental protection	196,072	130,108	143,389	143,267	253,420	196,894	158,994	158,668	202,131	149,568
Health	2,069,631	1,821,323	1,701,749	1,704,070	1,645,752	1,556,948	2,185,702	2,378,208	2,858,004	3,896,287
Cultural and recreation	18,000	61,500	49,500	37,500	51,500	61,000	563,280	313,000	-	42,000
Education	-	-	-	-	-	-	-	-	944,400	-
Capital grants and contributions:										
General government	43,609	-	-	-	-	-	-	-	-	-
Public safety	99,999	10,696	4,472	-	-	-	-	-	-	-
Social services	103,938	109,337	117,377	134,820	255,086	181,004	120,012	-	138,417	154,529
Economic and physical development	184,344	950,510	580,782	452,809	204,085	-	-	-	515,000	-
Cultural and recreation	56,875	395,394	-	47,731	-	-	-	-	-	-
Education	1,438,000	2,136,870	1,129,230	1,010,010	1,030,840	926,810	1,083,080	842,910	-	981,500
Total governmental activities program revenues	<u>33,578,832</u>	<u>37,088,660</u>	<u>35,888,530</u>	<u>36,140,010</u>	<u>35,472,964</u>	<u>37,456,078</u>	<u>40,131,343</u>	<u>40,256,980</u>	<u>36,518,875</u>	<u>43,025,073</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charge for services - Water	\$ 3,688,563	\$ 3,652,217	\$ 3,709,076	\$ 3,733,491	\$ 3,828,806	\$ 3,809,820	\$ 3,803,643	\$ 3,936,307	\$ 3,945,311	\$ 3,849,791
Total business-type activities program revenues	<u>3,688,563</u>	<u>3,652,217</u>	<u>3,709,076</u>	<u>3,733,491</u>	<u>3,828,806</u>	<u>3,809,820</u>	<u>3,803,643</u>	<u>3,936,307</u>	<u>3,945,311</u>	<u>3,849,791</u>
Total primary government program revenues	<u>\$ 37,267,395</u>	<u>\$ 40,740,877</u>	<u>\$ 39,597,606</u>	<u>\$ 39,873,501</u>	<u>\$ 39,301,770</u>	<u>\$ 41,265,898</u>	<u>\$ 43,934,986</u>	<u>\$ 44,193,287</u>	<u>\$ 40,464,186</u>	<u>\$ 46,874,864</u>
Net (Expense)/Revenue										
Governmental activities	\$ (56,603,315)	\$ (56,872,558)	\$ (57,056,902)	\$ (59,319,065)	\$ (60,095,582)	\$ (58,332,894)	\$ (60,153,678)	\$ (62,379,498)	\$ (64,221,937)	\$ (70,872,559)
Business-type activities	<u>1,429,272</u>	<u>1,423,540</u>	<u>1,204,295</u>	<u>1,304,515</u>	<u>1,269,377</u>	<u>1,299,186</u>	<u>1,313,767</u>	<u>1,269,291</u>	<u>606,597</u>	<u>(241,068)</u>
Total primary government net (expense)/revenue	<u>\$ (55,174,043)</u>	<u>\$ (55,449,018)</u>	<u>\$ (55,852,607)</u>	<u>\$ (58,014,550)</u>	<u>\$ (58,826,205)</u>	<u>\$ (57,033,708)</u>	<u>\$ (58,839,911)</u>	<u>\$ (61,110,207)</u>	<u>\$ (63,615,340)</u>	<u>\$ (71,113,627)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 44,076,129	\$ 47,482,900	\$ 46,550,189	\$ 47,503,351	\$ 48,512,236	\$ 48,065,864	\$ 49,058,073	\$ 51,783,504	\$ 52,594,856	\$ 54,063,292
Local option sales tax	13,053,176	12,415,520	13,491,235	13,594,555	13,394,720	14,532,240	15,112,475	16,097,112	16,897,507	19,290,881
Other taxes and licenses	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699	1,075,286	1,758,121
Investment earnings	544,629	282,690	231,554	228,358	156,285	163,783	154,860	305,406	634,968	1,091,545
Miscellaneous	2,406,773	2,091,064	1,128,570	1,519,890	1,006,261	658,262	471,964	564,447	454,249	3,526,780
Transfers	96,200	106,200	105,000	102,620	83,240	105,000	105,000	130,000	313,222	130,000
Special item	-	-	-	-	1,516,317	850,000	-	-	-	-
Total governmental activities:	<u>60,967,887</u>	<u>63,236,191</u>	<u>62,510,539</u>	<u>63,776,328</u>	<u>65,532,056</u>	<u>65,309,363</u>	<u>65,967,763</u>	<u>69,958,168</u>	<u>71,970,088</u>	<u>79,860,619</u>
Business-type activities:										
Investment earnings	127,572	72,310	67,396	70,659	57,122	42,829	19,192	23,151	58,652	135,443
Miscellaneous	101,804	114,098	134,873	110,942	107,772	204,818	449,015	140,859	112,402	109,459
Transfers	<u>(96,200)</u>	<u>(106,200)</u>	<u>(105,000)</u>	<u>(102,620)</u>	<u>(83,240)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>(130,000)</u>	<u>(313,222)</u>	<u>(130,000)</u>
Total business-type activities	<u>133,176</u>	<u>80,208</u>	<u>97,269</u>	<u>78,981</u>	<u>81,654</u>	<u>142,647</u>	<u>363,207</u>	<u>34,010</u>	<u>(142,168)</u>	<u>114,902</u>
Total primary government	<u>\$ 61,101,063</u>	<u>\$ 63,316,399</u>	<u>\$ 62,607,808</u>	<u>\$ 63,855,309</u>	<u>\$ 65,613,710</u>	<u>\$ 65,452,010</u>	<u>\$ 66,330,970</u>	<u>\$ 69,992,178</u>	<u>\$ 71,827,920</u>	<u>\$ 79,975,521</u>
Change in Net Position										
Governmental activities	\$ 4,364,572	\$ 6,363,633	\$ 5,453,637	\$ 4,457,263	\$ 5,436,474	\$ 6,976,469	\$ 5,814,085	\$ 7,578,670	\$ 7,748,151	\$ 8,988,060
Business-type activities	<u>1,562,448</u>	<u>1,503,748</u>	<u>1,301,564</u>	<u>1,383,496</u>	<u>1,351,031</u>	<u>1,441,833</u>	<u>1,676,974</u>	<u>1,303,301</u>	<u>464,429</u>	<u>(126,166)</u>
Total primary government	<u>\$ 5,927,020</u>	<u>\$ 7,867,381</u>	<u>\$ 6,755,201</u>	<u>\$ 5,840,759</u>	<u>\$ 6,787,505</u>	<u>\$ 8,418,302</u>	<u>\$ 7,491,059</u>	<u>\$ 8,881,971</u>	<u>\$ 8,212,580</u>	<u>\$ 8,861,894</u>

