

CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017



PREPARED BY THE FINANCE DEPARTMENT

CRAIG A. WARREN, FINANCE OFFICER

Craven County



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Craven County



INTRODUCTORY SECTION

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

Craven County





December 22, 2017

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

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2017 is submitted herewith. The County's Finance Department prepares the financial statements and assumes all responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Craven County officials believe the data and presentation are fair and accurate, and that everything necessary is included in this document to gain an understanding of the County's financial activities over the last fiscal year.

Craven County Government's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component in the financial section of this report.

The independent audit of the financial statements of Craven 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 audit government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

following the report of independent auditors.

Financial Reporting Entity

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

Profile of Craven County

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

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

The City of Havelock, the second largest municipality in Craven County, is home to Cherry Point, the largest Marine Corps Air Station on the East Coast. The Air Station is home of the 2nd Marine Aircraft Wing and sits on 13,164 acres of land in Craven County. The Fleet Readiness Center (FRC) East (formerly known as NADEP), one of eight fleet readiness centers operated by the U. S. Navy, sits on nearly 150 acres on board Marine Corps Air Station Cherry Point. FRC East is the largest industrial employer in eastern North Carolina employing over 14,000 military and civilian personnel. The base is also the location of Halyburton Naval Health Clinic.

While the County continues to remain mostly rural, it 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 communi-

ty continues to grow and is a result of its popularity as a tourist destination. The 2010 Census revealed that the New Bern area has grown to more than 50,000 people prompting it to be classified as an urbanized area and requiring designation for a metropolitan planning organization (MPO). It was the only new urbanized area in the state of North Carolina identified by the 2010 Census.

Factors Affecting Financial Condition

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 the County operates.

Local Economy

The County's economy continues to experience a steady level of positive growth. Unemployment rates for Craven County improved from 6.1 percent annual average for calendar 2015 to 5.3 percent for calendar 2016. The rate in the County fell for most of the year reaching its lowest point of 4.8 percent in May and ending the year at 5.1 percent in December 2016. The statewide average for calendar year 2016 was 5.1 percent, down from 5.8 percent for the prior year.

The total number of people employed in Craven County increased by 1.7 percent from 2015 to 2016 (using annual average figures) with the private sector slightly outpacing growth of the public sector by approximately 1.0 percent. Government (federal, state and local) employment increased by 1.17 percent from the prior year and remains the largest sector of employment in the County with 31.4 percent of all jobs. Local government employment remained largely unchanged from the prior year with state government showing a 1.68 percent decrease. This decrease was more than offset by the 3.14 percent increase reported for federal government employment. Private sector annual average employment figures increased 1.96 percent from 26,530 to 27,051 in calendar year 2016. The sectors showing the greatest employment change for the year includes: leisure and hospitality up 7.8 percent, manufacturing up 7.2 percent, goods producing up 5.2 percent, and trade, transportation, and utilities up 3.25 percent.

The U.S. 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 14,234 personnel, including 5,173 civilians. The total payroll for the base in calendar 2015, including Fleet Readiness Center East, was \$1.21 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$2.01 billion (the most recent data available). The military and the local community have developed a strong relationship from which both have benefited. The County continues its efforts to ensure that decision makers in Washington and Raleigh understand the significance and importance of the military presence in the County and all of eastern North Carolina. In March 2017, Craven County partnered with Wayne and Lenoir counties to establish the NC Aerospace Corridor. This effort will add a valuable marketing tool for the County to attract companies that operate in the Aerospace sector looking to support the work at MCAS Cherry Point and FRC East.

Per capita personal income in Craven County increased by 3.2 percent in calendar 2015 (the latest information available), to \$40,555. The change for the state of North Carolina in 2015 was a 3.5 percent increase and nationally the change was a 3.7 percent increase. The County's per capita income level is 99 percent of the state average, \$40,759 and 84 percent of the national average, \$48,112. The County ranked 19th out of 100 counties in the state in per capita income, down from 16th reported for the prior year. The 2005-2015 average annual growth rate of per capita personal income for the County was 2.2 percent, while the average annual growth rate for the state was 2.4 percent and 3.0 percent for the nation. In the year 2005, the County ranked 17th out of 100 counties in the state.

Although growth of residential development has not returned to pre-recessionary levels, the local

real estate market continues to remain stable as recent numbers show the average home sales price for fiscal 2017 was \$189,213, a 1.0% increase from the prior year's average home sales price of \$187,867. Home sales were also up 25.5% in fiscal 2017 totaling 1,564 compared to the 1,246 homes sold in 2016. The number of building inspections performed by the Craven County Inspection Department was up 8.07 percent in fiscal 2017 compared to 2016. Although the total number of inspections performed in 2017 is still only 75 percent of the total performed in fiscal 2007, the peak of the boom market, the increase in fiscal 2017 indicates an upward trend in economic activity within the County. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments.

With many historic sites and homes, 40 miles of navigable rivers, the Croatan National Forest, and abundant lakes and wildlife, the County continues to emphasize and capitalize on tourism. Tryon Palace, the first State Capitol, was authentically reconstructed in the 1950's and is considered the main attraction in the downtown historic district of the City of New Bern. The North Carolina History Center, part of the Tryon Palace complex, is an education/visitor center for the Palace and is situated between the Palace and the Doubletree 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 \$136.88 million in calendar year 2016, an increase of 4.85 percent from 2015 setting a record high for visitor spending going back to 1990. Statewide the increase in tourism impact was slightly lower than the County's at 4.28 percent. State and local tax revenues from travel to Craven County amounted to \$10.55 million which represents a \$102.11 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2016 there were 1,140 jobs in Craven County related to tourism with an annual payroll of \$26.86 million.

The New Bern Riverfront Convention Center, located in historic downtown New Bern, was constructed by the County at a cost of \$12 million and opened in August of 2000. The facility is approximately 45,000 square feet and houses a 12,000 square foot ballroom designed to seat and serve groups up to 1,500. The site is adjacent to one of the major hotel facilities in the downtown area and within walking distance of two other hotels and several bed and breakfast facilities. Operating revenues for fiscal 2017 were \$792,000 which compared to \$783,000 in fiscal 2016. The Center incurred an operating deficit of \$220,000 in fiscal 2017 compared to a budgeted deficit of \$402,000. The Center was not built with the expectation that it would generate a direct profit, but was intended to provide an economic stimulus for the County creating a multiplier effect of additional visitor spending throughout the community. The Center hosted a total of 223 events in fiscal 2017 and generated approximately \$9 million of economic impact to the community during the fiscal year ended June 30, 2017. The debt incurred for the Center is serviced through the increase in occupancy tax enacted in November 1996 from 3 percent to 6 percent and will retire in 2019.

Long-term Financial Planning

Providing services desired by its citizens and those required by statute is a recurring challenge faced by all local governments. The County continues to remain committed to only expanding services when corresponding resources are available to support it. For the fiscal year 2018, the County's total operating budget is \$107,574,111 with a General Fund tax rate of \$.5394 per \$100 of assessed valuation, the same rate used for fiscal 2017. The estimate of property values used for fiscal 2018 is \$9.26 billion and represents a 4.10% increase over the \$8.9 billion used for fiscal 2017. Of this increase, only 1.0% was attributed to growth in the tax base. Most of the increase was due to fewer appeals than anticipated from the 2016 revaluation resulting in a higher valuation than originally estimated for fiscal 2017's budget. The County has experience some growth in

the tax base over the past year as the fiscal 2018 estimate projects an increase of approximately \$71 million estimated value over the actual for fiscal 2017. Growth in the tax base is expected to remain steady with the recent addition of several large industrial and commercial projects as well as signs of resurgence in the residential building market within some areas within the County.

The most significant items affecting the budget this year are health and human services and public education which comprise of approximately 57% of the County's total budget. This past year the County's Health Department was awarded additional federal funding of \$650,000 for a second Federally Qualified Health Center or FQHC in Havelock. This site serves as a satellite location to the main FQHC clinic located in New Bern. This increase in funding was offset by additional expenditures of the same amount increasing the County's total operating budget. Seven new positions were added as part of the expansion of this program. No additional funds were requested or appropriated for schools in fiscal 2018 however the County did restore technology funds back to \$750,000 from the \$465,000 appropriated in fiscal 2017. The increase in technology was offset by a reduction of \$285,000 in the schools current expense. This allocation change supported the school systems technological priorities of providing a 1:1 device for every student in middle school and up. Teacher supplements funded by the County were also increased from \$2,300 per teacher to 7% at an additional annual cost of \$935,000. Although funding for this will come from the school's fund balance, it will become a reoccurring cost in future budget requests. Major capital items funded included \$250,000 for bathrooms at Graham A. Barden Elementary and \$270,000 for HVAC replacements and controls at Brinson Memorial Elementary. Funding to the Community College was increased by approximately \$60,000 for additional operational cost associated with the new Work Force Development Center located on First Street in New Bern. This increase represents over half of the annual cost and will increase to approximately \$95,000 in future operating budgets. This 7,500 square foot center, formerly the site of the City of New Bern's electric generation facility, was converted into a space that will be used to host classes providing hands-on training as well as skilled trades certifications.

The County continues its efforts to keep fiscal year expenditures within available resources without providing too much reliance on its fund balance. As such, no fund balance was appropriated in the original budget going into fiscal 2018. Estimated revenues exceeded estimated expenditures by \$748,000 and have been designated as transfers to the Capital Reserve Fund for future maintenance and capital projects. 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, 2017, the County ended the year with an available General Fund balance of 27 percent of total expenditures and transfers out.

The County' Capital Improvement Plan (CIP) for fiscal 2018 totals \$5.5 million. Assessed annually, the CIP serves as the primary tool for planning the County's annual capital budget by establishing a framework for capital additions and the method of financing them for a five year period. The Capital Reserve Fund maintained by the County is a primary source of funding for capital projects. These funds allow the County to pay for future capital needs as they arise. Budgeted transfers from the County's Capital Reserve Fund totaled \$3.2 million for 2017 however only transfers of \$1.6 million were made for capital items. While there was no budgeted appropriation in the original 2017 budget to the Capital Reserve Fund, there were budget amendments approved during the year to transfer approximately \$1.1 million of unexpected revenues from the General Fund. As a result of this activity, the County used approximately \$470,000 of its Capital Reserve during fiscal 2017.

Major Initiatives

The County is involved in a number of major projects and programs going into fiscal year 2018. Some of these initiatives are discussed in the following sections.

Economic Development efforts in the County continue in partnership with the Craven 100 Alliance.

In 2014, the County chose not to join the Eastern Alliance which formed to take the place of the Eastern Region, a not-for-profit venture made up of counties and municipalities in the area, whose mission was to coordinate economic development efforts and projects for the region. The County instead, decided to pursue its own economic development efforts by forming a public-private partnership known as the Craven 100 Alliance (C1A). Members of this entity consist of Craven County, the cities of New Bern and Havelock, and the private business group known as the Committee of 100. The main purpose of this organization is to leverage resources in a collaborative effort creating long-term plans of sustainability and growth to economic development in Craven County. In fiscal 2017, the C1A continued with its fundraising efforts to build upon the \$1.2 million it raised in 2015 from local and regional investors. These funds are used to assist in the economic development of the County.

Craven County's Industrial Park has had several positive developments occurring over the past year. In March 2017, BSH announced it had completed construction of an additional 365,000 square feet at its Central Distribution Center. BSH Home Appliances announced in December 2015 that it had plans to expand its New Bern operations over the next five years, investing nearly \$80.7 million and adding 460 new jobs, including positions in production, logistics and administration. Part of the expansion includes building additional warehouse space at the Craven County Industrial Park. BSH bought 23 acres of land from Craven County for the expansion. In December 2016, the County was awarded a \$515,000 grant from the Rural Infrastructure Authority for construction and extension of Executive Parkway including the addition of a new side road at the Industrial Park. Once completed, these improvements will open access to over 100 acres of land for development resulting in increased marketability of the Park. The project was bid in early 2017 and is expected to be completed late 2017.

The County began its \$1.3 million countywide Stream Debris Removal project in August 2017. After Hurricane Matthew, funds were appropriated by the State to remove downed debris from waterways in areas impacted by the storm. The County applied for and received grant funds from the NC Department of Agriculture and the Golden Leaf Foundation. This project targets various streams and waterways throughout the County mitigating the level of potential flood damage from future storms.

In fiscal 2018, the County will begin the first phase of its Enterprise Resource Planning (ERP) software replacement project budgeted at \$1.3 million going into next fiscal year. The project will be split into two phases, the first being non-tax software which includes, Finance, Payroll, Human Resources, Water, and Central Permitting (Planning, Inspections and Environmental Health). Additional items include a transparency module, citizen self-service functionality and disaster recovery. Phase two of this project will include Tax Appraisal, Billing and Collections and is not planned to begin until after the next revaluation is performed in fiscal 2020. The current ERP software is over 17 years old and is housed on the IBM AS400 operating platform that has been utilized for the last 30 years. Although this platform has been very reliable, we are now at a point where the present hardware and software is meeting only the minimum requirements and there are no foreseen enhancements on the horizon to ensure we can meet new requirements or the needs and desires of the County. Over the last year, the county began exploring and eventually selected an enterprise ERP option that would not only address longevity concerns, but also capitalize on expanded functionality providing improvements to processes and increased automation. The County has been actively planning for this large economic investment over the last several years by placing monies in the Capital Improvement Plan (CIP). This project will be completely funded out of the County's Capital Reserve.

Renovation and expansion of the County's Animal Shelter continues into fiscal 2018 with an expected completion date in December. Projected cost of the new 4,700 square-foot facility is estimated at \$1.27 million and will triple the size of kennel space as the current facility has reached its maximum capacity. In addition to addressing capacity issues, the additional space will also provide more time for possible adoption of animals. Currently, the shelter serves residents of

Craven and Pamlico Counties providing services that include rabies control and prevention, removal of stray and nuisance animals, and public outreach and education.

The County's Water Treatment Plant project is going into its final year of construction and is scheduled to be completed in October 2017. This project is a result of the Capacity Use Rules imposed by the State limiting the volume of water that users of the Black Creek aquifer may withdraw. All entities using the Black Creek were mandated to make a 25 percent reduction in the Black Creek withdrawals by 2008, 50 percent reduction by 2013, and 75 percent reduction by 2018. Craven County met the 25% reduction by drilling five wells into the Pee Dee aquifer and blending the water with the remaining Black Creek water. The five wells were drilled on the same sites as the five Black Creek wells and provided sufficient water to reach the goal of the 25 percent reduction mandated for 2008.

The Pee Dee aquifer wells, alone, did not allow the County to meet the 2013 goal of 50% reduction from the Black Creek aquifer. The County was forced to find another water source to meet this goal. In 2008, the County engaged an engineer to update a plan of future demands on the system to provide methods to meet the next required reduction. This study was completed during fiscal 2009 and the recommendation was to proceed with wells in the Castle Hayne aquifer. During 2009 the County drilled test wells in the Castle Hayne aquifer near the Carolina Pines subdivision between New Bern and Havelock. The flow from these wells exceeded expectations and as a result it was determined that five wells would provide sufficient water for a 2 million gallon per day treatment plant. It was also determined that eight wells would service a 3 million gallon per day plant. The water will require advanced treatment and the need for a treatment plant located on the east side of the Trent River to provide water for all customers on that side of the river. The County acquired a 10 acre site for the plant and one well in 2011 and seven more well sites the following year. In 2012 test wells were completed and the County contracted with the engineer for the design phase of the plant, distribution system and discharge system. The size of the treatment plant and distribution system for raw and processed water were designed to provide a maximum of 5.0 million gallons of water per day but the initial phase will be to construct treatment for only 3.0 million gallons per day. In fiscal 2015 bids were solicited and received and a contract awarded to Shook Construction in the amount of \$24.8 million to construct a 3.0 million gallons per day plant. Construction was expected to take 18 months and be completed mid-2016 with the plant coming on-line by 2017. As with any project of this scope and complexity, there have been delays due to a variety of issues, mainly weather which have pushed back the estimated completion date further back than originally planned.

The project is funded by a combination of both debt and reserves on hand. In September, 2012 the County applied for and received a \$3 million planning loan from the Division of Water Quality (DENR) to provide funds to cover costs up to the bidding phase of the project. These funds were drawn down completely during fiscal 2013 and 2014. In September 2013, the County applied for and was approved for a \$16.2 million loan from DENR for the construction phase of the project. The terms of this borrowing are twenty years at an interest rate of zero. The County accumulated funds for this project over a ten year period that began when the Capacity Use Rules were first announced specifically for the construction of this plant. As a result of this long range planning, the construction and operation of the plant is not expected to require any rate increase. Annual debt service on the plant is approximately \$809,000 and will begin in fiscal 2018.

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, 2016. This was the twenty-seventh 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 orga-

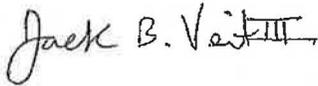
nized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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 Karla Johnson, Christy Foreman, Rosie Brinson, Andrea Brookins, Donna Nelson, Rosemary Osterhus, Craig Wilkie, and Lishelle Bunn. Also of significant assistance in the preparation of this report include Michelle Kiefer, William Alexander, Rachel Thompson, Patti Dudley, Bradford Peaden, and Lou Cannon of RSM LLP.

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

Respectively submitted,



Jack B. Veit, III, County Manager



Craig Warren, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Craven County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2017

**BOARD OF
COMMISSIONERS**

THOMAS F. MARK
Chairman

SCOTT C. DACEY
Vice-Chairman

JASON R. JONES

GEORGE S. LINER

THERON MCCABE

JOHNNIE SAMPSON, JR.

STEVE TYSON

COUNTY OFFICIALS

JACK B. VEIT III
County Manager

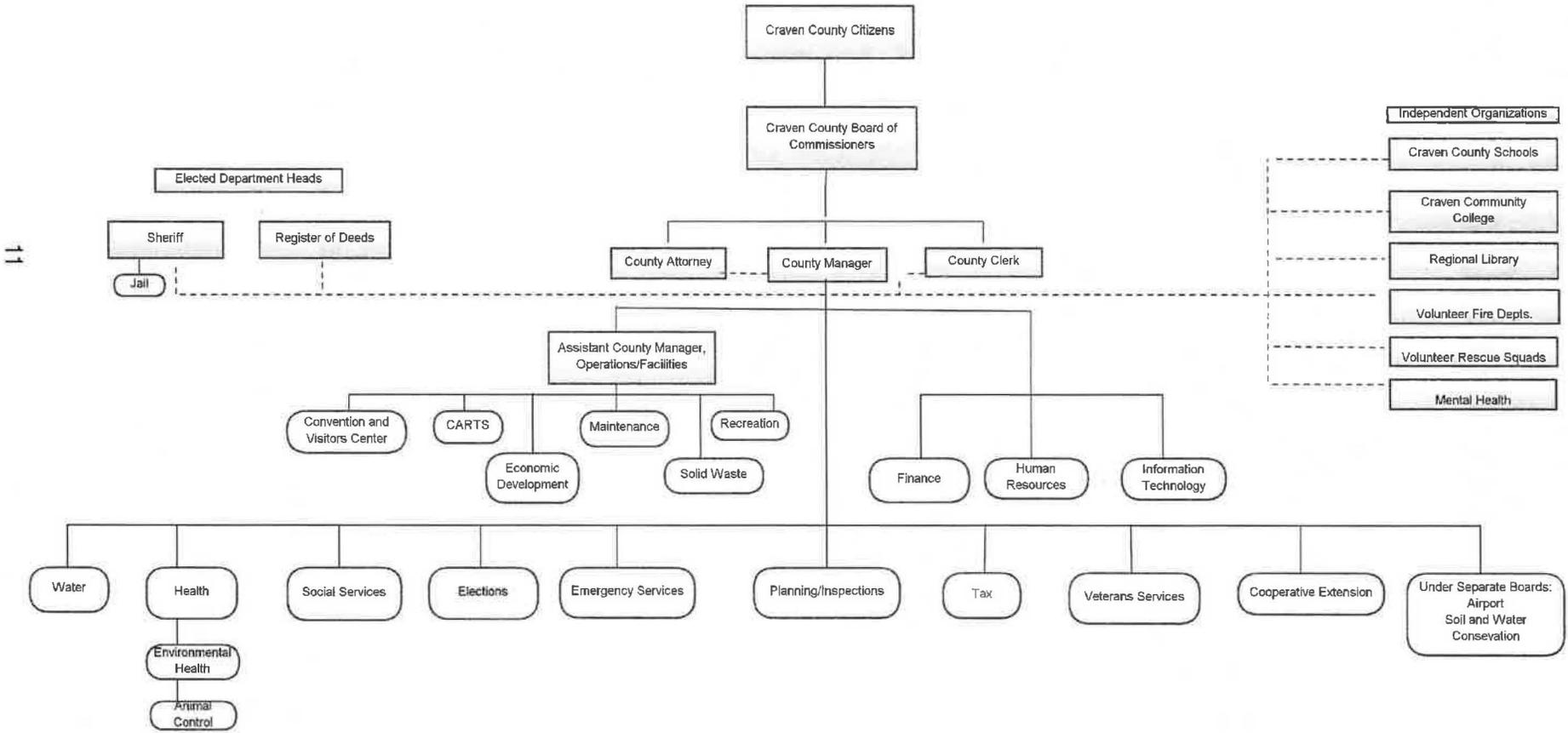
CRAIG A. WARREN
Finance Officer

GENE HODGES
Assistant County Manager

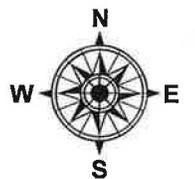
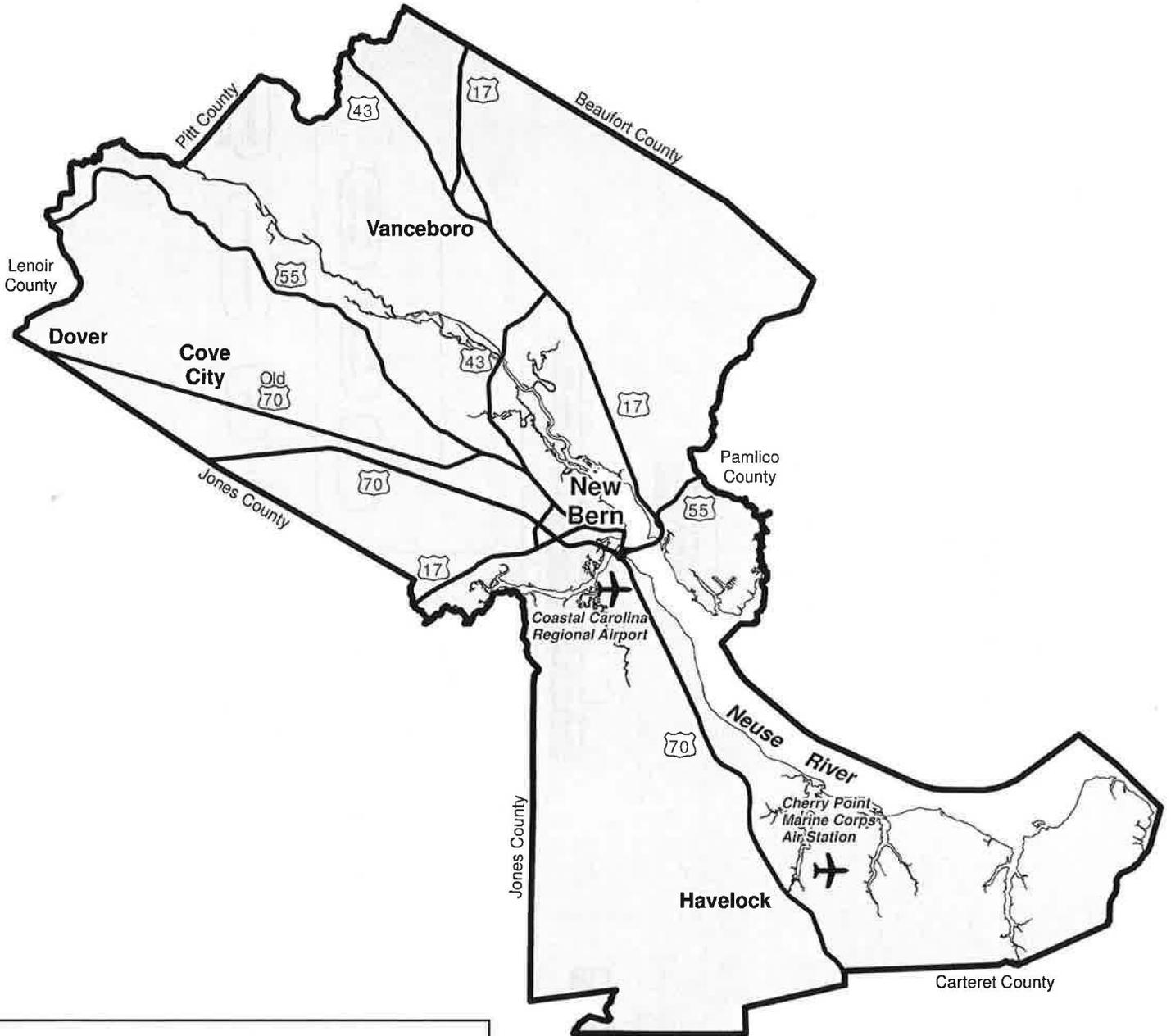
SHERRI B. RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

CRAVEN COUNTY ORGANIZATIONAL CHART



Craven County North Carolina



FINANCIAL SECTION

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

Craven County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Craven County



Independent Auditor's Report

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Craven County Alcoholic Beverage Control ("ABC") Board or CarolinaEast Health System ("Health System"), which collectively represented 93%, 92% and 99%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board and Health System, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the ABC Board and Health System were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in the year ended June 30, 2017, the County adopted new accounting guidance provided in Governmental Accounting Standards Board Statement Number 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18 through 28, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on page 102, 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 on pages 103, 105, and 106, respectively, and 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 on page 104, 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 on page 107 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 Craven County's basic financial statements. The combining and individual fund financial statements and schedules and other schedules listed in the table of contents as Other Supplementary Information in the Financial Section and 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules and other schedules listed as other supplementary information, and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of Craven County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Craven County's internal control over financial reporting and compliance.

RSM US LLP

New Bern, North Carolina
December 22, 2017

Craven County



1712

MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County



Craven County
Management's Discussion and Analysis (Unaudited)
June 30, 2017

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, 2017. 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.

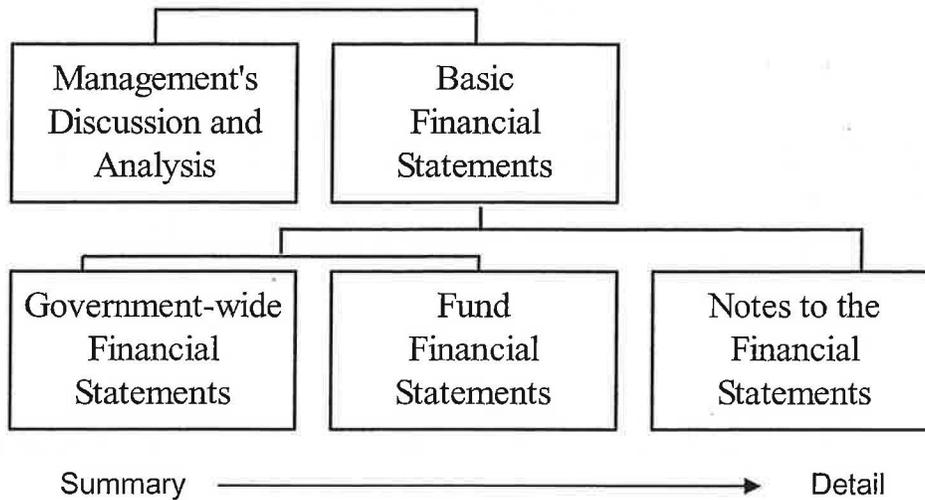
Financial Highlights

- 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 \$97,885,485 (*net position*).
- The government's total net position increased by \$8,881,971 in fiscal 2017. Of this amount, \$1,303,301 was an increase in the net position resulting from normal operations of the Water enterprise fund. The remaining \$7,578,670 increase in net position was in governmental activities and was primarily due to revenues exceeding projections and under spending appropriations by \$4,917,272 in the general fund.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$48,718,493, reflecting a net increase of \$3,162,420 for the year. Approximately 42.94 percent of the total amount or \$20,918,740 is non-spendable, restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,936,364 or 28.76 percent of total General Fund expenditures excluding other financing uses for the fiscal year.
- The County's total long-term debt decreased by \$6,350,985 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.

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements follow this analysis.

Fund Financial Statements

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

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

Craven County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start immediately following the basic financial statements.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$97,885,485 as of June 30, 2017. The County's net position increased by \$8,881,971 for the fiscal year ended June 30, 2017. By far, the largest category of net position, totaling \$69,511,309 or 71.01 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 \$11,116,909 or 11.36 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 \$17,257,267 is unrestricted at June 30, 2017 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 \$28,153,550 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	\$ (28,153,550)
All other	<u>45,010,817</u>
Total unrestricted net position	<u>\$ 17,257,267</u>

Craven County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 57,033,703	\$ 54,665,330	\$ 13,132,693	\$ 13,556,022	\$ 70,166,396	\$ 68,221,352
Capital assets, net	57,948,024	58,964,103	44,298,208	42,415,931	102,246,232	101,380,034
Total assets	<u>114,981,727</u>	<u>113,629,433</u>	<u>57,430,901</u>	<u>55,971,953</u>	<u>172,412,628</u>	<u>169,601,386</u>
Total deferred outflows of resources	<u>11,144,153</u>	<u>6,305,013</u>	<u>157,541</u>	<u>36,064</u>	<u>11,301,694</u>	<u>6,341,077</u>
Long-term liabilities	63,372,702	62,766,858	17,119,168	16,422,424	80,491,870	79,189,282
Other liabilities	3,838,115	4,382,646	1,077,339	1,482,784	4,915,454	5,865,430
Total liabilities	<u>67,210,817</u>	<u>67,149,504</u>	<u>18,196,507</u>	<u>17,905,208</u>	<u>85,407,324</u>	<u>85,054,712</u>
Total deferred inflows of resources	<u>416,207</u>	<u>988,171</u>	<u>5,306</u>	<u>19,481</u>	<u>421,513</u>	<u>1,007,652</u>
Net position:						
Net investment in capital assets	42,035,851	41,106,523	27,475,458	26,133,140	69,511,309	67,239,663
Restricted	11,116,909	12,286,432	-	-	11,116,909	12,286,432
Unrestricted (deficit)	5,346,096	(1,596,184)	11,911,171	11,950,188	17,257,267	10,354,004
Total net position	<u>\$ 58,498,856</u>	<u>\$ 51,796,771</u>	<u>\$ 39,386,629</u>	<u>\$ 38,083,328</u>	<u>\$ 97,885,485</u>	<u>\$ 89,880,099</u>

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

- Continued diligence in the collection of property taxes by increasing the collection percentage to 99.36, up .12 percent from 99.24 in the previous year and higher than the statewide average of 98.82 percent.
- Total General Fund expenditures were less than projected by \$4.91 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 \$2.83 million.

Craven County's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 17,047,925	\$ 16,196,010	\$ 3,936,307	\$ 3,803,643	\$ 20,984,232	\$ 19,999,653
Operating grants and contributions	22,366,145	22,732,241	-	-	22,366,145	22,732,241
Capital grants and contributions	842,910	1,203,092	-	-	842,910	1,203,092
General revenues:						
Property taxes	51,783,504	49,058,073	-	-	51,783,504	49,058,073
Sales and use taxes	16,097,112	15,112,475	-	-	16,097,112	15,112,475
Other	1,947,552	1,692,215	164,010	468,207	2,111,562	2,160,422
Total revenues	<u>110,085,148</u>	<u>105,994,106</u>	<u>4,100,317</u>	<u>4,271,850</u>	<u>114,185,465</u>	<u>110,265,956</u>
Expenses:						
General government	9,925,453	10,291,366	-	-	9,925,453	10,291,366
Public safety	20,980,588	19,458,091	-	-	20,980,588	19,458,091
Environmental protection	4,608,929	4,998,475	-	-	4,608,929	4,998,475
Economic and physical development	4,389,590	4,349,446	-	-	4,389,590	4,349,446
Human services	31,387,021	30,570,241	-	-	31,387,021	30,570,241
Culture and recreation	2,535,497	2,403,064	-	-	2,535,497	2,403,064
Education	27,005,640	26,108,710	-	-	27,005,640	26,108,710
Interest on long term debt	1,803,760	2,105,628	-	-	1,803,760	2,105,628
Water and sewer districts	-	-	2,667,016	2,489,876	2,667,016	2,489,876
Total expenses	<u>102,636,478</u>	<u>100,285,021</u>	<u>2,667,016</u>	<u>2,489,876</u>	<u>105,303,494</u>	<u>102,774,897</u>
Increase in net position before transfers	7,448,670	5,709,085	1,433,301	1,781,974	8,881,971	7,491,059
Transfers	130,000	105,000	(130,000)	(105,000)	-	-
Increase in net position after transfers	<u>7,578,670</u>	<u>5,814,085</u>	<u>1,303,301</u>	<u>1,676,974</u>	<u>8,881,971</u>	<u>7,491,059</u>
Net position beginning of year	51,796,771	45,982,686	38,083,328	36,406,354	89,880,099	82,389,040
Restatement	(876,585)	-	-	-	(876,585)	-
Net position, beginning, restated	<u>50,920,186</u>	<u>45,982,686</u>	<u>38,083,328</u>	<u>36,406,354</u>	<u>89,003,514</u>	<u>82,389,040</u>
Net position ending	<u>\$ 58,498,856</u>	<u>\$ 51,796,771</u>	<u>\$ 39,386,629</u>	<u>\$ 38,083,328</u>	<u>\$ 97,885,485</u>	<u>\$ 89,880,099</u>

Governmental Activities - Governmental activities increased the County's net position by \$7,578,670 from the prior fiscal year. Key elements of this increase are as follows:

- Charges for services were up approximately \$852 thousand from the previous year. Largest areas of increases included fees collected in the Register of Deeds and Health Department.
- Property tax revenues increased by \$2.7 million in fiscal 2017. Most of this increase was due to the higher tax rate of 53.94 cents adopted for fiscal 2017 compared to 2016's tax rate of 46.75 cents. The County's 2016 revaluation of all real property resulted in an overall decline of \$1 billion or 10.10% in assessed property values. In order to produce the same tax revenues prior to the revaluation, a revenue neutral tax rate of 52.94 cents was calculated.
- Sales taxes collected increased approximately \$985 thousand from the prior year and was the result of increased economic activity in the County and around the State.

- Expenditures overall increased \$2.4 million from the previous year with Public Safety making up the largest portion at \$1.52 million. Other categories of significance included Education at \$897 thousand and Human Services at \$817 thousand.
- Many expenditure categories such as Human Services, General Government, and Public Safety came in under budget which also 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 \$1,303,301. This was approximately \$374,000 lower than the increase last fiscal year.

- Water sales were up by \$132 thousand compared to last fiscal year while other revenues were down \$304 thousand. Other revenues in the previous fiscal year included sales tax refunds on contractor invoice that were recorded in the water treatment plant project fund in fiscal 2017.
- Expenses were up by \$177 thousand due to system improvements and additional personnel hired for the new water plant.

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, 2017, the governmental funds of Craven County reported a combined fund balance of \$48,718,493, 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 2017, the County's unassigned fund balance in the General Fund was \$27,936,364, while total fund balance reached \$35,941,866. 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 27.3 percent of total General Fund expenditures including transfers out, while total fund balance represents 35.1 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 \$469,450 due to transfers out totaling \$1.59 million. Of this amount, \$346,000 funded capital expenditures in the General Fund while \$1.25 million was used towards the Animal Shelter Expansion Project. The transfer out was partially offset by transfers in totaling \$1.11 million in unanticipated revenues received during the fiscal year.

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

Total amendments to the General Fund increased budgeted revenues by \$3.3 million and included the following:

Sales tax revenue was increased by \$220,000 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 million from the original budget and consisted of the following items:

- Recreation Department carried over \$354,000 of grant funds awarded in the previous fiscal year by Trillium Health Resources to complete construction of the new playground at Creekside Park.
- Health Department received \$271,000 in additional federal funds to open a second Federally Qualified Health Center (FQHC) in Havelock.
- Transportation Department (CARTS) carried over grant funds for vehicle purchases awarded in the prior fiscal year. This resulted in an increase to budgeted revenues of \$154,000.
- As a result of storm damage caused by Hurricane Matthew, the County became eligible to receive Federal Disaster Relief funding which increased budgeted revenues by \$98,000.
- Emergency Services applied for and received a State grant totaling \$45,000 for the purchase of sonar equipment used in water rescue and recovery operations.

Total budget for charges for service revenues was increased by \$337 thousand during the year due to the following:

- Excise fees collected by the Register of Deeds were increased \$160,000 during the fiscal year as actuals exceeded budgeted projections resulting in additional payments to the State for their share.
- Commissary fees collected at the Jail made up \$66,000 of the budgeted increases in the charges for services category.
- Rescue Squad fees collected by the County and paid to the Squads were higher than budgeted and made up \$86,000 of the increase.

Amendments were made to the budget of approximately \$1.7 million by appropriating fund balance of the General Fund. Those amendments included:

- \$38,000 was appropriated to replace fiber in the Havelock area enhancing the County's fiber infrastructure and providing additional capacity needed by the School System.
- \$48,000 was appropriated for security enhancements at the County's courthouse.
- \$82,000 was appropriated for replacement equipment and supplies needed in Health Department programs that were not funded in the original budget.
- \$60,000 was appropriated during the fiscal year to match State grants awarded to several County Fire and Rescue Districts for the purchase of equipment.
- \$91,000 was appropriated in Social Services to meet additional caseload demands of foster care programs mandated by the State.
- \$41,000 was appropriated for the initial start-up expenses of the Health Department's Federally Qualified Health Clinic (FQHC) in Havelock.
- \$93,000 was appropriated for higher than expected costs at the Jail due to increases in inmate population.
- \$76,000 was appropriated during the fiscal year to cover higher than projected medical examiner costs related to autopsies and investigations.
- \$98,000 of additional revenues over expenditures from the prior fiscal year in the Dental Program was transferred to the Capital Reserve Fund for future maintenance on the mobile dental unit.
- \$1,000,000 of additional revenues received over projected was budgeted to be transferred to the Capital Reserve Fund for future capital needs.

Total expenditures in the final budget were increased by approximately \$2.1 million from the original budget. The increases in expenditures were a result of the amendments to revenues and fund balance appropriations mentioned above.

Net transfer outs were increased in the budget by approximately \$1.26 million and consisted of the \$220,000 in additional sales tax revenue designated for school capital expenditures transferred to the debt service fund and the fund balance appropriation of \$1,000,000 transferred to the Capital Reserve Fund as previously mentioned.