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

<u>General Fund</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Non Spendable										
Stabilization by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,500	\$ 34,582	\$ 40,680
Restricted:										
Stabilization by state statute	5,719,134	4,839,673	5,621,630	6,505,313	5,866,674	6,619,013	8,690,228	7,866,740	7,681,300	9,666,695
Public Safety	82,387	86,034	84,542	117,324	104,005	89,738	81,761	56,262	36,076	24,585
Register of Deeds	55,348	58,208	37,222	30,700	3,030	-	-	-	-	-
Assigned:										
Subsequent year's expenditures	1,562,592	-	416,953	-	186,332	131,509	79,872	-	-	901,396
Unassigned	19,141,577	22,190,181	23,271,321	23,440,262	25,743,810	25,565,252	24,262,888	27,936,364	29,358,798	28,668,673
Total General Fund	\$ 26,561,038	\$ 27,174,096	\$ 29,431,668	\$ 30,093,599	\$ 31,903,851	\$ 32,405,512	\$ 33,114,749	\$ 35,941,866	\$ 37,110,756	\$ 39,302,029

All Other Governmental Funds

Non Spendable										
Stabilization by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Stabilization by state statute	163,699	288,406	326,340	194,002	161,598	183,592	1,102,191	350,482	246,658	350,349
General Government	-	-	-	-	-	-	-	-	527,388	913,772
Public Schools	2,773,462	3,868,232	1,318,370	377,273	1,097,060	647,407	448,646	160,891	431,771	1,518,914
Public Safety	954,430	1,237,435	1,670,825	2,045,351	595,537	567,449	759,385	1,463,892	1,188,720	1,328,278
Economic and Physical Development	-	-	-	46,975	1,475,800	1,596,963	1,204,220	1,218,642	1,212,049	1,646,115
Committed										
Capital projects	7,552,472	8,447,983	7,686,508	7,596,194	6,643,056	8,981,920	8,974,443	9,719,331	10,570,948	9,896,332
Unassigned	-	(141,851)	(196,990)	(19,890)	(268,169)	(145,052)	(47,561)	(136,611)	(149,490)	(240,400)
Total all other governmental funds	\$ 11,444,063	\$ 13,700,205	\$ 10,805,053	\$ 10,239,905	\$ 9,704,882	\$ 11,832,279	\$ 12,441,324	\$ 12,776,627	\$ 14,028,044	\$ 15,413,360

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)

<u>Revenues</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxes:										
Property	\$ 43,929,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725	\$ 48,823,450	\$ 48,452,331	\$ 49,134,422	\$ 51,917,034	\$ 52,668,757	\$ 54,118,386
Sales	13,053,171	12,415,519	13,491,235	13,594,555	13,394,720	14,532,240	15,112,475	16,097,112	16,897,507	19,290,881
Other	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699	1,075,286	1,758,121
Total taxes	57,773,974	60,396,681	61,752,014	61,888,834	63,081,167	63,918,785	65,312,288	69,091,845	70,641,550	75,167,388
Intergovernmental	20,965,355	23,530,691	22,572,342	21,695,955	21,341,401	23,154,019	23,935,338	23,209,055	19,476,210	23,511,297
Charges for Services	12,913,153	13,774,262	13,562,444	15,072,071	14,490,392	14,617,799	16,333,950	17,181,291	17,191,527	13,495,640
Interest	506,334	262,321	212,830	209,474	142,116	150,404	148,453	297,665	630,042	1,117,519
Miscellaneous	1,299,699	2,415,734	1,535,915	1,524,801	1,432,328	1,428,429	979,965	1,009,671	934,418	3,339,425
Total Revenues	93,458,515	100,379,689	99,635,545	100,391,135	100,487,404	103,269,436	106,709,994	110,789,527	108,873,747	116,631,269
<u>Expenditures</u>										
General Government	8,224,937	8,580,077	9,834,924	9,423,766	9,446,475	9,948,357	10,213,411	10,435,517	12,297,021	15,831,603
Public Safety	16,627,081	15,443,304	15,375,134	16,680,517	18,056,044	17,185,318	17,892,625	19,282,826	19,927,529	21,161,542
Environmental Protection	5,099,920	5,169,741	5,005,287	4,908,080	5,121,996	5,140,583	5,079,891	5,357,128	5,473,167	6,042,356
Economic Development	2,603,966	3,596,818	3,134,830	3,059,513	2,764,612	3,612,837	3,950,990	3,849,000	3,054,020	3,499,091
Health	8,366,853	8,407,146	8,405,341	8,605,502	8,200,004	7,644,382	8,379,656	8,235,214	9,009,776	9,437,637
Social Services	21,983,411	23,293,001	23,000,499	22,457,994	22,150,591	22,355,542	22,305,810	22,309,579	19,118,866	19,023,190
Culture and Recreation	2,258,013	2,644,812	2,150,943	2,197,876	2,314,351	2,341,104	3,028,748	2,919,651	2,688,417	3,185,110
Education	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968	24,559,787	26,108,710	27,005,640	27,018,838	27,166,990
Debt Service:										
Principal	6,516,291	6,696,780	6,311,214	6,802,064	6,832,806	6,831,446	6,816,300	6,891,300	7,021,300	6,845,855
Interest	4,061,210	3,703,810	3,436,180	2,577,753	2,232,885	1,976,022	1,720,571	1,471,252	1,157,728	953,550
Bond issuance costs	490,800	-	-	-	-	-	-	-	-	36,100
Total Expenditures	97,841,058	99,779,689	100,435,529	100,456,855	100,811,732	101,595,378	105,496,712	107,757,107	106,766,662	113,183,024
Excess of revenues over (under) expenditures	(4,382,543)	600,000	(799,984)	(65,720)	(324,328)	1,674,058	1,213,282	3,032,420	2,107,085	3,448,245
<u>Other Financing Sources (Uses)</u>										
Transfers in	5,493,731	8,592,538	6,567,143	9,278,851	8,702,882	7,619,608	6,425,300	7,855,332	9,122,508	7,503,106
Transfers out	(5,397,531)	(8,486,338)	(6,404,739)	(9,176,231)	(8,619,642)	(7,514,608)	(6,320,300)	(7,725,332)	(8,809,286)	(7,413,106)
Bonds issued	-	-	-	-	-	-	-	-	-	8,335,000
Refunding bonds issued	21,800,000	-	-	33,950,000	-	-	-	-	-	(8,296,656)
Refunding bond premium	1,037,279	-	-	-	-	-	-	-	-	-
Payment to refunding escrow agent	(22,346,479)	-	-	(33,890,117)	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Proceeds from installment note/COPS	-	2,163,000	-	-	-	-	-	-	-	-
Special item	-	-	-	-	1,516,317	850,000	-	-	-	-
Total other financing sources (uses)	587,000	2,269,200	162,404	162,503	1,599,557	955,000	105,000	130,000	313,222	128,344
Net change in fund balances	\$ (3,795,543)	\$ 2,869,200	\$ (637,580)	\$ 96,783	\$ 1,275,229	\$ 2,629,058	\$ 1,318,282	\$ 3,162,420	\$ 2,420,307	\$ 3,576,589
Debt service as a percentage of noncapital expenditures	11.22%	10.62%	9.87%	9.57%	9.28%	8.84%	8.28%	7.98%	8.02%	7.11%

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)					
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	5,721,630,715	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
2017 (5)	5,206,928,087	2,030,255,403	42,342,930	131,599,087	1,638,861,659	155,227,537	9,205,214,703	0.5394	9,298,196,670
2018	5,466,479,591	1,860,735,378	43,165,400	133,196,948	1,655,323,746	162,065,213	9,320,966,276	0.5394	9,563,889,058
2019	5,327,228,030	2,108,571,090	43,578,000	133,240,033	1,761,612,228	166,348,703	9,540,578,084	0.5394	10,039,543,391