Proprietary Funds - Craven County's proprietary funds statements (water utility) provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year was \$11.91 million which was a slight decrease of \$39 thousand from the previous year. Net investment in capital assets increased \$1.34 million mainly due to continued construction of the water treatment plant discussed more in the upcoming debt section.

Capital Asset and Debt Administration

Capital assets - Craven County's capital assets for its governmental and business-type activities as of June 30, 2017, totaled approximately \$102,250,237 (net of accumulated depreciation), an increase of \$870 thousand from the prior year. These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions during the year included:

- 10 new vehicles for the Sheriff Department and 3 for Transportation (CARTS).
- 2 backhoe replacements for Solid Waste Convenience Centers.
- Enhancements and expansion of County's network fiber infrastructure.
- Implementation of backup emergency 911 call center.
- Security upgrades and enhancements at County Courthouse.
- Completion of new "All Inclusive" playground at Creekside Park.
- New restroom at Creekside Park.
- Installation of lighting for baseball field at West Craven Park.
- Expansion and renovation of Animal Shelter.
- Acquired land for future Hwy. 70 Convenience Center.
- Continued construction of the County's new water treatment plant.

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,872,262	\$ 9,771,509	\$ 947,354	\$ 947,354	\$ 10,819,616	\$ 10,718,863
Buildings	67,242,332	67,242,332	563,318	563,318	67,805,650	67,805,650
Improvements	15,946,526	15,036,414	29,989,234	29,893,241	45,935,760	44,929,655
Machinery and equipment	6,256,637	5,717,237	199,124	186,971	6,455,760	5,904,208
Vehicles	6,324,239	6,068,687	233,071	217,947	6,557,310	6,286,634
Construction in progress	736,746	102,415	29,949,680	27,310,743	30,686,426	27,413,158
Total	106,378,741	103,938,594	61,881,781	59,119,574	168,260,522	163,058,168
Less accumulated depreciation	48,430,717	44,974,491	17,583,573	16,703,643	66,014,290	61,678,134
Total net of depreciation	\$ 57,948,024	\$ 58,964,103	\$ 44,298,208	\$ 42,415,931	\$ 102,246,232	\$ 101,380,034

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

Long-term Debt - As of June 30, 2017, Craven County had total bonded general obligation debt outstanding of \$13,370,000, all of which is backed by the full faith and credit of the County. All other debt is covered by pledged collateral and is subject to appropriation.

Craven County's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
G. O. bonds	\$ 13,370,000	\$ 15,930,000	\$ -	\$ -	\$ 13,370,000	\$ 15,930,000
Installment debt	33,427,050	37,758,350	16,819,909	16,279,594	50,246,959	54,037,944
Capital leases	-	-	-	-	-	-
Total	\$ 46,797,050	\$ 53,688,350	\$ 16,819,909	\$ 16,279,594	\$ 63,616,959	\$ 69,967,944

Craven County's total debt decreased \$6.35 million during the past fiscal year due to retiring \$6.97 million of existing debt principal. Total debt in business type activities increased \$540 thousand and included final loan proceeds related to the water treatment plant project.

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 \$689,337,000.

Additional information regarding Craven County's long-term debt can be found in Note 7 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 2016 was 5.3 percent, down from the 6.1 percent reported for the previous calendar year. The comparable rate for the entire State for 2016 was 5.1 percent. The County's rate decreased each month in 2016 reaching its lowest point of 4.8 in the month of April and finishing the year at 5.1 percent in December.
- Per capita income for the years 2005-2015 for Craven County show an average annual growth rate of 2.2 percent, while the average annual growth rate for the State, during the same period, was 2.4 percent and 3.0 percent for the nation. The County's per capita income increased 3.2 percent in calendar 2015 (the latest information available) while the State increased by 3.5 percent and the nation increased by 3.7 percent. The County's per capita income level is 99 percent of the State average and 84 percent of the national average. Craven County reported total personal income of \$4.19 billion for calendar year 2015 and ranked 25th out of 100 counties in the State.

- Homes sales in fiscal 2017 totaled 1,564, a 25.5 percent increase over the 1,246 homes sold in fiscal 2016. The average home sales price for 2017 was \$189,867 and represents a 1.0 percent increase compared to \$187,867 for 2016. The total number of building inspections performed in fiscal 2017 was up 8.07 percent from fiscal 2016.
- The 2016 revaluation of all real property served as the basis for the 2017 budget estimate of \$8.9 billion. Actual 2017 property values were 3.43 percent above this estimate. The combined property tax collection rate for fiscal 2017 increased 0.12 percent to 99.36 percent. The County adopted an ad valorem tax rate of 53.94 cents per \$100 assessed value in fiscal year 2017, a 1 cent increase on the revenue neutral tax rate calculated as part of the revaluation.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities - The County approved a \$107.6 million General Fund budget for fiscal year 2018, an increase of \$3.5 million from the previous year. Estimated assessed property values for fiscal 2018 were \$9.26 billion, a 4.10% increase from the \$8.9 billion estimate used for the 2017 budget. Approximately 1.0% of this increase was attributed to growth in the tax base while the remaining was the due to fewer appeals than anticipated from the 2016 revaluation resulting in higher final valuation than originally estimated. The County adopted the ad valorem tax rate of 53.94 cents per \$100 of assessed valuation which reflects no change from the previous year. All revenues are budgeted conservatively with estimated increases of 4.1 percent in property tax revenues and a 4.0 percent increase in sales tax receipts. The budget reflected no new fees or increases in charges for services. Revenue projections were sufficient to meet budgeted expenditures requiring no fund balance to be appropriated in the 2018 budget. Additional revenues over estimated expenditures of \$748 thousand were designated as transfers to the Capital Reserve Fund for future maintenance and capital projects.

Total salaries and benefits budgeted for fiscal 2018 were \$1.7 million higher than the original budget for fiscal 2017 and included a 2.5 percent cost of living increase for employees at a cost of \$735 thousand. Approximately \$309 thousand of this increase was due to seven positions added mid-year during fiscal 2017 for the new FQHC in Havelock. The budget for fiscal 2018 included five new full time positions and nine new part time positions totaling \$184 thousand. Health and dental premiums were increased by 6 percent across the board for all employees resulting in \$289 thousand of additional cost to the County.

Capital expenditures in the amount of \$3.2 million are included in the 2018 budget. Major capital acquisitions include:

- Replacement of ERP (Financial, HR, Permitting) software system \$1,300,000
- Improvements at the Industrial Park including road extension project \$830,000
- Phone system update at Human Services Complex \$370,000
- Sheriff Department vehicles \$311,000
- Transportation (CARTS) vehicles \$248,000
- Information Technology projects and improvements \$208,000
- Ballroom lighting in Convention Center \$125,000
- CAD software upgrade in E911 Communications \$100,000

Education continues to remain the largest single 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 \$27,062,406 or 25.16 percent of the fiscal year 2018 budget. Public school funding remained the same as the previous fiscal year while funding for

the community college was increased by approximately \$60,000 for operating. Additional funding may be provided to public schools from fund balance after any potential impacts of the State's budget are finalized.

Health and Human Services made up approximately 31.33 percent of budgeted appropriations and includes the Health Department, Social Services, CARTS, and Veteran Services. Expenditures for Health increased approximately \$671 thousand as a result of opening the second FQHC location in Havelock as noted in earlier sections. This increase in budgeted expenditures was offset by additional grant revenues of \$650 thousand. Total funding in the Social Services category decreased by approximately \$229 thousand. The majority of this decrease was due to fewer vehicle purchases in CARTS while budgeted expenditures in Social Services programs remained the same from the previous fiscal year. Public Safety represents 14.94% of the total budgeted appropriations for fiscal 2018 and increased \$649 thousand from fiscal 2017's original budget. The increase included \$331 thousand of additional expenditures in the Sheriff's Department and Jail for salaries and benefits while \$221 thousand of additional funding was appropriated to Rescue Squads.

Business-type Activities: The County approved a \$3.9 million budget for the operations of the County's water system with no change to water rates for fiscal 2018. Construction on the \$24 million water treatment plant continues and is expected to be completed in fiscal 2018. This project was financed in part with a \$16.2 million loan from the Division of Water Quality (DENR) and will be serviced over twenty years at zero percent interest. Annual debt service payments of \$808,950 on this loan will begin in fiscal 2018. The last rate increase was implemented October 2011 and was designed to provide funds needed for the new water treatment plant project debt service and operating costs. Management believes current rates remain sufficient to meet the additional operating costs of the new plant but plans to monitor them closely as the new facility comes online.

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, 2017**

	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	\$ 12,202,114	\$ 12,217,026	\$ 24,419,140	\$ 209,870	\$ 3,603,358	\$ 25,361,473	\$ 2,185,232
Short-term investments	25,995,292	-	25,995,292	-	-	41,766,760	-
Restricted cash	4,899	-	4,899	-	-	-	-
Accounts receivables (net)	1,882,072	872,892	2,754,964	-	321,371	45,959,564	-
Taxes receivables (net)	6,189,351	-	6,189,351	-	-	-	-
Accrued interest receivable	531,815	-	531,815	-	-	-	-
Inventories	-	-	-	-	-	8,480,410	916,508
Prepays	94,500	42,775	137,275	-	275	7,016,020	29,246
Long-term cash and investments	9,906,161	-	9,906,161	-	-	263,851,749	-
Other assets	-	-	-	-	-	125,002	-
Restricted net pension asset	227,499	-	227,499	-	-	-	-
Capital assets:							
Land and construction in progress	10,609,008	30,897,034	41,506,042	-	11,311,108	32,957,296	189,501
Other capital assets, net of depreciation/amortization	47,339,016	13,401,174	60,740,190	-	21,865,316	102,912,156	705,728
Total capital assets	57,948,024	44,298,208	102,246,232	-	33,176,424	135,869,452	895,229
Total assets	114,981,727	57,430,901	172,412,628	209,870	37,101,428	528,430,430	4,026,215
DEFERRED OUTFLOWS OF RESOURCES	11,144,153	157,541	11,301,694	-	103,322	-	168,513
LIABILITIES							
Accounts payable	2,156,448	748,252	2,904,700	-	88,797	45,705,963	1,303,159
Accrued salaries and benefits	1,563,922	37,973	1,601,895	-	69,680	18,165,372	31,166
Accrued interest payable	117,745	2,841	120,586	-	-	-	-
Customer deposits	-	299,192	299,192	-	-	-	-
Long-term liabilities:							
Net pension liability-LGERS	7,912,664	179,511	8,092,175	-	92,747	-	154,506
Total pension liability-LEOSSA	1,585,538	-	1,585,538	-	-	-	-
Due within one year	8,616,408	1,002,280	9,618,688	-	-	-	-
Due in more than one year	45,258,092	15,926,458	61,184,550	-	46,499	-	-
Total liabilities	67,210,817	18,196,507	85,407,324	220	297,723	63,871,335	1,488,831
DEFERRED INFLOWS OF RESOURCES	416,207	5,306	421,513	-	3,250	-	5,469
NET POSITION							
Net investment in capital assets	42,035,851	27,475,458	69,511,309	-	33,138,304	135,869,452	895,229
Restricted for:							
Stabilization by State statute	8,217,222	-	8,217,222	-	-	-	-
Education	160,891	-	160,891	-	-	-	-
Public safety	1,520,154	-	1,520,154	-	-	-	-
Economic and physical development	1,218,642	-	1,218,642	-	-	-	-
Other purposes	-	-	-	-	-	-	305,867
Unrestricted	5,346,096	11,911,171	17,257,267	209,650	3,765,473	328,689,643	1,499,332
Total net position	\$ 58,498,856	\$ 39,386,629	\$ 97,885,485	\$ 209,650	\$ 36,903,777	\$ 464,559,095	\$ 2,700,428

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

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority
Primary government:									
Governmental:									
General government	\$ 9,925,453	\$ 4,141,074	\$ 2,166,871	\$ -	\$ (3,617,508)	\$ -	\$ (3,617,508)		
Public safety	20,980,588	3,316,974	678,254	-	(16,985,360)	-	(16,985,360)		
Social Services	22,760,861	559,026	15,324,889	-	(6,876,946)	-	(6,876,946)		
Economic and physical development	4,389,590	1,101,404	1,346,255	-	(1,941,931)	-	(1,941,931)		
Environmental protection	4,608,929	2,405,043	158,668	-	(2,045,218)	-	(2,045,218)		
Health	8,626,160	5,463,003	2,378,208	-	(784,949)	-	(784,949)		
Cultural and recreation	2,535,497	61,401	313,000	-	(2,161,096)	-	(2,161,096)		
Education	27,005,640	-	-	842,910	(26,162,730)	-	(26,162,730)		
Interest on long-term debt	1,803,760	-	-	-	(1,803,760)	-	(1,803,760)		
Total governmental activities	102,636,478	17,047,925	22,366,145	842,910	(62,379,498)	-	(62,379,498)		
Business-type:									
Water	2,667,016	3,936,307	-	-	-	1,269,291	1,269,291		
Total business-type activities	2,667,016	3,936,307	-	-	-	1,269,291	1,269,291		
Total primary government	\$ 105,303,494	\$ 20,984,232	\$ 22,366,145	\$ 842,910	(62,379,498)	1,269,291	(61,110,207)		
Component units:									
Tourism Development Authority	\$ 638,815	\$ 570,744	\$ -	\$ -			\$ (68,071)	\$ -	\$ -
Airport Authority	3,007,849	2,241,346	-	1,016,384			-	249,881	-
Health System	343,615,207	345,410,840	-	-			-	-	1,795,633
ABC Board	7,696,799	7,695,949	-	-			-	-	(782)
Total component units	\$ 354,958,670	\$ 355,918,879	\$ -	\$ 1,016,384			(68,071)	249,881	1,795,633
General revenues:									
Taxes:									
Property taxes, levied for general purposes					51,783,504	-	51,783,504	-	-
Local option sales tax					16,097,112	-	16,097,112	-	-
Other taxes					1,077,699	-	1,077,699	-	-
Investment earnings, unrestricted					305,406	23,151	328,557	421	6,871
Miscellaneous, unrestricted					564,447	140,859	705,306	6,423	-
Transfers					130,000	(130,000)	-	-	-
Total general revenues and transfers					69,958,168	34,010	69,992,178	6,844	6,871
Change in net position					7,578,670	1,303,301	8,881,971	(61,227)	256,752
Net position, beginning, previously reported					51,796,771	38,083,328	89,880,099	270,877	36,647,025
Change in accounting (Note 16)					(876,585)	-	(876,585)	-	-
Net position, beginning, restated					50,920,186	38,083,328	89,003,514	-	-
Net position, ending					\$ 58,498,856	\$ 39,386,629	\$ 97,885,485	\$ 209,650	\$ 36,903,777
								\$ 464,559,095	\$ 2,700,428

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2017**

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 917,466	\$ 5,416,500	\$ 2,348,557	\$ 8,682,523
Short-term investments	25,995,292	-	-	25,995,292
Restricted cash	-	-	4,899	4,899
Taxes receivable	6,154,267	-	35,084	6,189,351
Accounts receivable	1,489,140	-	350,482	1,839,622
Due from other funds	1,036,162	-	1,056,465	2,092,627
Prepays	82,500	-	-	82,500
Long-term investments	4,953,450	4,952,711	-	9,906,161
Total assets	<u>\$ 40,628,277</u>	<u>\$ 10,369,211</u>	<u>\$ 3,795,487</u>	<u>\$ 54,792,975</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,175,681	\$ -	\$ 325,958	\$ 1,501,639
Accrued salaries and benefits	1,563,922	-	-	1,563,922
Due to other funds	1,056,465	-	1,036,162	2,092,627
Total liabilities	<u>3,796,068</u>	<u>-</u>	<u>1,362,120</u>	<u>5,158,188</u>
Deferred inflows of resources	890,343	-	25,951	916,294
Fund balances:				
Non Spendable				
Prepays	82,500	-	-	82,500
Restricted				
Stabilization by state statute	7,866,740	-	350,482	8,217,222
Public safety	56,262	-	1,463,892	1,520,154
Economic and physical development	-	649,880	568,762	1,218,642
Education, schools	-	-	160,891	160,891
Committed:				
Capital projects	-	9,719,331	-	9,719,331
Unassigned	27,936,364	-	(136,611)	27,799,753
Total fund balances	<u>35,941,866</u>	<u>10,369,211</u>	<u>2,407,416</u>	<u>48,718,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,628,277</u>	<u>\$ 10,369,211</u>	<u>\$ 3,795,487</u>	<u>\$ 54,792,975</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, 2017**

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

Total Fund Balance, Governmental Funds	\$ 48,718,493
Charges relating to advance refunding debt issue	4,047,056
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	57,948,024
Net pension asset	227,499
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	1,841,917
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources in the Statement of Net Position	64,549
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	531,815
Net pension liability	(7,912,664)
Total pension liability	(1,585,538)
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net assets.	2,919,232
Deferred inflows of resources for tax and fee receivables.	838,779
Pension related deferrals	4,851,939
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(53,992,245)</u>
Net position of governmental activities	<u>\$ 58,498,856</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, 2017**

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 49,558,191	\$ -	\$ 2,358,843	\$ 51,917,034
Sales	15,382,483	-	714,629	16,097,112
Tourism Room	-	-	1,077,699	1,077,699
Intergovernmental	20,763,636	-	2,445,419	23,209,055
Charges for services	17,181,341	-	-	17,181,341
Interest	282,640	13,133	1,891	297,664
Miscellaneous	1,009,622	-	-	1,009,622
Total revenues	<u>104,177,913</u>	<u>13,133</u>	<u>6,598,481</u>	<u>110,789,527</u>
EXPENDITURES				
Current:				
General government	10,414,702	-	20,815	10,435,517
Public safety	15,514,073	-	3,768,753	19,282,826
Environmental protection	5,357,128	-	-	5,357,128
Economic and physical development	2,317,186	-	1,531,814	3,849,000
Health	8,235,214	-	-	8,235,214
Social services	22,309,579	-	-	22,309,579
Culture and recreation	2,919,651	-	-	2,919,651
Education	26,760,460	-	245,180	27,005,640
Debt service:				
Principal	2,757,900	-	4,133,400	6,891,300
Interest	546,096	-	925,156	1,471,252
Total expenditures	<u>97,131,989</u>	<u>-</u>	<u>10,625,118</u>	<u>107,757,107</u>
Excess of revenues over (under) expenditures	<u>7,045,924</u>	<u>13,133</u>	<u>(4,026,637)</u>	<u>3,032,420</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,117,383	1,110,862	5,627,088	7,855,333
Transfers out	(5,336,190)	(1,593,445)	(795,698)	(7,725,333)
Total other financing sources (uses)	<u>(4,218,807)</u>	<u>(482,583)</u>	<u>4,831,390</u>	<u>130,000</u>
Net change in fund balances	2,827,117	(469,450)	804,753	3,162,420
FUND BALANCES:				
Beginning	<u>33,114,749</u>	<u>10,838,661</u>	<u>1,602,663</u>	<u>45,556,073</u>
Ending	<u>\$ 35,941,866</u>	<u>\$ 10,369,211</u>	<u>\$ 2,407,416</u>	<u>\$ 48,718,493</u>

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, 2017**

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

Net change in fund balances - total governmental funds	\$ 3,162,420
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.	(949,732)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(66,347)
The contributions to the pension plans in the current fiscal year are not included in the statement of activities	1,841,917
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the statement of net position	64,549
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(141,710)
The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,956,860
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	(2,178,782)
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>(110,505)</u>
Change in net position of governmental activities	<u>\$ 7,578,670</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, 2017
 (Page 1 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 48,109,047	\$ 48,139,047	\$ 49,558,191	\$ 1,419,144
Sales	14,785,783	15,005,783	15,382,483	376,700
Intergovernmental	21,786,766	22,798,246	20,763,636	(2,034,610)
Charges for services	15,710,632	16,047,743	17,181,341	1,133,598
Interest	110,200	110,200	282,640	172,440
Miscellaneous	974,481	991,482	1,009,622	18,140
Total revenues	<u>101,476,909</u>	<u>103,092,501</u>	<u>104,177,913</u>	<u>1,085,412</u>
EXPENDITURES				
General government:				
Commissioners	593,553	606,517	594,571	11,946
Administration	576,630	580,437	573,381	7,056
Human resources	542,312	424,267	397,314	26,953
Information technology	1,439,815	1,545,132	1,423,216	121,916
Finance	876,065	879,690	870,614	9,076
Elections	439,811	443,222	431,872	11,350
Tax assessor	1,032,300	1,010,512	961,548	48,964
Tax collections	731,516	769,501	751,038	18,463
Register of deeds	779,879	929,335	881,311	48,024
Public buildings	588,712	543,149	503,030	40,119
Housekeeping	308,611	303,210	275,878	27,332
Court facilities	524,700	617,627	589,897	27,730
GIS/Mapping	337,206	337,278	335,817	1,461
Maintenance	721,045	722,471	673,253	49,218
Non-departmental	1,205,877	1,211,016	1,151,962	59,054
Total general government	<u>10,698,032</u>	<u>10,923,364</u>	<u>10,414,702</u>	<u>508,662</u>
Public safety:				
Animal control	423,001	420,330	318,458	101,872
Medical examiner	95,000	171,350	168,050	3,300
Sheriff	5,994,278	6,084,955	6,027,695	57,260
Jail	4,183,955	4,361,168	4,265,633	95,535
Fire marshal/ Emergency management	1,085,560	1,138,355	1,072,687	65,668
Inspections	575,739	579,639	549,965	29,674
Volunteer rescue squads	3,068,255	3,183,581	3,111,585	71,996
Total public safety	<u>15,425,788</u>	<u>15,939,378</u>	<u>15,514,073</u>	<u>425,305</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, 2017

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 3,774,725	\$ 3,872,225	\$ 3,798,569	\$ 73,656
Environmental health	1,185,887	1,294,862	1,183,696	111,166
Soil conservation	251,034	153,790	149,348	4,442
Cooperative extension	245,286	243,380	225,515	17,865
Total environmental protection	<u>5,456,932</u>	<u>5,564,257</u>	<u>5,357,128</u>	<u>207,129</u>
Economic and physical development:				
Planning	605,698	605,039	597,977	7,062
Economic Development Commission	511,003	509,605	424,637	84,968
Convention Center	1,369,619	1,371,272	1,294,572	76,700
Total economic and physical development	<u>2,486,320</u>	<u>2,485,916</u>	<u>2,317,186</u>	<u>168,730</u>
Health:				
Dental	402,542	400,160	354,942	45,218
Maternity	1,333,030	1,336,417	1,282,208	54,209
Child health	1,254,943	1,445,001	1,230,331	214,670
Risk Reduction	154,150	166,639	150,842	15,797
WIC	624,568	630,986	590,107	40,879
Adult Health Services	675,553	856,352	683,245	173,107
Communicable Disease	212,753	212,752	164,175	48,577
Bio-Terrorism	39,524	49,024	42,296	6,728
Family planning	830,900	840,886	765,614	75,272
Home health	1,554,706	1,554,703	1,413,304	141,399
Mental health	278,827	281,227	280,896	331
Other - unclassified	1,378,450	1,437,380	1,277,254	160,126
Total health	<u>8,739,946</u>	<u>9,211,527</u>	<u>8,235,214</u>	<u>976,313</u>
Social services:				
Transportation	1,783,567	2,008,127	1,436,228	571,899
Administration	2,792,266	2,787,768	2,597,168	190,600
Employment assistance	4,164,942	4,176,296	3,861,639	314,657
Adult/child services	1,270,801	1,261,835	1,176,897	84,938
Veterans services	223,834	225,408	209,087	16,321
Senior services	495,200	502,939	450,150	52,789
Public assistance payments	6,995,707	6,972,907	6,141,090	831,817
TANF	5,587,196	5,682,677	5,392,634	290,043
Child support enforcement	1,202,893	1,202,893	1,044,686	158,207
Total social services	<u>24,516,406</u>	<u>24,820,850</u>	<u>22,309,579</u>	<u>2,511,271</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, 2017
 (Page 3 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Recreation	\$ 1,079,372	\$ 1,483,597	\$ 1,415,305	\$ 68,292
Libraries	1,363,916	1,363,916	1,363,916	-
Special appropriation	179,036	179,036	140,430	38,606
Total culture and recreation	<u>2,622,324</u>	<u>3,026,549</u>	<u>2,919,651</u>	<u>106,898</u>
Education, schools				
Public schools - current expenditures	21,784,958	21,834,958	21,828,486	6,472
Public schools - fines and forfeitures	125,000	105,000	99,026	5,974
Public schools - capital outlay	850,000	850,000	850,000	-
Community college	3,982,948	3,982,948	3,982,948	-
Total education	<u>26,742,906</u>	<u>26,772,906</u>	<u>26,760,460</u>	<u>12,446</u>
Debt service:				
Principal	2,757,900	2,757,900	2,757,900	-
Interest	546,614	546,614	546,096	518
Total debt service	<u>3,304,514</u>	<u>3,304,514</u>	<u>3,303,996</u>	<u>518</u>
Total expenditures	<u>99,993,168</u>	<u>102,049,261</u>	<u>97,131,989</u>	<u>4,917,272</u>
Excess of revenues over expenditures	<u>1,483,741</u>	<u>1,043,240</u>	<u>7,045,924</u>	<u>6,002,684</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,608,740	2,697,689	1,117,383	(1,580,306)
Transfers out	(4,176,234)	(5,529,113)	(5,336,190)	192,923
Total other financing sources (uses)	<u>(1,567,494)</u>	<u>(2,831,424)</u>	<u>(4,218,807)</u>	<u>(1,387,383)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(83,753)</u>	<u>(1,788,184)</u>	<u>2,827,117</u>	<u>4,615,301</u>
Appropriated fund balance	<u>83,753</u>	<u>1,788,184</u>	<u>-</u>	<u>(1,788,184)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,827,117</u>	<u>\$ 2,827,117</u>
FUND BALANCE				
Beginning			<u>33,114,749</u>	
Ending			<u>\$ 35,941,866</u>	

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest		Total	
		Craven Water and Sewer District	Eliminations		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 12,217,026	\$ -	\$ -	\$ 12,217,026	\$ 3,519,591
Accounts receivable, net of allowance for doubtful accounts	872,892	-	-	872,892	42,450
Prepays	42,775	-	-	42,775	12,000
Capital lease receivable-current	-	82,955	(82,955)	-	-
Total current assets	13,132,693	82,955	(82,955)	13,132,693	3,574,041
Noncurrent Assets:					
Capital lease receivable-noncurrent	-	560,800	(560,800)	-	-
Capital assets:					
Land	947,354	-	-	947,354	-
Improvements other than buildings	29,989,234	-	-	29,989,234	-
Buildings	563,318	-	-	563,318	-
Machinery and equipment	432,195	-	-	432,195	-
Construction in progress	29,949,680	-	-	29,949,680	-
Less accumulated depreciation	(17,583,573)	-	-	(17,583,573)	-
Total capital assets (net of accumulated depreciation)	44,298,208	-	-	44,298,208	-
Total noncurrent assets	44,298,208	560,800	(560,800)	44,298,208	-
Total assets	57,430,901	643,755	(643,755)	57,430,901	3,574,041
DEFERRED OUTFLOWS OF RESOURCES	157,541	-	-	157,541	-
LIABILITIES					
Current liabilities:					
Accounts payable (includes c/o of \$633,867)	748,252	-	-	748,252	654,809
Accrued salaries and benefits	37,973	-	-	37,973	-
Accrued interest payable	-	2,841	-	2,841	-
Customer deposits payable	299,192	-	-	299,192	-
Compensated absences liability - current	33,102	-	-	33,102	-
Installment notes payable-current	889,064	80,114	-	969,178	-
Obligations under capital lease-current	82,955	-	(82,955)	-	-
Total current liabilities	2,090,538	82,955	(82,955)	2,090,538	654,809
Noncurrent liabilities:					
Compensated absences liability	13,193	-	-	13,193	-
Net pension liability	179,511	-	-	179,511	-
Other postemployment benefit liability	62,534	-	-	62,534	-
Installment notes payable	15,289,931	560,800	-	15,850,731	-
Obligations under capital lease	560,800	-	(560,800)	-	-
Total noncurrent liabilities	16,105,969	560,800	(560,800)	16,105,969	-
Total liabilities	18,196,507	643,755	(643,755)	18,196,507	654,809
DEFERRED INFLOWS OF RESOURCES	5,306	-	-	5,306	-
NET POSITION					
Net investment in capital assets	27,475,458	-	-	27,475,458	-
Unrestricted	11,911,171	-	-	11,911,171	2,919,232
Total net position	\$ 39,386,629	\$ -	\$ -	\$ 39,386,629	\$ 2,919,232

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

Crauen County



CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Total	
OPERATING REVENUES				
Charges for services	\$ 3,936,307	\$ -	\$ 3,936,307	\$ 5,285,706
Miscellaneous	140,859	-	140,859	87,716
Total operating revenues	<u>4,077,166</u>	<u>-</u>	<u>4,077,166</u>	<u>5,373,422</u>
OPERATING EXPENSES				
Cost of services	1,726,047	-	1,726,047	5,491,669
Depreciation and amortization	922,146	-	922,146	-
Total operating expenses	<u>2,648,193</u>	<u>-</u>	<u>2,648,193</u>	<u>5,491,669</u>
Operating income (loss)	<u>1,428,973</u>	<u>-</u>	<u>1,428,973</u>	<u>(118,247)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	23,151	-	23,151	7,742
Interest expense	-	(18,823)	(18,823)	-
Total net nonoperating revenues (expenses)	<u>23,151</u>	<u>(18,823)</u>	<u>4,328</u>	<u>7,742</u>
Income (loss) before transfers	<u>1,452,124</u>	<u>(18,823)</u>	<u>1,433,301</u>	<u>(110,505)</u>
Transfers in	18,000	18,823	36,823	-
Transfers out	(166,823)	-	(166,823)	-
Total transfers in (out)	<u>(148,823)</u>	<u>18,823</u>	<u>(130,000)</u>	<u>-</u>
Change in net position	<u>1,303,301</u>	<u>-</u>	<u>1,303,301</u>	<u>(110,505)</u>
Net position, beginning	<u>38,083,328</u>	<u>-</u>	<u>38,083,328</u>	<u>3,029,737</u>
Net position, ending	<u>\$ 39,386,629</u>	<u>\$ -</u>	<u>\$ 39,386,629</u>	<u>\$ 2,919,232</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, 2017

(Page 1 of 2)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Northwest		
		Craven Water and Sewer District	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,299,813	\$ -	\$ 4,299,813	\$ 5,345,222
Payments to customers and suppliers	(1,391,984)	-	(1,391,984)	(5,520,043)
Payments to employees	(808,503)	-	(808,503)	-
Net cash provided by (used in) operating activities	2,099,326	-	2,099,326	(174,821)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & construction of capital assets	(2,714,343)	-	(2,714,343)	-
Repayment of installment notes and bonds	-	(80,114)	(80,114)	-
Proceeds from installment notes payable	620,429	-	620,429	-
Payments on obligations under capital lease payable	(80,114)	-	(80,114)	-
Proceeds from investment in direct finance leasing	-	80,114	80,114	-
Interest paid	-	(18,823)	(18,823)	-
Net cash used in capital and related financing activities	(2,174,028)	(18,823)	(2,192,851)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	18,000	18,823	36,823	-
Transfers out	(166,823)	-	(166,823)	-
Net cash provided by (used in) noncapital financing activities	(148,823)	18,823	(130,000)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and investments	23,151	-	23,151	7,742
Net cash provided by investing activities	23,151	-	23,151	7,742
 Net decrease in cash and cash equivalents	 (200,374)	 -	 (200,374)	 (167,079)
CASH AND CASH EQUIVALENTS				
Beginning	12,417,400	-	12,417,400	3,686,670
Ending	\$ 12,217,026	\$ -	\$ 12,217,026	\$ 3,519,591

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, 2017

(Page 2 of 2)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,428,973	\$ -	\$ 1,428,973	\$ (118,247)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	922,146	-	922,146	-
Change in assets and liabilities:				
Accounts receivable	220,227	-	220,227	(28,200)
Prepaid items	2,728	-	2,728	-
Increase in net pension liability	142,796	-	142,796	-
Decrease in deferred inflows of resources- pensions	(14,175)	-	(14,175)	-
Accounts payable and accrued expenses	(484,312)	-	(484,312)	(28,374)
Customer deposits payable	2,420	-	2,420	-
(Increase) decrease in deferred outflows of resources for pensions	(121,477)	-	(121,477)	-
Net cash provided by (used in) operating activities	<u>\$ 2,099,326</u>	<u>\$ -</u>	<u>\$ 2,099,326</u>	<u>\$ (174,821)</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, 2017

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>73,287</u>
Total assets	<u>\$ 73,287</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ <u>73,287</u>
Total liabilities	<u>\$ 73,287</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 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, 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, 2016 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, 2017 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

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

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

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, 2017 year, the CCFC had no activity.

Craven County, North Carolina

Notes to Financial Statements

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

Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and 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.

Craven County, North Carolina

Notes to Financial Statements

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

The County reports the following major enterprise funds:

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

Northwest Craven Water and Sewer District. Although the Northwest Craven Water and Sewer District Fund does not meet criteria to be a major fund, the County has determined it is qualitatively material to the users of the financial statements. Established to provide water and sewer services to the residents of this district.

The County reports the following other fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Municipal Property Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; and the Deed of Trust Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Internal Service Fund. This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information. The County utilizes North Carolina Association of County Commissioners to insure these programs.

Measurement Focus, Basis of Accounting

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

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

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

Notes to Financial Statements

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes 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.

Craven County, North Carolina

Notes to Financial Statements

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

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

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, 2016, and the budget as amended at June 30, 2017.

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

The County Manager is authorized to transfer appropriations within a fund up to \$20,000; however, the governing board must approve any revisions that alter total expenditures of any fund or exceed \$20,000. Annual appropriated budgets are adopted for the General Fund, certain Special Revenue Funds (all fire districts funds), the Debt Service Fund, and all Proprietary Funds. The budget for Capital Projects Funds, and certain Special Revenue Funds, authorize activity for the life of each individual project. All annual appropriations lapse at fiscal yearend, 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 amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The CarolinaEast Health System has investments in debt and marketable equity securities which are reported at fair value. Fair value of investments other than those of the NCCMT and the First American Prime Obligation Fund are determined by quoted market prices. Amounts in the NCCMT (an SEC registered 2a-7 money market fund) and the First American Prime Obligation Fund are valued at the fair values as determined by the share prices. Debt securities consist primarily of obligations of the U.S. government, commercial paper and corporate bonds. Marketable equity securities consist primarily of common stocks that are traded or listed on national exchanges. Gains and losses on debt and marketable equity securities, both realized and unrealized, are included in non-operating income. Interest and dividends on investments in debt and equity securities are included in non-operating income when earned. Short-term investments include marketable securities representing the investment of cash available for current operations. They are not considered cash equivalents since the System considers them part of their investing activities.

Craven County, North Carolina

Notes to Financial Statements

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

Cash and Cash Equivalents

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

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

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.

Craven County Restricted Cash

Governmental Activities		
School Capital Projects Fund	Unexpended Public School Building funds	\$ 4,899

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, 2017:

	Component Unit CarolinaEast Health System
	<hr/>
Patient receivables (at September 30, 2016)	\$ 18,228,908
	<hr/> <hr/>

Craven County, North Carolina

Notes to Financial Statements

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

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) which approximates market. The Health System inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or consumption. The Health System inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Prepaid Items.

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

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.

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

When the County leases capital assets to a discretely presented component unit for a nominal amount, the County reports those capital assets and related depreciation in the component unit. Depreciation of all depreciable capital assets is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets.

Craven County, North Carolina

Notes to Financial Statements

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

Capital Assets (Continued)

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

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:

2017	\$	518,424
2018		518,424
2019		518,424
2020		518,424
2021		518,424
Thereafter		1,044,544
	\$	<u>3,636,664</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 related deferrals, and contributions made to the pension plan 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 related deferrals.

Craven County, North Carolina

Notes to Financial Statements

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

Long-term obligations.

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

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.

Craven County, North Carolina

Notes to Financial Statements

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

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 nonexpendable fund balances as of June 30, 2017:

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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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

Restricted for education, schools - portion of fund balance that is restricted by revenue source for the repayment of debt related to school construction projects or used for School Capital per G.S. 159-18-22.

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

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

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

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

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

Craven County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Craven County, North Carolina

Notes to Financial Statements

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

Defined Benefit Pension Plans

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

Craven County, North Carolina

Notes to Financial Statements

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 \$9,780,363 consists of several elements as follows:

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)	\$ 106,378,741
Less accumulated depreciation	(48,430,717)
Net capital assets	<u>57,948,024</u>
Net pension asset	227,499
Contributions to the pension plan in the current fiscal year	1,841,917
Benefit payments and pension administration costs for LEOSSA	64,549
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the funds statements	531,815
Deferred outflows of resources related to refunding-included on government-wide statement of net position but are not current financial resources	4,047,056
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	838,779
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	2,919,232
Pension related deferrals	4,851,939
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	(33,427,050)
Bonds financing	(13,370,000)
Deferred bonds premium	(438,847)
Accrued interest payable	(117,745)
Other postemployment benefits	(3,848,276)
Compensated absences	(2,790,327)
Net pension obligation (LEOSSA)	(1,585,538)
Net pension obligation	(7,912,664)
Total adjustment	<u>\$ 9,780,363</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 \$4,416,250 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,902,929
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(3,852,661)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(66,347)
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	6,891,300
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,841,917
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	64,549
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	(88,398)
Other postemployment benefits	(513,538)
Pension expense	(2,178,782)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	30,553
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	(363,057)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	(141,710)
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	(110,505)
Total adjustment	<u>\$ 4,416,250</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2: Stewardship, Compliance, and Accountability

B. Excess of Expenditures over Appropriations

Beginning with the fiscal year ended June 30, 2012, the ABC Board was required to operate under a balanced budget in accordance with G.S. 18B-702. At June 30, 2017, 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
Distributions	903,182	931,082	965,054	(33,972)

Note 3: Detail Notes on All Funds

A. Assets

1. Deposits:

All of the County and its component unit's 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, 2017, the County's (primary government) deposits had a carrying amount of \$24,402,939 and a bank balance of \$25,778,415 which include restricted cash in the amount of \$4,899. Of the bank balance, \$310,000 was covered by federal depository insurance and \$25,468,415 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, 2017, Craven County had \$21,100 cash on hand.

At June 30, 2017, the County's agency fund deposits had a carrying amount of \$73,287 and a bank balance of \$73,287. The bank balance was covered by collateral held under the pooling method.

Craven County, North Carolina

Notes to Financial Statements

1. Deposits (Continued)

Component Unit Information

At June 30, 2017, both the carrying amount and bank balance of deposits for the Tourism Development Authority were \$209,870. The bank balance was fully insured and covered by collateral held under the pooling method.