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 2018 figure is based on property sales which took place in calendar 2017 and the sales to assessment ratio was 97.46%.)
- (5) Reassessment was performed on January 1, 2016 and was the basis for fiscal 2017 taxes. Next reassessment will occur on January 1, 2020 and thereafter every four years.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (1)</u>	<u>2018</u>	<u>2019</u>
Craven County Direct Rate	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675	\$ 0.4675	\$ 0.4675	\$ 0.5394	\$ 0.5394	0.5394
<u>Municipality Rates:</u>										
Bridgeton	0.5000	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	0.2500	0.2678	0.2678	0.2700
Dover	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3500	0.3500	0.3500
Havelock	0.5300	0.4650	0.4650	0.4650	0.4650	0.4850	0.5100	0.5900	0.5900	0.5900
New Bern	0.5050	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4600	0.4600	0.4600
River Bend	0.2800	0.2650	0.2650	0.2650	0.2650	0.2650	0.2650	0.3105	0.2900	0.2400
Trent Woods	0.2700	0.1900	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Vanceboro	0.4800	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.5300	0.5300	0.5300
<u>Fire Districts Rates:</u>										
West New Bern II (Rhems)	0.0475	0.0314	0.0414	0.0414	0.0389	0.0389	0.0389	0.0457	0.0457	0.0400
Township #1	0.0263	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0269	0.0269	0.0269
Tri Community	0.0350	0.0277	0.0277	0.0277	0.0277	0.0377	0.0527	0.0658	0.0555	0.0555
Little Swift Creek	0.0590	0.0499	0.0549	0.0549	0.0549	0.0549	0.0549	0.0700	0.0700	0.0700
Township #3	0.0781	0.0624	0.0624	0.0624	0.0624	0.0624	0.0774	0.0861	0.0861	0.0861
Township #5	0.0620	0.0453	0.0453	0.0453	0.0453	0.0453	0.0553	0.0653	0.0653	0.0653
Township #6	0.0600	0.0516	0.0516	0.0516	0.0480	0.0480	0.0520	0.0586	0.0586	0.0500
Township #7	0.0240	0.0177	0.0177	0.0177	0.0177	0.0177	0.0190	0.0216	0.0272	0.0250
West New Bern	0.0422	0.0324	0.0324	0.0324	0.0324	0.0324	0.0349	0.0391	0.0457	0.0391
Township #9	0.0713	0.0582	0.0582	0.0582	0.0582	0.0682	0.0682	0.0746	0.0746	0.0746
Sandy Point	0.0567	0.0352	0.0352	0.0352	0.0352	0.0377	0.0527	0.0672	0.0672	0.0672

Source: Craven County Tax Department

Note: (1) Real property was revalued on January 1, 2016

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

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Paper Company	Wood pulp manufacturer	\$ 190,401,261	1	2.04%	\$ -		
BSH Home Appliances Corp	Home appliance manufacturer	144,743,067	2	1.55%	108,012,327	2	1.56%
Duke Energy Progress Inc.	Electric utility	66,345,632	3	0.71%	33,305,250	5	
Weyerhaeuser Company	Real estate investment trust	60,469,820	4	0.65%	52,624,800	3	0.76%
Atlantic Marine Corps Communities, LLC	Real estate development	28,629,464	5	0.31%	27,728,329	6	0.40%
Wal-Mart Real Estate Business Trust	Real estate development	26,542,720	6	0.28%			
New Bern Apartments LLC	Real estate development	24,638,902	7	0.26%			
Moen Incorporated	Faucet manufacturer	20,198,064	8	0.22%			
Weyerhaeuser NR Company	Wood pulp manufacturer	19,870,061	9	0.21%	148,438,910	1	2.14%
Craven Wood Energy LTD	Electricity manufacturer	21,205,310	10	0.23%	16,034,636	10	
Carolina Telephone & Telegraph Co.	Communications utility				34,481,642	4	0.50%
Hatteras Yachts	Yacht builder				24,208,008	7	0.35%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development				21,069,770	8	0.30%
New Bern Riverfront Development LLC	Real estate development				20,722,840	9	0.30%
Totals		\$ 603,044,301		6.47%	\$ 486,626,512		7.01%

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			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2010	\$ 41,740,602	\$ 864,039	\$ 42,604,641	\$ 41,745,625	97.98%	\$ 770,548	\$ 42,516,173	99.79%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	865,345	45,674,619	99.81%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	828,105	45,375,807	99.74%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	767,038	45,699,895	99.70%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	453,059	46,719,614	99.77%
2015	46,074,580	354,529	46,429,109	46,059,154	99.20%	313,321	46,372,475	99.88%
2016	46,661,088	287,113	46,948,201	46,591,996	99.24%	286,515	46,878,511	99.85%
2017	49,281,078	264,724	49,545,802	49,229,371	99.36%	221,195	49,450,566	99.81%
2018	50,133,887	208,230	50,342,117	50,013,650	99.35%	182,950	50,196,600	99.71%
2019	51,207,256	357,778	51,565,034	51,213,187	99.32%	-	51,213,187	99.32%

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			
2010	\$ 32,706,707	\$ 56,070,408	\$ -	\$ 195,000	\$ 1,260,861	\$ 90,232,976	864	2.40%
2011	29,915,363	54,142,701	-	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	750	1.91%
2014	21,711,331	46,597,703	20,145	25,000	3,735,899	72,090,078	692	1.76%
2015	19,059,987	42,252,485	-	5,000	5,601,369	66,918,841	648	1.62%
2016	16,448,638	37,862,267	-	-	16,279,594	70,590,499	684	1.68%
2017	13,808,847	33,427,050	-	-	16,819,909	64,055,806	619	1.48%
2018	11,109,056	29,025,750	-	-	15,930,845	56,065,651	541	1.29%
2019	8,335,000	24,654,450	-	-	15,041,781	48,031,231	464	*

*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 2016 personal income not available to calculate fiscal year 2018.

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

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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			
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%	231
2014	21,736,331	1,097,061	20,639,270	0.50%	0.23%	198
2015	19,064,987	647,407	18,417,580	0.45%	0.21%	178
2016	16,448,638	448,646	15,999,992	0.38%	0.18%	155
2017	13,808,847	155,992	13,652,855	0.31%	0.15%	132
2018	11,109,056	401,190	10,707,866	0.25%	0.11%	103
2019	8,335,000	1,210,957	7,124,043	*	0.07%	69

*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 2017 personal income not available to calculate fiscal year 2018.
- (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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Value of Property	\$ 6,977,756	\$ 9,582,126	\$ 9,612,790	\$ 9,738,050	\$ 10,005,692	\$ 9,904,146	\$ 10,023,729	\$ 9,205,215	\$ 9,320,966	\$ 9,540,578
Debt Limit, 8% of Assessed Value (Statutory Limitation)	558,220	766,570	769,023	779,044	800,455	792,332	801,898	736,417	745,677	763,246
Amount of Debt Applicable to Limit										
Gross debt	90,233	85,351	78,785	78,213	72,090	66,919	70,590	64,056	56,066	48,031
Less: Amount available for repayment of g.o.bonds	2,773	1,791	745	377	1,097	647	449	156	401	7,124
Debt outstanding for water and sewer purposes	1,456	1,293	1,136	2,866	3,761	5,606	16,280	16,820	15,931	15,042
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	<u>86,004</u>	<u>82,267</u>	<u>76,904</u>	<u>74,970</u>	<u>67,232</u>	<u>60,666</u>	<u>53,861</u>	<u>47,080</u>	<u>39,734</u>	<u>25,865</u>
Legal Debt Margin	<u>\$ 472,216</u>	<u>\$ 684,303</u>	<u>\$ 692,119</u>	<u>\$ 704,074</u>	<u>\$ 733,223</u>	<u>\$ 731,666</u>	<u>\$ 748,037</u>	<u>\$ 689,337</u>	<u>\$ 705,943</u>	<u>\$ 737,381</u>
Total net debt applicable to the limit as a % of debt limit	15.41%	10.73%	10.00%	9.62%	8.40%	7.66%	6.72%	6.39%	5.33%	3.39%