At June 30, 2017, the Airport Authority had a carrying amount of \$3,603,358 and a bank balance of deposits of \$3,717,769. The bank balance was insured in the amount of \$250,000 and the remainder was covered by collateral held under the pooling method.

At June 30, 2017, the ABC Board had \$11,250 in cash on hand, and deposits in financial institutions with a carrying amount of \$2,173,982 and a bank balance of \$2,112,676. Of the bank balance, \$295,612 was covered by federal depository insurance and \$1,817,064 was covered by collateral held under the pooling method.

At September 30, 2016, the carrying amount of deposits for the Health System was \$25,144,951 and the bank balance was \$26,494,358. Of the bank balance, \$750,000 was covered by federal depository insurance and \$25,744,358 was covered by collateral held under the pooling method. Cash and cash equivalents consist of the following as of September 30, 2016:

Cash on hand	\$ 9,030
Deposits	25,144,951
Mutual fund money markets	207,492
	\$ 25,361,473

2. Investments:

As of June 30, 2017 the County had the following investments and maturities. :

Investment Type	Valuation Measurement Method	Fair Value	Less Than Six Months	6 - 12 Months
NC Capital Management Trust, Government Portfolio	Amortized Cost	\$ 5,925,182	\$ 5,925,182	\$ -
NC Capital Management Trust, Term Portfolio*	Fair Value-Level 1	20,070,110	20,070,110	-
Commercial paper:				
Toyota Motor Credit	Fair Value-Level 2	4,953,450	-	4,953,450
JP Morgan Securities	Fair Value-Level 2	4,952,711	-	4,952,711
Total investments		\$ 35,901,453	\$ 25,995,292	\$ 9,906,161

* Because the NC Capital Management Trust 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

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, 2017, 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, 2017. 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 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

2. Investments (Continued)

As of September 30, 2016, 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	\$ 65,931	N/A
Vanguard Bond Mutual Funds-Corp	38,804	N/A
Equity Securities and Mutual Funds	178,308	N/A
Hedge Funds	38	N/A
Short Term Cash Equivalents	64	N/A
NC Capital Management Trust	22,681	N/A
Total	\$ 305,826	

The above table includes \$207,492 which is included in unrestricted cash and cash equivalents.

Fair Value Measurements Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at 9/30/16
Common stock	\$ 4,666	\$ -	\$ -	\$ 4,666
Hedge fund	-	-	38,418	38,418
Mutual Funds				
Money market	63,790	-	-	63,790
Fixed income	104,587,535	-	-	104,587,535
Equity	178,302,443	-	-	178,302,443
Total mutual funds	282,953,768	-	-	282,953,768
Total	\$ 282,958,434	\$ -	\$ 38,418	\$ 282,996,852

Cash and cash equivalents as of 9/30/2016 not included above 25,361,473

North Carolina Management Capital Trust - Cash Portfolio as of
9/30/2016 carried at amortized cost. 22,473,976

Interest receivable as of 9/30/2016 not included above 147,681

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

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 Ginni Maes, Freddie Macs, or Fannie Maes.

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

As of September 30, 2016, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Total
US Government Agency Mutual Funds	100.00%						100.00%
Corporate/Other Bond Mutual Funds	15.72%	13.49%	32.19%	38.60%			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

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
2014	\$ 1,037,391	\$ 339,746	\$ 1,377,137
2015	1,064,433	252,803	1,317,236
2016	1,068,688	157,631	1,226,319
2017	1,352,009	77,741	1,429,750
Total	<u>\$ 4,522,521</u>	<u>\$ 827,921</u>	<u>\$ 5,350,442</u>

Craven County, North Carolina

Notes to Financial Statements

4. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2017 was as follows:

	Capital Assets			Capital Assets
	June 30, 2016	Additions	Retirements	June 30, 2017
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 9,771,509	\$ 183,482	\$ (82,727)	\$ 9,872,264
Construction in progress	102,415	634,329	-	736,744
Total capital assets not being depreciated	\$ 9,873,924	\$ 817,811	\$ (82,727)	\$ 10,609,008
Capital assets, being depreciated:				
Buildings	\$ 67,242,332	\$ -	\$ -	\$ 67,242,332
Vehicles	6,068,687	507,432	(251,880)	6,324,239
Equipment	5,717,237	686,584	(147,184)	6,256,637
Other improvements	15,036,414	910,111	-	15,946,525
Total capital assets being depreciated	94,064,670	2,104,127	(399,064)	95,769,733
Less accumulated depreciation for:				
Buildings	29,332,687	2,078,158	-	31,410,845
Vehicles	4,928,125	546,538	(247,107)	5,227,556
Equipment	3,845,071	527,628	(149,328)	4,223,371
Other improvements	6,868,608	700,337	-	7,568,945
Total accumulated depreciation	44,974,491	3,852,661	(396,435)	48,430,717
Total capital assets, being depreciated, net	49,090,179			47,339,016
Governmental activity capital assets, net	\$ 58,964,103			\$ 57,948,024
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	\$ -	\$ -	\$ 947,354
Construction in progress	27,310,743	2,651,088	(12,151)	29,949,680
Total capital assets not being depreciated	\$ 28,258,097	\$ 2,651,088	\$ (12,151)	\$ 30,897,034
Capital assets, being depreciated:				
Buildings & other improvements	30,456,559	95,993	-	30,552,552
Vehicles	217,947	57,341	(42,217)	233,071
Equipment	186,971	12,151	-	199,122
Total capital assets being depreciated	30,861,477	165,485	(42,217)	30,984,745
Less accumulated depreciation for:				
Buildings & other improvements	16,350,871	894,028	-	17,244,899
Vehicles	197,173	25,508	(42,218)	180,463
Equipment	155,599	2,610	-	158,209
Total accumulated depreciation	16,703,643	922,146	(42,218)	17,583,571
Total capital assets, being depreciated, net	14,157,834			13,401,174
Business activity capital assets, net	\$ 42,415,931			\$ 44,298,208

Craven County, North Carolina

Notes to Financial Statements

4. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 631,851
Public safety	1,694,396
Social Services	429,526
Economic and physical development	519,464
Health	325,436
Environmental protection	57,568
Culture and recreation	194,420
Total depreciation expense, governmental activities	<u>\$ 3,852,661</u>
Business-type activities:	
Water Fund	\$ 922,146
Total depreciation expense-business-type activities	<u>\$ 922,146</u>

Construction commitments

The government has active construction project as of June 30, 2017. The project includes the Castle Hayne Aquifer project that includes a new water plant, renovation of the animal shelter, and road improvements at the industrial park. At June 30, 2017, the government's commitment with a contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Animal shelter	\$ 736,746	\$ 463,000
Industrial Park road improvements	20,815	660,000
Water plant	29,949,680	367,000
Total	<u>\$ 30,707,241</u>	<u>\$ 1,490,000</u>

Craven County, North Carolina

Notes to Financial Statements

**4. Capital Assets (Continued)
Discretely presented component units**

The following is a summary of the capital assets of the Airport Authority at June 30, 2017:

Capital assets, not being depreciated:	
Land	\$ 9,649,508
Construction in Progress	1,661,600
Total capital assets, not being depreciated	<u>11,311,108</u>
Capital assets, being depreciated:	
Buildings	9,450,092
Improvements other than buildings	28,893,247
Machinery, equipment, and vehicles	2,028,523
Total capital assets being depreciated	<u>40,371,862</u>
Less accumulated depreciation	<u>18,506,546</u>
Total capital assets being depreciated, net	<u>21,865,316</u>
Capital assets, net	<u>\$ 33,176,424</u>

Title to the real property occupied by the Airport Authority rests with Craven County. The land is leased to the Airport Authority for an annual rent of one dollar through a lease signed November 1, 1993 which has been extended through 2033.

The following is a summary of the Health System capital asset activity for the year ended September 30, 2016:

	Year Ended September 30, 2016			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 9,047,024	\$ -	\$ -	\$ 9,047,024
Construction in progress	8,336,335	32,988,422	(17,414,485)	23,910,272
Total capital assets, not being depreciated	<u>17,383,359</u>	<u>32,988,422</u>	<u>(17,414,485)</u>	<u>32,957,296</u>
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	5,077,396	150,594	-	5,227,990
Building and fixtures	155,748,717	10,209,523	(1,576,703)	164,381,537
Equipment	188,708,677	14,395,570	(4,703,931)	198,400,316
Total capital assets being depreciated	<u>365,262,503</u>	<u>24,755,687</u>	<u>(6,280,634)</u>	<u>383,737,556</u>
Less accumulated depreciation/amortization for:				
Intangible assets	(11,572,625)	(518,424)	-	(12,091,049)
Land improvements, building and fixtures, and equipment	<u>(254,263,796)</u>	<u>(20,454,789)</u>	<u>5,984,234</u>	<u>(268,734,351)</u>
	<u>(265,836,421)</u>	<u>(20,973,213)</u>	<u>5,984,234</u>	<u>(280,825,400)</u>
Total capital assets being depreciated/amortized, net	<u>99,426,082</u>			<u>102,912,156</u>
Health System capital assets, net	<u>\$ 116,809,441</u>			<u>\$ 135,869,452</u>

Craven County, North Carolina

Notes to Financial Statements

4. Capital Assets (Continued)

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, 2016. The estimated cost to complete the projects is approximately \$25,534,000.

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

The following is a summary of the capital assets of the ABC Board at June 30, 2017:

Capital assets, not being depreciated:

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

Capital assets, being depreciated:

Buildings	\$ 1,143,863
Furniture & equipment	538,730
Automobile	127,274
Total capital assets being depreciated	<u>1,809,867</u>
Less accumulated depreciation	1,104,139
Total capital assets being depreciated, net	<u>\$ 705,728</u>

5. 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.

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their compensation. The County, Airport Authority and ABC Board's contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County, Airport Authority and ABC Board's contractually required contribution rate for the year ended June 30, 2017, are as follows:

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

	Employees Not Engaged In Law Enforcement	Employees Engaged In Law Enforcement
Craven County	7.25%	8.00%
Airport Authority	7.25%	
ABC Board	7.45%	

The rates show above were actuarially determined as amounts that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County, Airport Authority and ABC Board were \$1,873,840, \$26,606 and \$51,104, respectively, for the year ended June 30, 2017.

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

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

At June 30, 2017, the County, Airport Authority and ABC Board reported liabilities of \$8,092,175, \$92,747 and \$154,506, respectively, for their proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2016. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County, Airport Authority and ABC Board's proportions were .381%, .004% and .00728%, respectively, which were increase/(decreases) of (.008%), .001% and (.0007%), respectively, from their proportions measured as of June 30, 2016.

For the year ended June 30, 2017, the County, Airport Authority and ABC Board's recognized pension expense of \$2,184,422, \$30,599 and \$48,361, respectively.

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

At June 30, 2017, 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	\$ 152,087	\$ 283,651
Changes of assumptions	554,421	-
Net difference between projected and actual earnings on pension plan investments	4,472,721	-
Changes in proportion and differences between County contributions and proportionate share of contributions	65,347	12,602
County contributions subsequent to the measurement date	1,873,840	-
Total	<u>\$ 7,118,416</u>	<u>\$ 296,253</u>

At June 30, 2017, 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	\$ 1,743	\$ 3,250
Changes of assumptions	6,352	-
Net difference between projected and actual earnings on pension plan investments	51,277	-
Changes in proportion and differences between Airport Authority's contributions and proportionate share of contributions	17,344	-
Airport Authority's contributions subsequent to the measurement date	26,606	-
Total	<u>\$ 103,322</u>	<u>\$ 3,250</u>

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

At June 30, 2017, 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	\$ 2,904	\$ 5,415
Changes of assumptions	10,582	-
Net difference between projected and actual earnings on pension plan investments	85,422	-
Changes in proportion and differences between ABC Board's contributions and proportionate share of contributions	18,501	54
ABC Board's contributions subsequent to the measurement date	51,104	-
Total	<u>\$ 168,513</u>	<u>\$ 5,469</u>

\$1,873,840, \$26,606 and \$51,104 reported as deferred outflows of resources related to pensions resulting from County, Airport Authority and ABC Board contributions, respectively, subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred 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>
2018	\$ 764,420	\$ 14,330	\$ 20,099
2019	764,853	14,325	20,111
2020	2,128,051	28,511	45,723
2021	1,292,289	16,300	26,007
2022	-	-	-
Thereafter	-	-	-
Total	<u>\$ 4,949,613</u>	<u>\$ 73,466</u>	<u>\$ 111,940</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 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	7.25 percent, net of pension plan investment expense, including inflation

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (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, 2015 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. 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, 2016 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 2016 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 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Local Governmental Employees' Retirement System (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 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 19,212,732	\$ 8,092,175	\$ (1,191,727)
Airport Authority's proportionate share of the net pension liability (asset)	\$ 220,130	\$ 92,747	\$ (13,654)
ABC Board's proportionate share of the net pension liability (asset)	\$ 366,715	\$ 154,506	\$ (22,747)

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, 2016 the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Active plan members	<u>72</u>
Total	<u><u>81</u></u>

Craven County, North Carolina

Notes to Financial Statements

5. 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, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015.

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 \$129,577 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, 2017, the County reported a total pension liability of \$1,585,538. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$122,012.

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (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	\$ -	\$ -
Changes of assumptions	-	26,734
County benefit payments and plan administrative expenses made subsequent to the measurement date	64,549	-
Total	<u>\$ 64,549</u>	<u>\$ 26,734</u>

\$64,549 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 5,347
2019	5,347
2020	5,347
2021	5,347
2022	5,346
Thereafter	-
Total	<u>\$ 26,734</u>

\$64,259 paid as benefits came due and \$290 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total Pension Liability	\$ 1,699,376	\$ 1,585,538	\$ 1,480,596

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

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

	2017
Beginning balance of the total pension liability, December 31, 2015	\$ 1,618,123
Service Cost	71,579
Interest on the total pension liability	55,490
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(32,081)
Benefit payments	(127,573)
Other changes	-
Ending balance of the total pension liability, December 31, 2016	<u>\$ 1,585,538</u>

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, 2015 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 \$161,478 for the reporting year. No amounts were forfeited.

Notes to Financial Statements

5. 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 \$9,941 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$227,499 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 1.22%, which was an increase of .11% from its proportion measured as of June 30, 2016.

Craven County, North Carolina

Notes to Financial Statements

5. 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, 2017, the County recognized pension expense of \$10,045. At June 30, 2017, 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	\$ 243	\$ 2,945
Changes of assumptions	60,610	-
Net difference between projected and actual earnings on pension plan investments	389	-
Changes in proportion and differences between County contributions and proportionate share of contributions	193	18,066
County contributions subsequent to the measurement date	10,238	-
Total	<u>\$ 71,673</u>	<u>\$ 21,011</u>

\$10,238 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 16,820
2019	18,295
2020	7,854
2021	(2,545)
2022	-
Thereafter	-
Total	<u>\$ 40,424</u>

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

5. 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, 2015 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, 2016 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 3.0%. 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.

Craven County, North Carolina

Notes to Financial Statements

5. 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%)
Total Pension Liability	\$ (183,437)	\$ (227,449)	\$ (264,515)

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

Health System Plans

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

The 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 \$66,769,808 for the year ended September 30, 2016. Total contributions were \$4,006,188 for the year ended September 30, 2016, 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.

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Health System Plans (Continued)

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 \$71,195,139 for the year ended September 30, 2016. The Health System’s contributions were \$1,423,903 or 2 percent of covered payroll for the year ended September 30, 2016. Employee contributions to the plan totaled \$6,287,320 or 8.83% of covered payroll for the year ended September 30, 2016. Employee contributions to the 457(b) plan totaled \$1,408,819 for the year ended September 30, 2016. These plans are not included in the Health System’s reporting entity and do not issue separate, stand-alone financial reports.

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 who participate in the North Carolina Local Governmental Employees’ Retirement System. 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.

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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 December 31, 2015, the date of the latest actuarial valuation:

	General	Law
	<u>Employees:</u>	<u>Officers:</u>
Retirees and dependents receiving benefits	26	10
Active plan members	491	73
Total	517	83

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

The current Annual Required Contribution (ARC) rate is 3.84% of annual covered payroll. For the current year, the County contributed \$526,934 or 1.66% of annual covered payroll. The County has established an Internal Service Fund to account for a limited risk, self-insurance program to provide health benefits to County employees. The County's obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

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

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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

Annual required contribution (1)	\$ 951,458
Interest on net OPEB obligation	141,059
Adjustment to annual required contribution	<u>(134,755)</u>
Annual OPEB cost (expense)	957,762
Benefit payments made (1)	<u>(526,934)</u>
Increase (decrease) in net OPEB obligation	430,828
Net OPEB obligation, beginning of year	<u>3,526,481</u>
Net OPEB obligation, end of year (1)	<u><u>\$ 3,957,309</u></u>

(1) The net OPEB obligation at June 30, 2017 consists of liabilities of \$3,848,276, \$62,534 and \$46,499 recorded in governmental activities, business-type activities and the Airport Authority, respectively. This was computed by allocating the total annual required contribution by number of active and retired plan members for each function, less contributions made during the year for each. The annual required contribution was allocated as \$924,388, \$14,847 and \$12,223 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$511,916, \$8,220 and \$6,797 related to governmental activities, business-type activities, and Airport Authority, respectively.

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 957,762	55.0%	\$ 3,957,309
2016	\$ 789,575	63.8%	\$ 3,526,481
2015	\$ 766,225	62.0%	\$ 3,240,680

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$10,481,987. The covered payroll (annual payroll of active employees covered by the plan) was \$23,583,699, and the ratio of the UAAL to the covered payroll was 44.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-medicare trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

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

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

As of the actuarial valuation report dated January 1, 2015, the Health System's membership consisted of:

Retirees receiving benefits	58
Active plan members	162
Total	<u>220</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.

Annual OPEB Cost and Net OPEB Obligation. The Health System's OPEB cost (expense) for the fiscal year ended September 30, 2016 was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Prior to 2009, the Health System used one year in their determination; however, due to significant losses in plan assets during the plan year ended December 31, 2008, the Health System revised the amortization period to five years. The most recent actuarial valuation is dated January 1, 2016.

The Health System's annual OPEB cost components, the percentage of annual OPEB cost contributed to the trust, and its net OPEB obligation for the years ended September 30, 2016, 2015 and 2014, were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost (APC)</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Obligation</u>
09/30/2014	\$ -	100.00%	\$-
09/30/2015	\$ -	100.00%	\$-
09/30/2016	\$ -	100.00%	\$-

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

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

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Total Unfunded Actuarial Accrued Liabilities</u>	<u>Actuarial Value of Assets as Percentage of Actuarial Accrued Liabilities</u>
01/01/2014	\$6,689,547	\$5,073,611	(\$1,615,936)	132%
01/01/2015	\$6,701,469	\$5,114,569	(\$1,586,900)	131%
01/01/2016	\$6,334,510	\$6,131,965	(\$202,545)	103%

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

Valuation date	January 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	Immediately
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care costs trend rates	7.75% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

Craven County, North Carolina

Notes to Financial Statements

5. Pension Plan and Other Postemployment Obligations (Continued)

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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.

6. 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.

Craven County, North Carolina

Notes to Financial Statements

6. Commitments and Contingencies (Continued)

Contingent Liabilities (continued)

During the fiscal year ended June 30, 2010, the County entered into a 10-year lease agreement for a waste convenience center. At June 30, 2017, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2018	\$ 11,400
2019	11,400
	<u>\$ 22,800</u>

At June 30, 2017, 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 31, 2017 under this operating lease are as follows:

Year Ending June 30,	
2018	\$ 31,500
2019	31,500
	<u>\$ 63,000</u>

7. General obligation bonds and bond anticipation notes:

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.