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

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2010	104,416	\$ 3,761,100	\$ 36,901	14,513	10.50%	7,262
2011	104,769	3,816,083	36,732	14,817	11.00%	9,537
2012	105,159	3,910,918	37,420	14,749	11.00%	9,498
2013	104,223	4,094,203	39,078	14,606	9.70%	8,530
2014	104,108	4,100,424	39,243	14,472	9.00%	7,811
2015	103,215	4,121,440	39,436	14,297	6.80%	7,538
2016	103,272	4,195,496	40,555	14,120	6.12%	8,918
2017	103,557	4,340,800	41,962	14,002	5.26%	9,688
2018	103,569	4,345,888	42,367	13,778	4.73%	8,942
2019	103,580	*	*	13,584	4.19%	15,602

* 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	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,164	1	13.22%	5,365	1	13.44%
CarolinaEast Health Systems	2,342	2	6.00%	1,900	3	4.76%
Craven County Schools	1,714	3	4.39%	1,917	2	4.80%
BSH Home Appliances	1,200	4	3.07%	950	5	2.38%
Moen Incorporated	820	5	2.10%	650	6	1.63%
State of North Carolina	781	6	2.00%	877	4	2.20%
Craven County	661	7	1.69%	635	9	1.59%
Wal-Mart	643	8	1.65%	500	7	1.25%
Craven Community College	547	9	1.40%	475	10	1.19%
City of New Bern	482	10	1.23%	500	8	1.25%
	<u>14,354</u>		<u>36.75%</u>	<u>13,769</u>		<u>34.49%</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 Clinic, 2nd MAW, and MCAS Cherry Point.

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

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of June 30</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	79	75	72	77	80	78	77	78	78	79
Public safety	148	148	151	142	158	154	157	162	164	183
Social services	213	213	208	191	197	188	195	204	207	211
Economic and physical development	21	23	18	22	21	20	23	23	20	20
Environmental protection	30	32	30	29	30	31	29	28	30	32
Health	117	106	104	102	97	90	93	99	98	105
Cultural and recreation	16	16	12	11	11	14	13	13	9	13
Water/Sewer (Business activity)	11	13	12	13	13	13	14	15	18	18
Total	<u>635</u>	<u>626</u>	<u>607</u>	<u>587</u>	<u>607</u>	<u>588</u>	<u>601</u>	<u>622</u>	<u>624</u>	<u>661</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Fire/Rescue calls to County E911 (A)	8,399	9,629	9,216	9,294	8,587	9,457	9,453	9,823	9,483	10,212
Average daily population in jail (B)	186	236	302	259	277	261	276	275	287	306
Health Services (C)										
Food and lodging inspections	1,013	1,280	1,364	1,354	1,322	1,312	1,299	1,374	1,190	1,471
Visits to health department	28,422	26,372	27,085	27,268	28,774	30,576	30,014	29,298	27,262	28,151
Transportation Services (D)										
Number of miles driven	783,197	810,130	857,716	794,110	772,009	708,841	673,929	599,621	594,277	588,401
Number of trips provided	101,664	106,118	108,026	105,965	91,554	86,927	74,346	69,359	64,167	63,144
Tax/Real Estate Services (E)										
Deed transfers processed	2,795	2,770	2,728	3,449	3,953	3,970	4,136	4,567	4,484	4,815
Number of real estate parcels	56,112	56,358	56,505	56,774	56,898	57,097	57,354	57,438	57,571	57,952
Number of tax bills generated (3)	151,915	148,943	149,366	150,381	114,148	65,112	67,034	67,398	67,425	67,813
Economic and Physical Development										
County tourism revenues (1)(2) (G)	99	108	116	119	121	127	131	137	142	149
Economic impact of convention center (2) (G)	9	10	9	9	9	9	9	9	9	2
Number of registered voters (H)	66,624	67,073	68,318	68,770	69,455	66,478	69,459	66,615	68,827	67,487
Number of enplanements at airport (I)	134,863	132,035	134,631	129,529	128,157	114,373	111,909	111,962	116,647	112,889
Water Services										
Number of service connections (J)	13,091	13,027	13,199	13,378	13,459	13,495	13,693	14,064	15,329	15,543

Notes:

- (1) The amounts shown are for calendar year ending December 31 during the fiscal year.
- (2) Amounts shown are millions of dollars
- (3) 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									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Public Safety (A)</u>										
Correction facility rated capacities	292	292	292	292	292	292	292	292	292	292
<u>Parks and Land Use (B)</u>										
Number of county parks	4	4	4	4	4	4	4	4	4	4
Boat ramps operated (1)	2	2	2	2	2	2	0	0	0	0
<u>Water Service (C)</u>										
Miles of water main	667	668	668	668	668	668	668	668	668	650
Number of elevated water tanks	9	9	9	9	9	9	9	9	9	9
Number of system wells	10	10	10	10	10	10	10	10	10	18
Water Treatment Plant									1	1
<u>Transportation Services (D)</u>										
Number of CARTS vehicles	32	32	32	32	32	32	32	32	32	32
<u>Economic and Physical Development</u>										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of acres remaining at Industrial Park (E)	220	219	219	213	213	183	161	161	161	142
<u>Airport (F)</u>										
Number of runways	2	2	2	2	2	2	2	2	2	2

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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



**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***

Independent Auditor's Report

To 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon March 23, 2020. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the as accompanying Schedule of Findings and Questioned Costs as finding 2019-001 and 2019-002 that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-003 that we consider to be significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

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

Morehead City, North Carolina
March 23, 2020



RSM US LLP

Report on Compliance With Requirements Applicable to Each Major Federal Program and the Passenger Facility Charge Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act and the Passenger Facility Charge Program

Independent Auditor's Report

To 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, 2019. 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 of compliance, 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 Audit Guide.

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 (Audit Guide). Those standards, the Uniform Guidance, the State Single Audit Implementation Act and the Audit Guide 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 qualified and unmodified opinions 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.

Basis for Qualified Opinion on Medical Assistance Program

As described in finding 2019-004 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2019-004	93.778	Medical Assistance Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for Craven County to comply with the requirements applicable to that program.

As described in the accompanying schedule of findings and questioned costs, Craven County did not comply with requirements regarding Medical Assistance Program, CFDA # 93.778 as described in finding 2019-004 for Reporting. Compliance with such requirements is necessary, in our opinion, for Craven County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, 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 Medical Assistance Program for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs and Passenger Facility Charge Program for the year ended June 30, 2019.

Other Matters

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

Report on Internal Control over Compliance

Management of 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 Audit Guide, 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 identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-004, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Audit Guide. Accordingly, this report is not suitable for any other purposes.