The County's general obligation bonds payable at June 30, 2017 are comprised of the following individual issues:

Serviced by the County's General Fund:

	Stated Interest Rates	Amounts
General government bonds:		
\$20,738,250 2009 Advance Refunding Bonds issued for 2002 School Facility Serial Refunding Bonds, due on December 1 (interest only) and June 1 (principal of \$142,500 to \$2,410,400 plus interest) through June 1, 2023	2.0% - 4.0%	\$ 12,962,400
\$1,061,750 2009 Advance Refunding Bonds issued for 2001 Community College Facility Serial Refunding Bonds, due on December 1 (interest only) and June 1 (principal of \$7,500 to \$209,600 plus interest) through May 1, 2019	2.0% - 4.0%	407,600
		<u>\$ 13,370,000</u>

Craven County, North Carolina

Notes to Financial Statements

7. Long-Term Obligations (Continued)

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	2,620,000	483,850
2019	2,475,000	405,250
2020	2,325,000	331,000
2021	2,305,000	238,000
2022	2,285,000	145,800
2023	1,360,000	54,400
Total	<u>\$ 13,370,000</u>	<u>\$ 1,658,300</u>

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Convention Center	4.72%	\$ 1,500,000
Qualified School Construction Bond	4.72%	757,050
2013 LOB Refunded School Projects/Fiber Optic	2.07%	14,026,500
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	17,143,500
Total General Government		<u>33,427,050</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	640,914
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	16,178,995
Total Enterprise		<u>16,819,909</u>
Total loans and installment notes payable		<u>\$ 50,246,959</u>

The Convention Center project note issued in April, 1999 in the original amount of \$9,900,000 is payable in semi-annual installments consisting of principal payments ranging from \$330,000 to \$390,000 plus interest. The note is collateralized by the convention center land and building.

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

Craven County, North Carolina

Notes to Financial Statements

7. Long-Term Obligations (Continued)

Loans and installment notes payable (continued):

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

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

On June 5, 2013, a planning loan was obtained from the Department of Natural Resources through the Drinking Water Revolving Loan Fund in the amount of \$3,014,530 at a zero percent interest rate for a term of five years for the purpose of providing funding for the planning, design and permitting of the treatment plant. On August 5, 2014, this loan was modified and the loan amount was increased to \$16,178,995 to be used for the construction of the Castle Hayne Aquifer Water Treatment Plant. The first principal payment is due May 1, 2018. As of June 30, 2017, all of the loan amount for \$16,178,995 had been drawn down.

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
2018	4,401,300	671,764	889,064	17,048
2019	4,371,300	566,042	889,064	14,917
2020	3,526,300	469,373	889,064	12,786
2021	3,348,150	401,580	889,064	10,655
2022	3,165,000	335,288	889,064	8,524
2023 – 2027	14,615,000	739,766	4,285,094	12,788
2028 - 2032	-	-	4,853,700	-
2033 - 2037	-	-	3,235,795	-
Total	\$ 33,427,050	\$ 3,183,813	\$ 16,819,909	\$ 76,718

Craven County, North Carolina

Notes to Financial Statements

7. Long-Term Obligations (Continued)

Changes in the County's long-term obligations for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 15,930,000	\$ -	\$ 2,560,000	\$ 13,370,000	\$ 2,620,000
Deferred premium on debt	622,560	-	183,713	438,847	-
Loans and installment notes	37,758,350	-	4,331,300	33,427,050	4,401,300
Total pension obligation (LEOSSA)	612,686	972,852	-	1,585,538	-
Other postemployment benefit obligation	3,429,726	847,622	429,072	3,848,276	-
Net pension liability (LGRERS)	1,711,607	6,201,057	-	7,912,664	-
Compensated absences	2,701,929	1,683,505	1,595,107	2,790,327	1,595,108
Governmental activity Long-term liabilities	<u>\$ 62,766,858</u>	<u>\$ 9,705,036</u>	<u>\$ 9,099,192</u>	<u>\$ 63,372,702</u>	<u>\$ 8,616,408</u>
Due within one year					\$ 8,616,408
Due in more than one year					54,756,294
Total Governmental Activities					<u>\$ 63,372,702</u>
Business-type activities:					
Other postemployment benefit obligation	\$ 55,813	\$ 14,941	\$ 8,220	\$ 62,534	\$ -
Net pension liability (LGRERS)	36,715	142,796	-	179,511	-
Compensated absences	50,302	29,095	33,102	46,295	33,102
Loans and installment notes	16,279,594	620,429	80,114	16,819,909	969,178
	<u>\$ 16,422,424</u>	<u>\$ 807,261</u>	<u>\$ 121,436</u>	<u>\$ 17,108,249</u>	<u>\$ 1,002,280</u>
Due within one year					\$ 1,002,280
Due in more than one year					16,105,969
Total Business-type Activities					<u>\$ 17,108,249</u>

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 \$47,079,905 of its legal debt limitation of \$736,417,176, leaving a legal debt margin of \$689,337,271 at June 30, 2017.

General obligation bonds and bond anticipation notes:

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2017.

The Health System does not have any general obligation bonds outstanding at September 30, 2016. In October 2016, the Health System issued Series 2016 Healthcare Revenue Bonds in the amount of \$60,000,000 for construction projects. The interest rate on the Bonds is 2.088%. The Bonds mature in November 2046. In December 2016, the Health System entered into an interest rate swap agreement on the Series 2016 Bonds. The swap took effect January 3, 2017. The Health System pays a fixed rate of 2.6172% while the counterparty pays based on 68% of 1-Month LIBOR plus .468%

Craven County, North Carolina

Notes to Financial Statements

7. Long-Term Obligations (Continued)

Component Unit Information:

General obligation bonds and bond anticipation notes:

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2017.

The Health System does not have any general obligation bonds outstanding at September 30, 2016. In October 2016, the Health System issued Series 2016 Healthcare Revenue Bonds in the amount of \$60,000,000 for construction projects. The interest rate on the Bonds is 2.088%. The Bonds mature in November 2046. In December 2016, the Health System entered into an interest rate swap agreement on the Series 2016 Bonds. The swap took effect January 3, 2017. The Health System pays a fixed rate of 2.6172% while the counterparty pays based on 68% of 1-Month LIBOR plus .468%

8. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2017 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 1,056,465
General Fund	Debt Service Fund	900,826
General Fund	Special Revenue Funds	135,336
		<u>\$ 2,092,627</u>

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

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

Craven County, North Carolina

Notes to Financial Statements

8. Interfund Assets/Liabilities and Transfers (Continued)

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2017:

Transfers out:	Transfers In:					Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	
General Fund	\$ -	\$ 1,110,862	\$ 5,627,088	\$ 18,000	\$ -	\$ 6,755,950
Non-Major Governmental Funds	795,698	-	-	-	-	795,698
County Reserve Fund	1,593,445	-	-	-	-	1,593,445
Water Fund	148,000	-	-	-	18,823	166,823
Total Transfers out	\$ 2,537,143	\$ 1,110,862	\$ 5,627,088	\$ 18,000	\$ 18,823	\$ 9,311,916

Transfers consist primarily of the following:

\$3,922,279 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

9. 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.

Craven County, North Carolina

Notes to Financial Statements

10. Additional Social Welfare Expenditures

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

Medicaid	\$ 116,049,027
Temporary Assistance to Needy Families	389,760
Special Assistance	521,074
WIC	2,117,998
Health Choice	1,520,119
Other programs	929,475
	<u>\$ 121,527,453</u>

11. Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 4,047,056	\$ -
Pensions - difference between expected and actual experience		
LGERS	152,087	283,651
Register of Deeds (ROD's)	243	2,945
Pension - Changes of assumptions - (LGERS and ROD's)	615,031	26,734
Pensions - difference between projected and actual investment earnings - (LGERS and ROD's)	4,473,110	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - (LGERS and ROD's)	65,540	30,668
Contributions to pension plan subsequent to measurement date (LGERS and ROD)	1,884,078	
Contributions to pension subsequent to the measurement date- (LEOSSA)	64,549	-
Prepaid taxes not yet earned (General Fund)	-	77,515
Total reported in government wide statements	<u>11,301,694</u>	<u>421,513</u>
Property taxes receivable, net (General Fund)	-	669,374
Property taxes receivable, net (Special Revenue Fund)	-	25,951
Recycling fees receivable (General Fund)	-	143,454
Total	<u>\$ 11,301,694</u>	<u>\$ 1,260,292</u>

Craven County, North Carolina

Notes to Financial Statements

12. Risk Management

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

The County's Internal Service Fund was established to account for a limited risk, self-insurance program to provide health and dental benefits to County employees. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actuarial estimates of the amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$145,000. A total of \$4,819,206 in claims was incurred for benefits during fiscal year 2017. Payments received from the insurer for claims over the limit of \$100,173 and \$74,196 during fiscal 2017 and fiscal 2016, 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
2016-2017	\$ 650,000	\$ 4,819,206	\$ 4,919,206	\$ 550,000
2015-2016	\$ 450,000	\$ 4,959,736	\$ 4,759,736	\$ 650,000

During 2003, the County entered into a limited risk, self-funded workers' compensation claim program with administrative services provided by a third-party administrator. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon estimates of amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$500,000. A total of \$177,693 in claims or changes in estimates were incurred for benefits during fiscal year 2017. 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
2016-2017	\$ 31,563	\$ 177,693	\$ 106,151	\$ 103,104
2015-2016	\$ 43,771	\$ 126,902	\$ 139,110	\$ 31,563

The County participates in one risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$113 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Craven County, North Carolina

Notes to Financial Statements

12. Risk Management (Continued)

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

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 2016 and 2015 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2015-2016	\$ 2,100,000	\$ 23,263,565	\$ 23,263,565	\$ 2,100,000
2014-2015	\$ 1,400,000	\$ 21,616,936	\$ 20,916,936	\$ 2,100,000

Craven County, North Carolina

Notes to Financial Statements

12. Risk Management (Continued)

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.

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 \$6,963 during the fiscal year 2016.

Craven County, North Carolina

Notes to Financial Statements

12. Risk Management (Continued)

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 \$674,855 for General, Professional, and Umbrella coverage in fiscal year 2016. 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.

13. 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, 2017. During the year ended June 30, 2017, the County appropriated \$1,363,916 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 \$325,200. 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, 2017. 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, 2017. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC.

Craven County, North Carolina

Notes to Financial Statements

13. Joint Ventures (Continued)

The County, in conjunction with Jones, Pamlico, Bertie, Gates, Hertford, Northampton, Pitt, Beaufort, Camden, Chowan, Currituck, Dare, Hyde, Martin, Pasquotank, Perquimans, Tyrrell and Washington Counties, participates in a joint venture to operate East Carolina Behavioral Health ("ECBH") 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, 2017. The County appropriated \$280,896 to the THR during the fiscal year ended June 30, 2017, which included money received from the ABC Board designated for alcohol education. Complete financial statements for THR can be obtained from THR's administrative offices at 1708 East Arlington Boulevard, Greenville, NC 27858/-5782.

The County, in conjunction with the State of North Carolina and the Craven County Board of Education, participates in a joint venture to operate Craven Community College. The County appoints five members of the eleven-member board of trustees of the Community College. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$586,000 is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,682,948 and \$300,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. In addition, the County made debt service principal payments of \$178,400 during the fiscal year ended June 30, 2017. 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, 2017. 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.

14. 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, 2017.

Craven County, North Carolina

Notes to Financial Statements

15. 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.

16. Change in Accounting Principles/Restatement

The County, Authority and ABC Board implemented Governmental Accounting Standards Board (GASB) statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, beginning net position for the governmental activities decreased \$876,585.

17. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2017) through December 22, 2017 which represents the date the financial statements were available to be issued.

18. Pronouncements Issued, not yet Effective

The GASB has issued several pronouncements prior to June 30, 2017 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. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" - This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement is effective for the fiscal year ended June 30, 2017.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements", will be effective for the County beginning with its year ending June 30, 2018

GASB Statement No. 83, "Certain Asset Retirement Obligations", will be effective for the County beginning with its year ending June 30, 2019

GASB Statement No. 84, "Fiduciary Activities", will be effective for the County beginning with its year ending June 30, 2020

GASB Statement No. 85, "Omnibus 2017", will be effective for the County beginning with its year ending June 30, 2018

Craven County, North Carolina

Notes to Financial Statements

18. Pronouncements Issued, not yet Effective (Continued)

GASB Statement No. 86, "Certain Debt Extinguishment Issues", will be effective for the County beginning with its year ending June 30, 2018

GASB Statement No. 87, "Leases", will be effective for the County beginning with its year ending June 30, 2018

Craven County



REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules of Employer Contributions for the Other Postemployment Benefits.
- Schedule of County's Proportionate Share of Net Pension Liability 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 Register of Deeds
- Schedule of County Contributions for Register of Deeds to Local Government Employees' Retirement System
- Schedule of Coastal Carolina Regional Airport Authority's Proportionate Share of Net Pension Liability (Asset)
- Schedule of Authority Contributions to Local Government Employees' Retirement System
- Schedule of Craven County ABC Board's Proportionate Share of Net Pension Liability (Asset)
- Schedule of ABC Board Contributions
- Schedule of Changes to Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Crauen County



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2009	\$ -	\$ 7,548,893	\$ 7,548,893	0.0%	\$ 23,558,343	32.0%
12/31/2011	\$ -	\$ 7,442,212	\$ 7,442,212	0.0%	\$ 24,818,993	30.0%
12/31/2013	\$ -	\$ 8,213,135	\$ 8,213,135	0.0%	\$ 23,281,204	35.3%
12/31/2015	\$ -	\$ 10,481,987	\$ 10,481,987	0.0%	\$ 23,583,699	44.4%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2013	\$ 729,338	21.5%
2014	\$ 722,292	56.6%
2015	\$ 760,953	62.4%
2016	\$ 783,782	64.3%
2017	\$ 951,458	55.4%

Notes to the Required Schedules:

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

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

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET)**

**Local Governmental Employees' Retirement System
Last Three Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset) %	0.381%	0.390%	0.406%
County's proportionate share of the net pension liability (asset) \$	\$ 8,094,798	\$ 1,748,322	\$ (2,397,200)
County's covered-employee payroll	\$ 24,774,857	\$ 24,162,555	\$ 24,220,773
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.67%	7.24%	(9.90%)
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,873,840	\$ 1,667,585	\$ 1,718,722
Contributions in relation to the contractually required contribution	1,873,840	1,667,585	1,718,722
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 25,550,943	\$ 24,774,857	\$ 24,162,555
Contributions as a percentage of covered-employee payroll	7.33%	6.73%	7.11%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset) %	1.217%	1.111%	1.108%
County's proportionate share of the net pension liability (asset) \$	\$ (227,499)	\$ (257,688)	\$ (251,203)
County's covered-employee payroll	\$ 60,129	\$ 57,661	\$ 56,197
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(378.35%)	(446.90%)	(447.00%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%

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

**Schedule of County Contributions
Registers of Deeds' Supplemental Pension Fund
Last 3 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,238	\$ 9,941	\$ 8,897
Contributions in relation to the contractually required contribution	<u>10,238</u>	<u>9,941</u>	<u>8,897</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 62,811	\$ 60,129	\$ 57,561
Contributions as a percentage of covered-employee payroll	16.30%	16.53%	15.46%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability (asset) %	0.004%	0.003%	0.003%
Authority's proportionate share of the net pension liability (asset) \$	92,746	\$ 17,502	\$ (19,462)
Authority's covered-employee payroll	\$ 254,738	\$ 345,577	\$ 314,856
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.41%	5.06%	(6.18%)
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 26,606	\$ 23,663	\$ 25,400
Contributions in relation to the contractually required contribution	26,606	23,663	25,400
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 366,986	\$ 354,738	\$ 345,577
Contributions as a percentage of covered-employee payroll	7.25%	6.67%	7.35%

**SCHEDULE OF THE CRAVEN COUNTY ABC BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)
Local Governmental Employees' Retirement System
Last Four Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ABC Board's proportion of the net pension liability (asset) %	0.00728%	0.00735%	0.00621%	0.00700%
ABC Board's proportionate share of the net pension liability (asset) \$	\$ 154,506	\$ 32,986	\$ (36,623)	\$ 84,377
ABC Board's covered-employee payroll \$	\$ 685,968	\$ 580,917	\$ 570,899	\$ 479,494
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.52%	5.68%	(6.41%)	17.60%
Plan fiduciary net position as a percentage of the total pension liability	91.45%	98.09%	102.64%	94.35%

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

**Schedule of ABC Board Contributions
Local Governmental Employees' Retirement System
Last Four Fiscal Years**

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

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017**

		<u>2017</u>
Beginning balance	\$	1,618,123
Service Cost		71,579
Interest on the total pension liability		55,490
Changes of benefit terms		-
Difference between expected and actual experience in the measurement of the total pension liability		-
Changes of assumptions or other inputs		(32,081)
Benefit payments		(127,573)
Other changes		-
Ending balance of the total pension liability	\$	<u>1,585,538</u>

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

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017**

		<u>2017</u>
Total pension liability	\$	1,585,538
Covered payroll		3,070,038
Total pension liability as a percentage of covered payroll		51.65%

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.