RSM US LLP

Morehead City, North Carolina
March 23, 2020

Craven County



**Report on Compliance With Requirements Applicable to Each Major State
Program and Internal Control Over Compliance in Accordance With
the Uniform Guidance and the State Single Audit
Implementation Act**

Independent Auditor's Report

To 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, 2019. 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 of compliance, 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 of the County's compliance.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major State program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Medical Assistance Program

As described in finding 2019-005 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding #	State Program Name	Compliance Requirement
2019-005	Medical Assistance Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for Craven County to comply with the requirements applicable to that program.

As described in the accompanying schedule of findings and questioned costs, Craven County did not comply with requirements regarding Medical Assistance Program, as described in finding 2019-005 for reporting. Compliance with such requirements is necessary, in our opinion, for Craven County to comply with the requirements applicable to that program.

Other Matters

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

Report on Internal Control over Compliance

Management of 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 identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-005, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the Schedule of Findings and Questioned Costs and accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Morehead City, North Carolina

March 23, 2020

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes		<u> </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
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Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified, for all major programs except for Medical Assistance Program, which was modified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u>	Yes		<u> </u>	No
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Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Airport Improvement Program	20.106
Medical Assistance Program	93.778
Foster Care - Title IV-E	93.658
1571 Administrative Costs - Crosscutting Requirements	
Supplemental Nutrition Assistance Program Cluster	10.561
Subsidized Child Care Cluster	93.596
Temporary Assistance for Needy Families	93.558
IV-D Child Support	93.563
Children's Health Insurance Program	93.767

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000 </u>
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Auditee qualified as low-risk auditee?	<u> </u>	Yes		<u> X </u>	No
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CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2019

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

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

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

Unmodified for all State programs except for Medical Assistance Program, which was modified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

<u> X </u>	Yes		<u> </u>	No
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Identification of major State programs:

<u>Program Name</u>	<u>Grant Number</u>
Golden Leaf Foundation Grant	N/A
State Aid to Airport	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	93.778
1571 Administrative Costs - Crosscutting Requirements	

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2019

Section II. Financial Statement Finding

Finding: 2019-001

Material Weakness in Internal Control – Financial Reporting on Schedule of Expenditures of Federal and State Awards

Criteria: Accounting principles generally accepted in the United States, as applied to governments (GAAP), require that amounts reimbursable from federal or state grants should be recorded as receivables when all requirements for reimbursement have been completed, and expenditures associated with reimbursable amounts should be identified in the general ledger as federal or state financial award expenditures. Additionally, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act (the Act) require auditees to prepare a Schedule of Expenditures of Federal and State Awards (SEFSA) for the period covered by the auditee's financial statements.

Condition and Context: A portion of Federal and State award revenues were recorded on the cash basis during fiscal year 2018, i.e. revenue for the fiscal year ended June 30, 2019 excluded certain amounts expended in the fiscal year ended June 30, 2019, for which eligibility requirements for reimbursement were complete at June 30, 2019, but for which grant reimbursement was not received until the fiscal year ending June 30, 2019. Additionally, amounts were incorrectly included on the SEFSA for expenditures that were not County Federal or State awards.

Effect: For the purpose of preparing and reporting Federal and State award expenditures as required by the Uniform Guidance and the Act, certain amounts reported as expenditures pursuant to Federal and State awards for the fiscal year ended June 30, 2019, required material adjustments. Federal expenditures were overstated by \$1,126,741 and State expenditures were understated by \$403,289.

Cause: Errors in the preparation of the SEFSA and oversight in the review by a senior member of management with the appropriate skills, knowledge of the SEFSA, and experience to determine that the SEFSA is prepared correctly.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2018-001.

Recommendation: We recommend the County strengthen policies and procedures to effectively prepare and review the SEFSA. Additionally, the county should provide training to appropriate staff related to preparation of the SEFSA; and reconciling the SEFSA with the general ledger.

Views of Responsible Officials: Management concurs with the finding. See Corrective Action Plan.

Finding: 2019-002

Material Weakness in Internal Control – Bank Reconciliations Not Prepared Timely

Criteria: Accounting Principles Generally Accepted in the United States require cash balances to be recorded net of outstanding checks and deposits.

Condition and Context: Bank reconciliations should be prepared and reviewed monthly in a timely manner so as to insure that cash, revenues and expenditures are recorded properly. Bank reconciliations were being prepared over six months in arrears.

Effect: Timing of financial statement close was significantly delayed resulting in incomplete information being provided to those charged with governance.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2019

Section II. Financial Statement Finding (Continued)

Cause: During the change-over in Accounting systems the county moved away from manual reconciliations to the reconciliation function within Tyler-Munis system. Additionally, the Finance Department experienced turnover in the position assigned to perform the reconciliations.

Recommendation: We recommend that management evaluate the County's control processes surrounding bank reconciliations to insure timely preparation and review.

Views of Responsible Officials: Management concurs with the finding. See Corrective Action Plan.

Finding: 2019-003

Significant Deficiency in Internal Control – Unbilled water usage not calculated correctly

Criteria: Accounting Principles Generally Accepted in the United States require revenues to be recorded in the period in which they are earned.

Condition and Context: Policies and procedures should be in place to insure that unbilled water usage is calculated, recorded and reviewed as part of the year end close out process to insure that all receivables and revenues are recorded properly. The County did not follow their established procedure for the calculation of unbilled water usage.

Effect: Water utility receivable and revenue were understated by \$218,699.

Cause Administrative oversight during the review of the unbilled usage receivable and revenue.

Recommendation: We recommend that management evaluate the County's control processes surrounding unbilled water usage to insure proper calculation.

Views of Responsible Officials: Management concurs with the finding. See Corrective Action Plan.

Section III. Federal Award Findings and Questioned Costs

Finding: 2019-004

Material Noncompliance and Material Weakness in Internal Control over Compliance – Medical Assistance Program

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)

Program Name: Medical Assistance Program (MA)

CFDA # 93.778

Criteria: Per the NC Department of Health and Human Services-Division of Health Benefits, the County Department of Social Services Agency is responsible to determine client eligibility in accordance with eligibility requirements defined in the approved State Plan (42 CFR Section 431.10).

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2019

Section III. Federal Award Findings and Questioned Costs (Continued)

Condition and Context: Of the 77 claims tested, we noted 1 error which resulted in ineligible benefits being provided and 2 additional errors identified in connection with the testing performed on those 77 claims, that also resulted in ineligible benefits being provided. Therefore a total of 3 eligibility errors were identified in a sample of 79 individual recipients tested. 1 case (included in original sample) in which the claim recipient was an undocumented illegal alien and therefore not eligible for any Medicaid benefits for the period 09/01/2018 - 01/31/2019. 1 case (included in expanded sample) in which the recipient was in "Non-Cooperative Status" with the Child Support Enforcement agency and therefore not eligible for any Medicaid benefits for the period 10/01/2017 - 11/30/2018. 1 case (included in expanded sample) in which the local agency failed to react timely to a court ordered change in parental custody of parent/caretaker of a claim recipient from 100% to 50/50 joint parental custody and therefore parent/caretaker, who was receiving benefits, was only eligible for the Medicaid Family Planning Program benefits (MAF-D) and not the full Medicaid benefits (MAF-L) that they were provided for the period 10/01/2018 - 03/31/2019.

Additionally of the 79 claims tested we noted the following: 12 cases which included incorrect countable and/or non-countable income resulting in incorrect budget calculations; 5 cases which included incorrect tax filing status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children's Medicaid; 1 case where agency caseworkers failed to react timely to a change in client's situation; 4 cases which included incorrect countable resources; 1 case in which the agency caseworker authorized a 12 month certification period for an administrative application but it should have been for 10 months as a result of a change in parental/caretaker case head status. 2 cases in which the local Carteret County DSS Agency internal control required Family & Children's Medicaid manual checklist and budget were not completed and present in the case file documentation. The additional errors in this paragraph did not result in ineligible benefits being provided.

Effect: Ineligible persons received benefits. Additionally there is significant potential for additional ineligible persons to receive benefits.

Cause: Administrative oversight.

Questioned costs: None noted at the local level.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements.

Section IV. State Award Findings and Questioned Costs

Finding 2019-005

Material Noncompliance and Material Weakness in Internal Control over Compliance – Medical Assistance Program

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)
Program Name: Medical Assistance Program (MA)
CFDA # 93.778

See Section III. Federal Award Findings and Questioned Costs, Finding 2019-004.

Questioned Costs: None

Management's Response: See corrective action plan.

Board of Commissioners
Thomas F. Mark, Chairman
Jason R. Jones, Vice Chairman
Denny Bucher
George S. Liner
Theron L. McCabe
Ettienne "E.T." Mitchell
Johnnie Sampson, Jr.

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

Craven County



Administration Building
406 Craven Street
New Bern, NC 28560

Fax 252-637-0526
jveit@cravencountync.gov

Commissioners 252-636-6601
Manager 252-636-6600
Finance 252-636-6603
Human Resources 252-636-6602

Craven County Corrective Action Plan For the Fiscal Year Ended June 30, 2019

Section II. Financial Statement Findings

Name of contact person: Craig Warren, Finance Officer

Proposed Completion Date: June 30, 2020

Finding 2019-001: Material Weakness in Internal Control - Financial Reporting on Schedule of Expenditures of Federal and State Awards

Corrective Action: Procedures used in preparing the Schedule of Expenditures of Federal and State Awards will be reviewed and modified to include a more detailed final review process which will ensure the accuracy and completeness of expenditures being reported. Additional training will be sought for appropriate staff focusing on best practices in preparation the SEFSA schedule.

Finding 2019-002: Material Weakness in Internal Control – Bank Reconciliations Not Prepared Timely

Corrective Action: Procedures will be reviewed and modified to ensure that bank reconciliations are completed on a more timely basis. Additional training on performing the reconciliation function within the new financial system will be obtained from the software vendor.

Finding 2019-003: Significant Deficiency in Internal Control – Unbilled water usage not calculated correctly

Corrective Action: Additional training to appropriate water department staff will be provided to ensure the accuracy and completeness of the calculation for unbilled water usage.

Section III. Federal Award Findings and Questioned Costs

Finding 2019-004: Material Noncompliance and Material Weakness in Internal Control over Compliance – Medical Assistance Program

Corrective Action: We will continue to abide by all state trainings and ensuring that staff receives these timely while getting as much clarification on any questions related to policy interpretation from the State Operational Support as soon as they can respond to us. We will also target the areas cited in the Single County Audit and have local staff identify any available state trainings and have staff undergo these. Agency Supervisors and Lead Workers will continue to monitor records in excess of state recommendations on a monthly basis. Agency Supervisors and Lead Workers will identify areas needing

improvement in this program through these record reviews and will implement training on either a group or individual basis after determining the level of training needed.

Section IV. State Award Findings and Questioned Costs

Finding 2019-005: Material Noncompliance and Material Weakness in Internal Control over Compliance – Medical Assistance Program

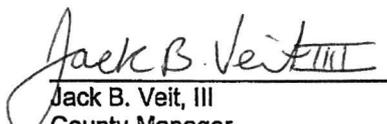
Corrective Action: We will continue to abide by all state trainings and ensuring that staff receives these timely while getting as much clarification on any questions related to policy interpretation from the State Operational Support as soon as they can respond to us. We will also target the areas cited in the Single County Audit and have local staff identify any available state trainings and have staff undergo these. Agency Supervisors and Lead Workers will continue to monitor records in excess of state recommendations on a monthly basis. Agency Supervisors and Lead Workers will identify areas needing improvement in this program through these record reviews and will implement training on either a group or individual basis after determining the level of training needed.



Craig Warren
Finance Director



Geoffery Marett
Social Services Director



Jack B. Veit, III
County Manager

Board of Commissioners
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Craven County, North Carolina Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2019

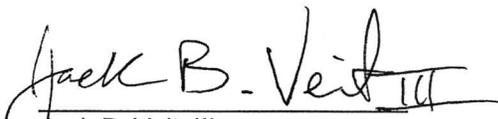
Finding: 2018-001 Preparation of Schedule of Expenditures of Federal and State Awards)

Status: Reported as finding 2019-001.

Finding 2018-002 – Transfers:

Status: Procedures have been implemented to record transfers properly.


Craig Warren
Finance Director


Jack B. Veit, III
County Manager

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
(Page 1 of 9)

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Agriculture						
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Special Supplemental Nutrition Program for						
Women, Infant and Children						
	10.557		\$ 567,524	\$ -	\$ -	\$ 13,104
			<u>567,524</u>	<u>-</u>	<u>-</u>	<u>13,104</u>
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		1,240,501	52,415	-	1,188,085
Total Food Stamp Cluster						
			<u>1,240,501</u>	<u>52,415</u>	<u>-</u>	<u>1,188,085</u>
Total US Department of Agriculture						
			<u>1,808,025</u>	<u>52,415</u>	<u>-</u>	<u>1,201,189</u>
US Department of Justice:						
Bureau of Justice Assistance						
Passed through NC Department of Public Safety						
Administered by Craven County Sheriff						
State Criminal Alien Assistance Program						
	16.606		4,525	-	-	-
Equitable Sharing Program						
	16.922		19,170	-	-	-
			<u>23,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total US Department of Justice						
			<u>\$ 23,695</u>	<u>\$ -</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, 2019
(Page 2 of 9)

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Transportation						
Direct Programs:						
Administered by Craven Regional Airport Authority:						
Airport Improvement Program:						
Airport Improvement Project No. 39	20.106		\$ 25,616	\$ -	\$ -	\$ 2,846
Airport Improvement Project No. 40	20.106		67,268	-	-	7,474
Airport Improvement Project No. 41	20.106		21,611	-	-	2,401
Airport Improvement Project No. 42	20.106		4,908,928	-	-	545,436
			5,023,423	-	-	558,157
Direct Programs:						
Administered by Craven Area Rural Transportation System:						
Operating Assistance	20.507		57,040	-	-	57,040
ADA Complementary Paratransit	20.507		17,359	-	-	4,340
Operating Assistance	20.507		38,474	-	-	38,474
Operating Assistance	20.507		89,214	-	-	89,214
Tablet Lease	20.507		9,707	-	-	2,427
Operating Assistance	20.507		27,253	-	-	27,253
Preventative Maintenance	20.507		22,983	-	-	5,746
Total Federal Transit Clusters			262,030	-	-	224,494
Administered by Craven Area Rural Transportation System:						
Administration	20.509		223,795	13,987	-	41,962
Operations	20.527		5,658	-	-	-
Section 18 Capital	20.509		139,077	15,453	-	15,453
			368,530	29,440	-	57,415
Passed through NC Department of Public Safety						
Division of Emergency Management						
Administered by Craven County Emergency Services						
Haz Mat Emergency Preparedness	20.703	HM-HMP-0544-16-01-00	200	-	-	-
Total US Department of Transportation			\$ 5,654,183	\$ 29,440	\$ -	\$ 840,066