OTHER SUPPLEMENTARY INFORMATION

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

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

Craven County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Fiscal Year Ended June 30, 2017

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2016	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2017
2017	\$ -	\$ 49,545,802	\$ 49,229,371	\$ 316,431
2016	356,205	-	207,204	149,001
2015	145,210	-	63,077	82,133
2014	176,174	-	42,931	133,243
2013	174,665	-	12,473	162,192
2012	140,775	-	7,268	133,507
2011	103,486	-	4,428	99,058
2010	100,907	-	3,169	97,738
2009	100,858	-	2,718	98,140
2008	100,064	-	2,134	97,930
2007	87,558	-	87,558	0
	<u>\$ 1,485,902</u>	<u>\$ 49,545,802</u>	<u>\$ 49,662,331</u>	<u>\$ 1,369,373</u>

Less allowance for uncollectible
ad valorem taxes receivable

700,000
\$ 669,373

Reconciliation with revenues:

Ad valorem taxes- General Fund	\$ 49,558,192
Less: Collection of taxes older than ten years	9,497
Plus: Abatements and adjustments of prior year taxes	<u>113,636</u>
Total collections and credits	<u>\$ 49,662,331</u>

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2017

	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	\$8,905,806,586	\$0.5394	\$48,033,437	\$44,640,412	\$3,393,025
Motor vehicles taxed at prior year's rate	242,373,384	0.4675	1,133,096	-	1,133,096
Penalties	-		114,545	114,545	-
	\$9,148,179,970		\$49,281,078	\$44,754,957	\$4,526,121
DISCOVERIES	77,840,283		391,300	391,300	-
	\$9,226,020,253		\$49,672,378	\$45,146,257	\$4,526,121
ABATEMENTS	(20,805,550)		(126,576)	(126,576)	-
Total property valuation	<u>\$9,205,214,703</u>				
Net Levy			\$49,545,802	\$45,019,681	\$4,526,121
Uncollected taxes at June 30, 2017			316,431	316,431	-
Current year's taxes collected			\$49,229,371	\$44,703,250	\$4,526,121
Current levy collection percentage			99.36%	99.30%	100.00%

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,553,042	\$ 795,162	\$ 353	\$ 2,348,557
Sales taxes receivable	25,951	9,133	-	35,084
Accounts receivable	350,482	-	-	350,482
Due from other funds	-	-	1,056,465	1,056,465
Restricted cash	-	4,899	-	4,899
Total assets	<u>\$ 1,929,475</u>	<u>\$ 809,194</u>	<u>\$ 1,056,818</u>	<u>\$ 3,795,487</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 181,740	\$ 144,218	\$ -	\$ 325,958
Due to other funds	135,336	-	900,826	1,036,162
Total liabilities	<u>317,076</u>	<u>144,218</u>	<u>900,826</u>	<u>1,362,120</u>
Deferred inflows of resources:				
Tax receivable	25,951	-	-	25,951
Total deferred inflows of resources	<u>25,951</u>	<u>-</u>	<u>-</u>	<u>25,951</u>
Fund balances:				
Restricted				
Stabilization by state statute	350,482	-	-	350,482
Public safety	956,242	507,650	-	1,463,892
Economic and physical development	416,335	152,427	-	568,762
Education, schools	-	4,899	155,992	160,891
Unassigned	(136,611)	-	-	(136,611)
Total fund balances	<u>1,586,448</u>	<u>664,976</u>	<u>155,992</u>	<u>2,407,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,929,475</u>	<u>\$ 809,194</u>	<u>\$ 1,056,818</u>	<u>\$ 3,795,487</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Fire District Funds	Emergency Telephone System	Occupancy Tax Fund	Flood Hazard Mitigation Assist 2013-006	Flood Hazard Mitigation Assist 2014-005	Flood Hazard Mitigation Assist 2015-010	Totals
ASSETS							
Cash and cash equivalents	\$ 598,822	\$ 537,885	\$ 416,335	\$ -	\$ -	\$ -	\$ 1,553,042
Taxes receivable	25,951	-	-	-	-	-	25,951
Accounts receivable	223,416	127,066	-	-	-	-	350,482
Total assets	<u>\$ 848,189</u>	<u>\$ 664,951</u>	<u>\$ 416,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,929,475</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 180,465	\$ -	\$ -	\$ -	\$ 1,275	\$ 181,740
Due to other funds	-	-	-	5,866	117,845	11,625	135,336
Total liabilities	<u>-</u>	<u>180,465</u>	<u>-</u>	<u>5,866</u>	<u>117,845</u>	<u>12,900</u>	<u>317,076</u>
Deferred inflows of resources:							
Tax receivable	25,951	-	-	-	-	-	25,951
Total deferred inflows of resources	<u>25,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,951</u>
Fund balances:							
Restricted							
Stabilization by state statute	223,416	127,066	-	-	-	-	350,482
Public safety	598,822	357,420	-	-	-	-	956,242
Economic and physical development	-	-	416,335	-	-	-	416,335
Unassigned	-	-	-	(5,866)	(117,845)	(12,900)	(136,611)
Total fund balances	<u>822,238</u>	<u>484,486</u>	<u>416,335</u>	<u>(5,866)</u>	<u>(117,845)</u>	<u>(12,900)</u>	<u>1,586,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 848,189</u>	<u>\$ 664,951</u>	<u>\$ 416,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,929,475</u>

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUND
June 30, 2017**

	School Capital Fund	Animal Shelter Project Fund	Executive Parkway Extension	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 642,735	\$ 152,427	\$ 795,162
Restricted cash	4,899	-	-	4,899
Sales tax receivable	-	9,133	-	9,133
Total assets	<u>\$ 4,899</u>	<u>\$ 651,868</u>	<u>\$ 152,427</u>	<u>\$ 809,194</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 144,218	-	\$ 144,218
Total liabilities	<u>-</u>	<u>144,218</u>	<u>-</u>	<u>144,218</u>
Fund Balances:				
Restricted				
Education, schools	\$ 4,899	\$ -	\$ -	\$ 4,899
Public safety	-	507,650	-	507,650
Economic and physical development	-	-	152,427	152,427
	<u>4,899</u>	<u>507,650</u>	<u>152,427</u>	<u>664,976</u>
Total liabilities and fund balances	<u>\$ 4,899</u>	<u>\$ 651,868</u>	<u>\$ 152,427</u>	<u>\$ 809,194</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, 2017

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 4,151,171	\$ -	\$ -	\$ 4,151,171
Intergovernmental	1,602,509	-	842,910	2,445,419
Interest	1,099	79	713	1,891
Total revenues	<u>5,754,779</u>	<u>79</u>	<u>843,623</u>	<u>6,598,481</u>
EXPENDITURES				
Current:				
General government	-	20,815	-	20,815
Public safety	3,143,555	625,198	-	3,768,753
Economic and physical development	1,531,814	-	-	1,531,814
Education	-	245,180	-	245,180
Debt service:				
Principal	-	-	4,133,400	4,133,400
Interest	-	-	925,156	925,156
Total expenditures	<u>4,675,369</u>	<u>891,193</u>	<u>5,058,556</u>	<u>10,625,118</u>
Excess of revenues over (under) expenditures	<u>1,079,410</u>	<u>(891,114)</u>	<u>(4,214,933)</u>	<u>(4,026,637)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,049	1,669,760	3,922,279	5,627,088
Transfers out	(795,698)	-	-	(795,698)
Total other financing sources (uses)	<u>(760,649)</u>	<u>1,669,760</u>	<u>3,922,279</u>	<u>4,831,390</u>
Net change in fund balances	318,761	778,646	(292,654)	804,753
FUND BALANCES:				
Beginning	<u>1,267,687</u>	<u>(113,670)</u>	<u>448,646</u>	<u>1,602,663</u>
Ending	<u>\$ 1,586,448</u>	<u>\$ 664,976</u>	<u>\$ 155,992</u>	<u>\$ 2,407,416</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, 2017**

	Fire District Funds	Emergency Telephone System	Occupancy Tax Fund	Flood Hazard Mitigation Assist 2013-006	Flood Hazard Mitigation Assist 2014-005	Flood Hazard Mitigation Assist 2015-010	Totals
REVENUES							
Taxes	\$ 3,073,472	\$ -	\$ 1,077,699	\$ -	\$ -	\$ -	\$ 4,151,171
Intergovernmental	-	256,254	-	957,431	380,494	8,330	1,602,509
Interest	-	863	236	-	-	-	1,099
Total revenues	3,073,472	257,117	1,077,935	957,431	380,494	8,330	5,754,779
EXPENDITURES							
Current:							
Public safety	2,867,598	275,957	-	-	-	-	3,143,555
Economic and physical development	-	-	97,000	963,297	450,287	21,230	1,531,814
Total expenditures	2,867,598	275,957	97,000	963,297	450,287	21,230	4,675,359
Excess of revenues over (under) expenditures	205,874	(18,840)	980,935	(5,866)	(69,793)	(12,900)	1,079,410
OTHER FINANCING SOURCES (USES)							
Transfers in (out):							
To General Fund	-	-	(795,698)	-	-	-	(795,698)
From General Fund	35,049	-	-	-	-	-	35,049
Total other financing sources (uses)	35,049	-	(795,698)	-	-	-	(760,649)
Net change in fund balances	240,923	(18,840)	185,237	(5,866)	(69,793)	(12,900)	318,761
FUND BALANCES:							
Beginning	581,315	503,326	231,098	-	(48,052)	-	1,267,687
Ending	\$ 822,238	\$ 484,486	\$ 416,335	\$ (5,866)	\$ (117,845)	\$ (12,900)	\$ 1,586,448

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, 2017**

	School Capital Fund	Animal Shelter Project Fund	Executive Parkway Extension	Totals
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest income	79	-	-	79
Sales tax refund	-	-	-	-
Total revenue	79	-	-	79
EXPENDITURES				
Economic and physical development	-	-	20,815	20,815
Public Safety	-	625,198	-	625,198
Education	245,180	-	-	245,180
Total expenditures	245,180	625,198	20,815	891,193
Excess of revenues under expenditures	(245,101)	(625,198)	(20,815)	(891,114)
OTHER FINANCING SOURCES				
Transfers in	250,000	1,246,518	173,242	1,669,760
Total other financing sources	250,000	1,246,518	173,242	1,669,760
Net change in fund balances	4,899	621,320	152,427	778,646
FUND BALANCES				
Beginning	-	(113,670)	-	(113,670)
Ending	\$ 4,899	\$ 507,650	\$ 152,427	\$ 664,976

SPECIAL REVENUE FUNDS

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

The following comprise the County's Special Revenue Funds:

- **Fire District Funds** – The Fire District Funds are used to account for the County's collection of tax revenues and related expenditures for each of the 11 fire districts.
- **Emergency Telephone System Fund** – The Emergency Telephone System E-911 Fund is used to account for the revenues and expenditures related to the emergency 911 system.
- **Occupancy Tax Fund** – The Occupancy Tax Fund is used to account for the receipt of occupancy tax legally restricted to be used for a convention center in New Bern, NC and a tourist center in Havelock, NC.
- **Pamlico Sound Regional Hazard Mitigation Plan** - Pamlico Sound Regional Hazard Mitigation Plan project fund is used to account for the funds to allow for the update of Craven County's Hazard Mitigation Plan, also included in this update is the counties of Beaufort, Carteret, Hyde and Pamlico.
- **CDBG FY 12 Water & Sewer Infrastructure** – The CDBG FY 12 Water & Sewer Infrastructure Project Fund is used to account for improvements to water lines, sewer lines, and the relocation of various water lines throughout various locations in the County.
- **Flood Mitigation Assistance Grant 2013 – 006** – Elevate eleven residential structures throughout County to prevent further flood loss damages.
- **Flood Mitigation Assistance Grant 2014 – 005** – Elevate five residential structures throughout County to prevent further flood loss damages.
- **Flood Mitigation Assistance Grant 2015 – 010** – Elevate six residential structures throughout County to prevent further flood loss damages.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2017

	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	\$ 36,594	\$ 57,046	\$ 221,587	\$ 23,478	\$ 28,060	\$ 34,979	\$ 76,135	\$ 41,094	\$ 54,043	\$ 24,651	\$ 1,155	\$ 598,822
Taxes receivable	1,381	3,266	4,402	2,093	2,659	4,179	1,373	2,022	1,192	2,942	442	25,951
Accounts receivable	18,680	17,405	36,889	10,433	18,362	25,083	22,374	28,744	28,480	16,208	758	223,416
Total assets	\$ 56,655	\$ 77,717	\$ 262,878	\$ 36,004	\$ 49,081	\$ 64,241	\$ 99,882	\$ 71,860	\$ 83,715	\$ 43,801	\$ 2,355	\$ 848,189
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources:												
Tax receivable	1,381	3,266	4,402	2,093	2,659	4,179	1,373	2,022	1,192	2,942	442	25,951
Total deferred inflows of resources	1,381	3,266	4,402	2,093	2,659	4,179	1,373	2,022	1,192	2,942	442	25,951
Fund Balances:												
Restricted:												
Stabilization by state statute	18,680	17,405	36,889	10,433	18,362	25,083	22,374	28,744	28,480	16,208	758	223,416
Public safety	36,594	57,046	221,587	23,478	28,060	34,979	76,135	41,094	54,043	24,651	1,155	598,822
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	55,274	74,451	258,476	33,911	46,422	60,062	98,509	69,838	82,523	40,859	1,913	822,238
Total liabilities, deferred inflows of resources and fund balances	\$ 56,655	\$ 77,717	\$ 262,878	\$ 36,004	\$ 49,081	\$ 64,241	\$ 99,882	\$ 71,860	\$ 83,715	\$ 43,801	\$ 2,355	\$ 848,189

CRAVEN COUNTY, NORTH CAROLINA

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL FIRE DISTRICT FUNDS
 For the Fiscal Year Ended June 30, 2017

	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	\$ 200,412	\$ 182,246	\$ 401,194	\$ 127,983	\$ 197,062	\$ 259,533	\$ 232,219	\$ 295,259	\$ 288,531	\$ 167,418	\$ 6,986	\$ 2,358,843
Sales and use tax	59,820	56,126	123,476	31,363	56,259	81,278	70,631	91,557	91,521	50,228	2,370	714,629
Total revenues	260,232	238,372	524,670	159,346	253,321	340,811	302,850	386,816	380,052	217,646	9,356	3,073,472
EXPENDITURES												
Remittances to fire districts	209,268	198,623	453,933	165,888	226,796	319,268	275,417	357,000	375,335	208,648	-	2,790,176
Workers' compensation	2,860	4,290	4,290	2,860	6,794	2,470	3,381	5,590	4,290	4,550	-	41,375
Capital outlay	-	-	-	-	24,549	-	-	-	-	-	-	24,549
Miscellaneous	1,183	946	946	947	2,155	1,183	1,183	1,257	946	752	-	11,498
Total expenditures	213,311	203,859	459,169	169,695	260,294	322,921	279,981	363,847	380,571	213,950	-	2,867,598
Excess of revenues over (under) expenditures	46,921	34,513	65,501	(10,349)	(6,973)	17,890	22,869	22,969	(519)	3,696	9,356	205,874
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	-	-	-	10,500	24,549	-	-	-	-	-	-	35,049
Between fire districts	(26,016)	(12,970)	7,380	12,970	3,000	2,766	(2,766)	-	26,016	(3,000)	(7,380)	-
Total other financing sources (uses)	(26,016)	(12,970)	7,380	23,470	27,549	2,766	(2,766)	-	26,016	(3,000)	(7,380)	35,049
Net change in fund balances	20,905	21,543	72,881	13,121	20,576	20,656	20,103	22,969	25,497	696	1,976	240,923
FUND BALANCES												
Beginning	34,369	52,908	185,595	20,790	25,846	39,406	78,406	46,869	57,026	40,163	(63)	581,315
Ending	\$ 55,274	\$ 74,451	\$ 258,476	\$ 33,911	\$ 46,422	\$ 60,062	\$ 98,509	\$ 69,838	\$ 82,523	\$ 40,859	\$ 1,913	\$ 822,238

**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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 189,044	\$ 200,412	\$ 11,368
Sales and use tax	51,661	59,820	8,159
Total revenues	<u>240,705</u>	<u>260,232</u>	<u>19,527</u>
EXPENDITURES			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	2,860	2,860	-
Miscellaneous	3,027	1,183	1,844
Total expenditures	<u>215,155</u>	<u>213,311</u>	<u>1,844</u>
Excess of revenue over expenditures	<u>25,550</u>	<u>46,921</u>	<u>21,371</u>
OTHER FINANCING USES			
Transfers out:			
To West New Bern Fire District	(26,016)	(26,016)	-
Total other financing uses	<u>(26,016)</u>	<u>(26,016)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(466)	20,905	21,371
Appropriated fund balance	<u>466</u>	<u>-</u>	<u>(466)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,905</u>	<u>\$ 20,905</u>
FUND BALANCE			
Beginning		<u>34,369</u>	
Ending		<u>\$ 55,274</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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 173,451	\$ 182,246	\$ 8,795
Sales and use tax	48,177	56,126	7,949
Total revenues	<u>221,628</u>	<u>238,372</u>	<u>16,744</u>
EXPENDITURES			
Remittances to fire districts	198,623	198,623	-
Workers' compensation	4,290	4,290	-
Capital outlay	4,978	-	4,978
Miscellaneous	946	946	-
Total expenditures	<u>208,837</u>	<u>203,859</u>	<u>4,978</u>
Excess of revenue over expenditures	<u>12,791</u>	<u>34,513</u>	<u>21,722</u>
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(12,970)	(12,970)	-
Total other financing uses	<u>(12,970)</u>	<u>(12,970)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(179)	21,543	21,722
Appropriated fund balance	<u>179</u>	<u>-</u>	<u>(179)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>21,543</u>	<u>\$ 21,543</u>
FUND BALANCE			
Beginning		<u>52,908</u>	
Ending		<u>\$ 74,451</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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 398,169	\$ 401,194	\$ 3,025
Sales and use tax	102,398	123,476	21,078
Total revenues	<u>500,567</u>	<u>524,670</u>	<u>24,103</u>
EXPENDITURES			
Remittances to fire districts	453,933	453,933	-
Workers' compensation	4,745	4,290	455
Capital outlay	48,437	-	48,437
Miscellaneous	946	946	-
Total expenditures	<u>508,061</u>	<u>459,169</u>	<u>48,892</u>
Excess of revenue over (under) expenditures	<u>(7,494)</u>	<u>65,501</u>	<u>72,995</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>(114)</u>	<u>72,881</u>	<u>72,995</u>
Appropriated fund balance	<u>114</u>	<u>-</u>	<u>(114)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>72,881</u>	<u>\$ 72,881</u>
FUND BALANCE			
Beginning		<u>185,595</u>	
Ending		<u>\$ 258,476</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 120,131	\$ 127,983	\$ 7,852
Sales and use tax	27,246	31,363	4,117
Total revenues	<u>147,377</u>	<u>159,346</u>	<u>11,969</u>
EXPENDITURES			
Remittances to fire districts	165,888	165,888	-
Workers' compensation	3,055	2,860	195
Miscellaneous	2,018	947	1,071
Total expenditures	<u>170,961</u>	<u>169,695</u>	<u>1,266</u>
Excess of revenue over (under) expenditures	<u>(23,584)</u>	<u>(10,349)</u>	<u>13,235</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	10,500	10,500	-
From Township No. 1 Fire District Fund	12,970	12,970	-
Total other financing sources	<u>23,470</u>	<u>23,470</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(114)</u>	<u>13,121</u>	<u>13,235</u>
Appropriated fund balance	<u>114</u>	<u>-</u>	<u>(114)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>13,121</u>	<u>\$ 13,121</u>
FUND BALANCE			
Beginning		<u>20,790</u>	
Ending		<u>\$ 33,911</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 183,634	\$ 197,062	\$ 13,428
Sales and use tax	48,753	56,259	7,506
Total revenues	<u>232,387</u>	<u>253,321</u>	<u>20,934</u>
EXPENDITURES			
Remittances to fire districts	226,796	226,796	-
Workers' compensation	6,890	6,794	96
Miscellaneous	2,155	2,155	-
Total expenditures	<u>260,712</u>	<u>260,294</u>	<u>418</u>
Excess of revenue over (under) expenditures	<u>(28,325)</u>	<u>(6,973)</u>	<u>21,352</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	24,871	24,549	(322)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>27,871</u>	<u>27,549</u>	<u>(322)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(454)</u>	<u>20,576</u>	<u>21,030</u>
Appropriated fund balance	<u>454</u>	<u>-</u>	<u>(454)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,576</u>	<u>\$ 20,576</u>
FUND BALANCE			
Beginning		<u>25,846</u>	
Ending		<u>\$ 46,422</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 250,689	\$ 259,533	\$ 8,844
Sales and use tax	69,831	81,278	11,447
Total revenues	<u>320,520</u>	<u>340,811</u>	<u>20,291</u>
EXPENDITURES			
Remittances to fire districts	319,268	319,268	-
Workers' compensation	2,665	2,470	195
Capital outlay	311	-	311
Miscellaneous	1,183	1,183	-
Total expenditures	<u>323,427</u>	<u>322,921</u>	<u>506</u>
Excess of revenue over (under) expenditures	<u>(2,907)</u>	<u>17,890</u>	<u>20,797</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 6	2,766	2,766	-
Total other financing sources	<u>2,766</u>	<u>2,766</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(141)</u>	<u>20,656</u>	<u>20,797</u>
Appropriated fund balance	<u>141</u>	<u>-</u>	<u>(141)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,656</u>	<u>\$ 20,656</u>
FUND BALANCE			
Beginning		<u>39,406</u>	
Ending		<u>\$ 60,062</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 222,061	\$ 232,219	\$ 10,158
Sales and use tax	61,064	70,631	9,567
Total revenues	<u>283,125</u>	<u>302,850</u>	<u>19,725</u>
EXPENDITURES			
Remittances to fire districts	275,417	275,417	-
Workers' compensation	3,900	3,381	519
Miscellaneous	1,183	1,183	-
Total expenditures	<u>280,500</u>	<u>279,981</u>	<u>519</u>
Excess of revenue over expenditures	<u>2,625</u>	<u>22,869</u>	<u>20,244</u>
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,766)	(2,766)	-
Total other financing uses	<u>(2,766)</u>	<u>(2,766)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(141)	20,103	20,244
Appropriated fund balance	<u>141</u>	<u>-</u>	<u>(141)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,103</u>	<u>\$ 20,103</u>
FUND BALANCE			
Beginning		<u>78,406</u>	
Ending		<u>\$ 98,509</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 282,839	\$ 295,259	\$ 12,420
Sales and use tax	78,859	91,557	12,698
Total revenues	<u>361,698</u>	<u>386,816</u>	<u>25,118</u>
EXPENDITURES			
Remittances to fire districts	357,000	357,000	-
Workers' compensation	6,695	5,590	1,105
Miscellaneous	1,257	1,257	-
Total expenditures	<u>364,952</u>	<u>363,847</u>	<u>1,105</u>
Excess of revenue over (under) expenditures	<u>(3,254)</u>	<u>22,969</u>	<u>26,223</u>
Appropriated fund balance	<u>3,254</u>	<u>-</u>	<u>(3,254)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>22,969</u>	<u>\$ 22,969</u>
FUND BALANCE			
Beginning		<u>46,869</u>	
Ending		<u>\$ 69,838</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 275,389	\$ 288,531	\$ 13,142
Sales and use tax	78,662	91,521	12,859
Total revenues	<u>354,051</u>	<u>380,052</u>	<u>26,001</u>
EXPENDITURES			
Remittances to fire districts	375,335	375,335	-
Workers' compensation	4,290	4,290	-
Miscellaneous	946	946	-
Total expenditures	<u>380,571</u>	<u>380,571</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(26,520)</u>	<u>(519)</u>	<u>26,001</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Rhems	26,016	26,016	-
Total other financing sources	<u>26,016</u>	<u>26,016</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	<u>(504)</u>	<u>25,497</u>	<u>26,001</u>
Appropriated fund balance	<u>504</u>	<u>-</u>	<u>(504)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>25,497</u>	<u>\$ 25,497</u>
FUND BALANCE			
Beginning		<u>57,026</u>	
Ending		<u>\$ 82,523</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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 159,107	\$ 167,418	\$ 8,311
Sales and use tax	42,429	50,228	7,799
Total revenues	<u>201,536</u>	<u>217,646</u>	<u>16,110</u>
EXPENDITURES			
Remittances to fire districts	208,648	208,648	-
Workers' compensation	4,550	4,550	-
Miscellaneous	753	752	1
Total expenditures	<u>213,951</u>	<u>213,950</u>	<u>1</u>
Excess of revenue over (under) expenditures	<u>(12,415)</u>	<u>3,696</u>	<u>16,111</u>
OTHER FINANCING USES			
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>(15,415)</u>	<u>696</u>	<u>16,111</u>
Appropriated fund balance	<u>15,415</u>	<u>-</u>	<u>(15,415)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>696</u>	<u>\$ 696</u>
FUND BALANCE			
Beginning		<u>40,163</u>	
Ending		<u>\$ 40,859</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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 6,866	\$ 6,986	\$ 120
Sales and use tax	2,014	2,370	356
Total revenues	<u>8,880</u>	<u>9,356</u>	<u>476</u>
EXPENDITURES			
Capital outlay	<u>1,500</u>	-	1,500
Excess of revenues over (under) expenditures	<u>7,380</u>	9,356	<u>(1,024)</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>	1,976	<u>\$ 1,976</u>
FUND BALANCE			
Beginning		<u>(63)</u>	
Ending		<u>\$ 1,913</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 256,254	\$ 256,254	\$ -
Interest	1,000	863	(137)
Total revenues	<u>257,254</u>	<u>257,117</u>	<u>(137)</u>
EXPENDITURES			
Public safety	378,281	275,957	102,324
Total expenditures	<u>378,281</u>	<u>275,957</u>	<u>102,324</u>
Excess of revenue over (under) expenditures	(121,027)	(18,840)	102,187
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)	(121,027)	(18,840)	102,187
Appropriated fund balance	<u>121,027</u>	<u>-</u>	<u>(121,027)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(18,840)</u>	<u>\$ (18,840)</u>
FUND BALANCE			
Beginning		<u>503,326</u>	
Ending		<u>\$ 484,486</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, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 892,698	\$ 1,077,699	\$ 185,001
Interest	-	236	236
Total revenues	<u>892,698</u>	<u>1,077,935</u>	<u>185,237</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	-	-	-
Total expenditures	<u>97,000</u>	<u>97,000</u>	<u>-</u>
Excess of revenue over expenditures	<u>795,698</u>	<u>980,935</u>	<u>185,237</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(795,698)</u>	<u>(795,698)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>185,237</u>	<u>\$ 185,237</u>
FUND BALANCE			
Beginning		<u>231,098</u>	
Ending		<u>\$ 416,335</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2017