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
(Page 3 of 9)

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Homeland Security						
Division of Emergency Management:						
Passed through NC Department of Public Safety:						
Division of Emergency Management						
Administered by Craven County Emergency Services:						
Emergency Management Performance Grant	97.042	EMPG-2016-37049	\$ 52,014	\$ -	\$ -	\$ -
			<u>52,014</u>	<u>-</u>	<u>-</u>	<u>-</u>
Administered by Craven County Planning:						
CDBG	97.029		41,283	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2015-010	11,656	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2016-006	310,516	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2016-014	183,122	-	-	-
			<u>546,577</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total US Department of Homeland Security			<u>598,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
NC Division of Aging and Adult Services						
Passed through Eastern Carolina Council of Governments:						
Passed through Craven County Department of Social Services:						
Aging Cluster:						
Administered by Craven Area Rural Transportation						
HCCBG Transport	93.044		39,856	2,344	-	4,689
Administered by Coastal Community Action:						
HCCBG Senior Companion Program	93.045		19,206	3,389	22,595	2,511
Administered by Craven County Department of Social Services:						
HCCBG - Access	93.044		115,112	6,771	-	13,543
Congregate Meals	93.045		52,250	3,074	-	6,147
Home Delivered Meals	93.045		73,110	4,301	-	8,601
NSIP - Nutrition	93.053		35,854	-	-	-
Total Aging Cluster			<u>335,388</u>	<u>19,879</u>	<u>22,595</u>	<u>35,491</u>
Passed through NC Department of Health and Human Services:						
NC Division of Aging and Adult Services						
Passed through Eastern Carolina Council of Governments:						
Adult Protective Services	93.667		44,232	-	-	14,744
Social Services Block Grant (SSBG)	93.667		31,525	901	-	3,603
			<u>\$ 75,757</u>	<u>\$ 901</u>	<u>\$ -</u>	<u>\$ 18,347</u>

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	Pass-through Grantor's Number	(Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Social Services:						
Administered by Craven County Department of Social Services:						
TANF Cluster:						
Work First/TANF Benefit Payments	93.558		\$ -	\$ -	\$ -	\$ 4,592
Work First Administration	93.558		209,905	-	-	180,829
Work First Service Administration	93.558		1,355,113	-	-	674,735
Total TANF Cluster			<u>1,565,018</u>	-	-	<u>860,156</u>
Family Preservation	93.556		30,763	-	-	-
AFDC Payments & Penalties	93.560		(19)	(5)	-	(5)
Refugee Assistance Payments	93.566		4,857	-	-	-
Refugee and Entrant Assistance Administration	93.566		1,116	-	-	-
			<u>5,973</u>	-	-	-
IV-D Child Support Enforcement:						
Administration	93.563		683,545	-	-	352,129
IV-D Offset Fees-ESC Admin	93.563		48	-	-	25
IV-D Offset Fees-ESC	93.563		26	-	-	13
IV-D Offset Fees - Federal	93.563		4,081	-	-	2,102
			<u>687,700</u>	-	-	<u>354,269</u>
Low-Income Home Energy Assistance:						
Administration	93.568		75,390	-	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		271,999	-	-	-
Crisis Intervention Payments	93.568		442,001	-	-	-
			<u>789,390</u>	-	-	-
Administered by Craven County Health:						
Child Welfare Services:						
Permanency Planning:						
Permanency Planning - Special	93.645		30,611	-	-	10,204
State Child Welfare/CPS/CS LD	N/A		-	101,352	-	-
			<u>\$ 30,611</u>	<u>\$ 101,352</u>	<u>\$ -</u>	<u>\$ 10,204</u>

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Social Services:						
Administered by Craven County Department of Social Services:						
Title IV-E Foster Care:						
IV-E Foster Care Administration	93.658		\$ 10,674	\$ -	\$ -	\$ 10,674
IV-E Foster Care (Reg) Board Payment	93.658		185,588	49,002	-	41,458
IV-E Foster Care TRN	93.658		5,698	-	-	1,899
IV-E Foster Care/Off TRN	93.658		371,639	-	-	371,639
IV-E CPS - In-Home Services	93.658		180,372	101,139	-	79,234
IV-E Admin County Paid - Board Payment	93.658		31,447	15,723	-	15,723
IV-E Family Foster Max - Board Payment	93.658		417	110	-	94
IV-E FC & Extended Max - Board Payment	93.658		326	160	-	-
IV-E Max Level III - Board Payment	93.658		7,099	-	-	3,457
IV-E Adoption Training	93.659		801	-	-	267
IV-E Adoption/Off TRN	93.659		9,478	-	-	9,478
IV-E Optional Adopt TRN 5	93.659		4,116	-	-	4,116
Title IV-E Adoption Subsidy Foster Care	93.659 n/a		7,540 124,229	- -	- -	103,372 -
Total Foster Care and Adoption Cluster (Note 5)			939,424	166,134	-	641,411
Division of Child Development and Early Education:						
Subsidized Child Care						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care & Development Fund - Administration	93.596		179,923	-	-	-
Total Child Care Development Fund Cluster			179,923	-	-	-
Total Subsidized Child Care (Note 5)			179,923	-	-	-
Administered by County Department of Social Services:						
Social Services Block Grant:						
Family Planning:						
In-Home Services	93.667		74,022	-	-	10,575
In-Home Services over 60	93.667		3,855	-	-	551
CPS TANF to SSBG	93.667		76,178	-	-	-
Other Services and Training	93.667		440,072	-	-	146,690
			\$ 594,127	\$ -	\$ -	\$ 157,816

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Social Services:						
Administered by County Department of Social Services:						
Links	93.674		\$ 11,459	\$ 2,865	\$ -	\$ -
Independent Living - Foster Care	93.674		3,040	-	-	-
			14,499	2,865	-	-
Division of Medical Assistance:						
Administration:						
Medical Assistance Program	93.778		2,690,881	-	-	896,960
State County Special Assistance	93.778		125,922	-	-	43,121
Medical Transportation Administration	93.778		145,698	-	-	145,698
Division of Social Services:						
Administration:						
MAC Cord/Transportation	93.778		31,854	-	-	31,854
Other:						
Adult Care Home Case Management	93.778		37,403	6,977	-	30,426
NC Health Choice	93.767		127,387	-	-	-
			3,159,145	6,977	-	1,148,059
Division of Public Health:						
Family Planning	93.217		55,802	-	-	580,600
Immunization Grant	93.268		37,858	-	-	(7,061)
Centers for Disease Control And Prevention						
Emergency Preparedness	93.074		36,230	-	-	(1,154)
HIV Preventative Activities	93.940		103,999	-	-	(3,348)
Temporary Assistance for Needy Families	93.558		16,489	-	-	-
Refugee	93.566		11,970	-	-	2,171
Preventative Health and Health Services Block Grant	93.758		39,946	-	-	(18,844)
Cancer Prevention and Control Programs	93.898		10,200	-	-	-
Maternal and Child Health Services Block Grant:						
Maternal Health	93.994		85,678	19,735	-	1,675,400
Project Grants and Cooperative Agreements for						
Tuberculosis Control Programs	93.116		50	-	-	-
STD Control Grants	93.977		100	-	-	-
			\$ 398,322	\$ 19,735	\$ -	\$ 2,227,764

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Direct Program:						
Grants for New And Expanded Services Under the Health Services Program Cluster	93.527		\$ 1,350,196	\$ -	\$ -	\$ -
Total US Department of Health and Human Services			10,156,217	317,838	22,595	5,453,512
STATE AWARDS:						
NC Department of Health and Human Services						
Division of Social Services:						
Administered by County Department of Social Services:						
SC/SA Domiciliary Care			-	-	-	442,007
County Funded Programs			-	-	-	2,286,412
Non-Allocating County Cost			-	-	-	195,572
Work First Non-Reimbursable			-	-	-	30,681
AFDC Incentive Program Integrity			-	713	-	-
CWS Adopt Subsidy & Vendor			-	-	-	76,618
DCD Smart Start			-	40,242	-	-
Energy Assistance, Carolina Power & Light Project			-	4,392	-	-
Extended FC/Max Non IV-E			-	28,147	-	-
F/C At Risk Maximization			-	3,819	-	1,645
SFHF Maximization - IVB Payments			-	49,447	-	49,447
SAA/SAD HB 1030			-	-	-	30,243
State Foster Home - IVB Payments			-	75,541	-	75,541
			-	202,301	-	3,188,166
Division of Aging and Adult Services:						
Passed through Eastern Carolina Council of Government						
Administered by County Department of Social Services:						
In-house Services - 100% State Funds:						
HCCBG - Access			-	48,195	-	5,355
HCCBG Home Delivered Meals			-	77,805	-	8,645
HCCBG In-Home Support Services			-	104,809	-	11,645
			\$ -	\$ 230,809	\$ -	\$ 25,645

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CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
STATE AWARDS:						
NC Department of Health and Human Services						
Health Divisions:						
Administered by County Health Department:						
			\$ -	\$ 131,720	\$ -	\$ -
			-	18,589	-	1,016,281
			-	1,102	-	-
			-	70,345	-	-
			-	70,250	-	-
			-	71,428	-	-
			-	14,102	-	(1,869)
			-	2,000	-	-
			-	6,343	-	64,726
			-	33,610	-	43,945
			-	422	-	-
			-	12,500	-	19,880
			-	127,032	-	-
			-	18,360	-	50
			-	19,407	-	-
			-	597,210	-	1,143,013
			-	1,030,320	-	4,356,824
Total NC Department of Health and Human Services						
NC Department of Juvenile Justice and Delinquency Prevention						
Division of Youth Services:						
Juvenile Crime Prevention Program:						
Passed through County Finance Department:						
			-	801	-	-
			-	100,070	-	-
			-	152,479	-	-
			-	253,350	-	-
Total NC Department of Juvenile Justice and Delinquency Prevention						
NC Department of Environmental Quality						
Division of Soil and Water Conservation						
Administered by County Soil Conservation Department:						
			-	3,600	-	-
Division of Waste Management:						
Administered by Craven County Solid Waste:						
			-	6,467	-	-
			\$ -	\$ 10,067	\$ -	\$ -
Total NC Department of Environmental Quality						

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CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2019
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
STATE AWARDS						
NC Department of Transportation:						
Administered by County Soil Conservation Department:						
Rural Operating Assistance Program (ROAP) Cluster:						
Elderly Handicap			\$ -	\$ 79,715	\$ -	\$ -
General Public Transportation - Craven County			-	35,570	-	-
Work First - Craven County			-	9,987	-	-
Passed through Jones County:						
General Public Transportation - Jones County			-	12,059	-	-
Passed through Pamlico County:						
General Public Transportation - Pamlico County			-	17,427	-	-
Work First - Pamlico County			-	89	-	-
Administered by Craven Regional Airport:						
State Aid to Airports:						
Airport Improvement Project			-	300,000	-	-
Runway Pavement Rehabilitation Project			-	2,349,047	-	-
Total NC Department of Transportation			-	2,803,894	-	-
NC Department of Commerce:						
CDBG - NR			-	41,283	-	-
NC Department Public Instruction:						
Public School Building Capital Fund - Lottery Proceeds			-	981,500	-	-
NC Department of Administration:						
Division of Veterans Affairs:						
Administered by Craven County Department of Veterans Services:						
Veterans Services			-	2,216	-	-
NC Department of Agriculture:						
Administered by Craven County Planning:						
Stream Debris Removal Project			-	73,515	-	-
Golden Leaf Grant - Stream Debris Removal			-	520,721	-	-
Total NC Department of Crime Control and Public Safety			-	594,236	-	-
Total Federal Expenditures			\$ 18,240,711			
Total State Expenditures				\$ 6,116,559		
Total Expenditures Passed Through to Subrecipients					\$ 22,595	
Total Local Expenditures						\$ 11,851,591
Passenger Facility Charges						
Passenger Facility Charges		<u>Application Number</u>		<u>Current Year</u>		
See Notes to the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.		96-01-C-00-EWN		Expenditures		
				<u>\$ 443,630</u>		

Craven County, North Carolina
Notes to Schedule of Expenditures of Federal and State Awards
And Passenger Facility Charges
For the Fiscal Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards and passenger facility charges (the "Schedule") includes the federal and State award activity of Craven County, North Carolina, primary government, all blended component units, and the Airport Authority and Tourism Development Authority discretely presented component units for the year ended June 30, 2019. 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. Because the Schedule presents only a selected portion of the operations of Craven County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Craven County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Craven County's indirect costs are determined by a State-approved plan contracted annually with MGT of America, Inc. and therefore the County has elected not to use the 10-Percent de minimis indirect cost rate as allowed under the Uniform Guidance.

In accordance with guidance issued by the United States Department of Agriculture (USDA), Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$20,857,129 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.

Note 3. Relationship to Fund 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 and proprietary 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 \$11,200,275. Current year expenditures from these funds are \$443,630 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, 2019 consists of \$469,567 for passenger facility charges plus \$168 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.

(Continued)

Craven County, North Carolina
Notes to Schedule of Expenditures of Federal and State Awards
And Passenger Facility Charges (Continued)
For the Fiscal Year Ended June 30, 2019

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 Outstanding

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

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Balance July 1, 2018</u>	<u>Loan Proceeds</u>	<u>Principal Repayments</u>	<u>Loan Balance June 30, 2019</u>
NC Clean Water Revolving Loan & Grant Program	66.468	\$ 15,370,045	\$ -	\$ 808,950	\$ 14,561,095
NC Drinking Water Revolving Loan	N/A	560,800	-	80,114	480,686
		<u>\$ 15,930,845</u>	<u>\$ -</u>	<u>\$ 889,064</u>	<u>\$ 15,041,781</u>

Note 7. Subrecipients

Federal and State awards which have been passed-through to subrecipients are detailed below:

<u>Program</u>	<u>CFDA</u>	<u>Subrecipient</u>	<u>Federal Amount</u>	<u>State Amount</u>
HCCBG Senior Companion Program (Aging Cluster)	93.045	Coastal Community Action	\$ 19,206	\$ 3,389

Craven County



Craven County