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 1,853,360	\$ 859,012	\$ 957,431	\$ 1,816,443
Total revenue	<u>1,853,360</u>	<u>859,012</u>	<u>957,431</u>	<u>1,816,443</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	1,853,360	859,012	963,297	1,822,309
Total expenditures	<u>1,853,360</u>	<u>859,012</u>	<u>963,297</u>	<u>1,822,309</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(5,866)</u>	<u>\$ (5,866)</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ (5,866)</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2017

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 716,863	\$ -	\$ 380,494	\$ 380,494
Total revenue	716,863	-	380,494	380,494
EXPENDITURES				
Economic and physical development:				
Expenditures	716,863	48,052	450,287	498,339
Total expenditures	716,863	48,052	450,287	498,339
Excess of revenues under expenditures	\$ -	\$ (48,052)	(69,793)	\$ (117,845)
FUND BALANCE				
Beginning			(48,052)	
Ending			\$ (117,845)	

**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, 2017**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 815,721	\$ -	\$ 8,330	\$ 8,330
Total revenue	<u>815,721</u>	<u>-</u>	<u>8,330</u>	<u>8,330</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	815,721	-	21,230	21,230
Total expenditures	<u>815,721</u>	<u>-</u>	<u>21,230</u>	<u>21,230</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(12,900)</u>	<u>\$ (12,900)</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ (12,900)</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, 2017**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,000,000	\$ 842,910	\$ (157,090)
Interest	500	713	213
Total revenues	<u>1,000,500</u>	<u>843,623</u>	<u>(156,877)</u>
EXPENDITURES			
Principal	4,133,400	4,133,400	-
Interest and fiscal charges	926,120	925,156	964
Total expenditures	<u>5,059,520</u>	<u>5,058,556</u>	<u>964</u>
Excess of revenue under expenditures	<u>(4,059,020)</u>	<u>(4,214,933)</u>	<u>(155,913)</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	<u>3,895,201</u>	<u>3,922,279</u>	<u>27,078</u>
Total other financing sources	<u>3,895,201</u>	<u>3,922,279</u>	<u>27,078</u>
Excess of revenues over (under) expenditures and other financing sources	<u>(163,819)</u>	<u>(292,654)</u>	<u>(128,835)</u>
Appropriated fund balance	<u>163,819</u>	<u>-</u>	<u>(163,819)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(292,654)</u>	<u>\$ (292,654)</u>
FUND BALANCE			
Beginning		<u>448,646</u>	
Ending		<u>\$ 155,992</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 Capital Reserve Fund is a capital reserve fund for future acquisitions or construction of buildings, equipment, and infrastructure.

Non-major Funds:

- **School Capital Fund** – Fund category 1 capital projects over \$100,000 for Craven County Board of Education.
- **Animal Shelter Project Fund** – Renovate and expand existing animal shelter facility.
- **Executive Parkway Extension Project Fund** – Improvements and development of lots at the extension of existing roadway and development of lot at the Craven County Industrial Park.

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, 2017

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ -	\$ 1,120,123	\$ 13,133	\$ 1,133,256
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	13,033	25,534,883	1,110,862	26,645,745
To General Fund	(1,753,991)	-	(173,685)	(173,685)
To Executive Parkway Extension	(173,242)	-	(173,242)	(173,242)
To Animal Shelter Project	(1,246,518)	(30,000)	(1,246,518)	(1,276,518)
Between closed projects	-	(15,786,345)	-	(15,786,345)
Total other financing sources (uses)	(3,160,718)	9,718,538	(482,583)	9,235,955
Excess of revenues over (under) other financing sources (uses)	(3,160,718)	10,838,661	(469,450)	10,369,211
Appropriated fund balance	3,160,718	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 10,838,661	(469,450)	\$ 10,369,211
FUND BALANCE				
Beginning			10,838,661	
Ending			\$ 10,369,211	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2017**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ -	\$ -	\$ 79	\$ 79
Total revenues	-	-	79	79
EXPENDITURES				
Capital outlay:				
Project construction	\$ 250,000	\$ -	\$ 245,180	\$ 245,180
Total expenditures	250,000	-	245,180	245,180
OTHER FINANCING SOURCES				
Transfers in:				
From General fund	250,000		250,000	250,000
Total other financing sources	250,000	-	250,000	250,000
Excess of revenues under (under) expenditure	\$ -	\$ -	4,899	\$ 4,899
FUND BALANCE				
Beginning			-	
Ending			\$ 4,899	

**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, 2017

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	1,276,518	143,670	625,198	768,868
Total expenditures	<u>1,276,518</u>	<u>143,670</u>	<u>625,198</u>	<u>768,868</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Capital Reserve Fund	1,276,518	30,000	1,246,518	1,276,518
Total other financing sources	<u>1,276,518</u>	<u>30,000</u>	<u>1,246,518</u>	<u>1,276,518</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ (113,670)</u>	621,320	<u>\$ 507,650</u>
FUND BALANCE				
Beginning			<u>(113,670)</u>	
Ending			<u>\$ 507,650</u>	

**CRAVEN COUNTY, NORTH CAROLINA
EXECUTIVE PARKWAY EXTENSION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2017**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 515,000	\$ -	\$ -	\$ -
Total revenues	<u>515,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
Project construction	\$ 688,242	\$ -	\$ 20,815	\$ 20,815
Total expenditures	<u>688,242</u>	<u>-</u>	<u>20,815</u>	<u>20,815</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Capital Reserve Fund	173,242	-	173,242	173,242
Total other financing sources	<u>173,242</u>	<u>-</u>	<u>173,242</u>	<u>173,242</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	152,427	<u>\$ 152,427</u>
FUND BALANCE				
Beginning			-	
Ending			<u>\$ 152,427</u>	

ENTERPRISE FUNDS

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

The following comprise the County's Enterprise Funds:

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

- Craven County Water Fund (Major Fund)

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

- Northwest Craven Water and Sewer District

CRAVEN COUNTY, NORTH CAROLINA

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

June 30, 2017

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,064,004	\$ 2,153,022	\$ 12,217,026
Accounts receivable, net of allowance for doubtful accounts	837,609	35,283	872,892
Prepays	42,775	-	42,775
Total current assets	<u>10,944,388</u>	<u>2,188,305</u>	<u>13,132,693</u>
Noncurrent assets:			
Capital assets:			
Land	668,101	279,253	947,354
Improvements other than buildings	29,519,410	469,824	29,989,234
Buildings	563,318	-	563,318
Machinery and equipment	432,195	-	432,195
Construction in progress	-	29,949,680	29,949,680
Accumulated depreciation	<u>(17,583,573)</u>	<u>-</u>	<u>(17,583,573)</u>
Total capital assets, net of accumulated depreciation	<u>13,599,451</u>	<u>30,698,757</u>	<u>44,298,208</u>
Total noncurrent assets	<u>13,599,451</u>	<u>30,698,757</u>	<u>44,298,208</u>
Total assets	<u>24,543,839</u>	<u>32,887,062</u>	<u>57,430,901</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>157,541</u>	<u>-</u>	<u>157,541</u>
LIABILITIES			
Current liabilities:			
Accounts payable (includes capital of \$633,867)	114,385	633,867	748,252
Accrued salaries and benefits	37,973	-	37,973
Customer deposits payable	299,192	-	299,192
Compensated absences liability - current	33,102	-	33,102
Obligations under capital lease - current	82,955	-	82,955
Total current liabilities	<u>567,607</u>	<u>633,867</u>	<u>1,201,474</u>
Noncurrent liabilities			
Compensated absences liability	13,193	-	13,193
Net pension liability	179,511	-	179,511
Other postemployment benefit liability	62,534	-	62,534
Debt payable	-	16,178,995	16,178,995
Obligations under capital lease	560,800	-	560,800
Total noncurrent liabilities	<u>816,038</u>	<u>16,178,995</u>	<u>16,995,033</u>
Total liabilities	<u>1,383,645</u>	<u>16,812,862</u>	<u>18,196,507</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,306</u>	<u>-</u>	<u>5,306</u>
NET POSITION			
Net investment in capital assets	12,955,696	14,519,762	27,475,458
Unrestricted	10,356,733	1,554,438	11,911,171
Total net position	<u>\$ 23,312,429</u>	<u>\$ 16,074,200</u>	<u>\$ 39,386,629</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, 2017**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,936,307	\$ -	\$ 3,936,307
Miscellaneous	105,576	35,283	140,859
Total operating revenues	<u>4,041,883</u>	<u>35,283</u>	<u>4,077,166</u>
OPERATING EXPENSES			
Cost of services	1,726,047	-	1,726,047
Depreciation	922,146	-	922,146
Total operating expenses	<u>2,648,193</u>	<u>-</u>	<u>2,648,193</u>
Operating income	<u>1,393,690</u>	<u>35,283</u>	<u>1,428,973</u>
NONOPERATING REVENUES			
Interest income	19,271	3,880	23,151
Total nonoperating revenues	<u>19,271</u>	<u>3,880</u>	<u>23,151</u>
Income before transfers	<u>1,412,961</u>	<u>39,163</u>	<u>1,452,124</u>
TRANSFERS IN (OUT):			
Between Water and Sewer funds	(18,823)	-	(18,823)
From General Fund	18,000	-	18,000
To General Fund	(148,000)	-	(148,000)
Total transfers in (out)	<u>(148,823)</u>	<u>-</u>	<u>(148,823)</u>
Change in net position	<u>1,264,138</u>	<u>39,163</u>	<u>1,303,301</u>
Net position, beginning	22,048,291	16,035,037	38,083,328
Net position, ending	<u>\$ 23,312,429</u>	<u>\$ 16,074,200</u>	<u>\$ 39,386,629</u>

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

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

For the Fiscal Year Ended June 30, 2017

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,700,000	\$ 3,758,179	\$ 58,179
Tap and permit fees	167,750	178,128	10,378
Miscellaneous	93,000	105,576	12,576
Total operating revenues	<u>3,960,750</u>	<u>4,041,883</u>	<u>81,133</u>
OPERATING EXPENDITURES			
Personnel services:			
Salaries	616,804	583,831	32,973
Employee benefits	210,728	192,493	18,235
Retirement	49,547	49,547	-
Professional services:			
Audit and accounting fees	4,978	4,977	1
Legal fees	10,000	8,070	1,930
Engineering fees	5,000	1,800	3,200
Contractual services	76,080	58,893	17,187
Operating supplies	20,401	18,226	2,175
Utilities	299,572	247,480	52,092
Maintenance and repairs:			
Systems	160,000	155,043	4,957
Building and grounds	59,000	55,129	3,871
Vehicle expense	67,037	62,159	4,878
Equipment	6,500	3,966	2,534
Insurance	46,000	34,825	11,175
Tap outlays	53,044	53,044	-
Telephone and postage	21,000	18,443	2,557
Lockbox	94,058	94,048	10
Chemical and lab work	80,000	69,430	10,570
Supplies	3,700	2,900	800
Capital outlay	1,844,222	153,334	1,690,888
Miscellaneous	20,587	11,743	8,844
Total operating expenditures	<u>3,748,258</u>	<u>1,879,381</u>	<u>1,868,877</u>
Excess of operating revenues over operating expenditures	<u>212,492</u>	<u>2,162,502</u>	<u>1,950,010</u>
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	20,000	19,271	(729)
Interest paid	(22,377)	(18,823)	3,554
Principal payments	(80,115)	(80,114)	1
Total nonoperating revenues (expenditures)	<u>(82,492)</u>	<u>(79,666)</u>	<u>2,826</u>
Excess of revenues over expenditures	<u>130,000</u>	<u>2,082,836</u>	<u>1,952,836</u>

Continued

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

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

For the Fiscal Year Ended June 30, 2017
(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)	(130,000)	(130,000)	-
Excess of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 1,952,836	\$ 1,952,836

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

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 1,952,836
Capital outlay	153,334
Payment on obligation under capital lease payable	80,114
Depreciation	(922,146)
Change in net position, full accrual basis	\$ 1,264,138

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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2017**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest revenue	\$ 14,330	\$ 27,228	\$ 3,880	\$ 31,108
Miscellaneous income	-	-	35,283	35,283
Total revenues	<u>14,330</u>	<u>27,228</u>	<u>39,163</u>	<u>66,391</u>
EXPENDITURES				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	26,736,270	23,650,359	1,602,531	25,252,890
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	1,206,607	869,178	318,669	1,187,847
Engineering	4,244,109	3,513,983	729,889	4,243,872
Total expenditures	<u>32,201,134</u>	<u>28,047,668</u>	<u>2,651,089</u>	<u>30,698,757</u>
Excess of revenues under expenditures	<u>(32,186,804)</u>	<u>(28,020,440)</u>	<u>(2,611,926)</u>	<u>(30,632,366)</u>
OTHER FINANCING SOURCES				
Installment loan proceeds	16,178,995	15,558,566	620,429	16,178,995
Transfers in:				
From Craven County Water Operating Fund	16,007,809	16,007,809	-	16,007,809
Total other financing sources	<u>32,186,804</u>	<u>31,566,375</u>	<u>620,429</u>	<u>32,186,804</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 3,545,935</u>	<u>\$ (1,991,497)</u>	<u>\$ 1,554,438</u>

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

Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above	\$ (1,991,497)
Capital outlay	2,651,089
Issuance of installment loan	(620,429)
Change in net position, full accrual basis	<u>\$ 39,163</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, 2017**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 22,377	\$ 18,823	\$ (3,554)
Interest paid	(22,377)	(18,823)	3,554
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>	

Craven County



INTERNAL SERVICE FUND

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

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

Craven County



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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 5,680,500	\$ 5,285,706	\$ (394,794)
Miscellaneous	-	87,716	87,716
Total revenues	<u>5,680,500</u>	<u>5,373,422</u>	<u>(307,078)</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>5,690,500</u>	<u>5,491,669</u>	<u>198,831</u>
Excess of operating revenues under operating expenditures	(10,000)	(118,247)	(108,247)
NONOPERATING REVENUES			
Interest income	<u>10,000</u>	<u>7,742</u>	<u>(2,258)</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (110,505)</u>	<u>\$ (110,505)</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.

Crauen County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2017**

	<u>Social Services Trust Fund</u>
ASSETS	
Cash	<u>\$ 73,287</u>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 73,287</u>

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Social Services Trust Fund:				
Assets, cash and investments	\$ 113,887	\$ -	\$ 40,600	\$ 73,287
Liabilities, accounts payable and accrued liabilities	\$ 113,887	\$ -	\$ 40,600	\$ 73,287
Deed of Trust Fund:				
Assets, cash and investments	\$ -	\$ 71,040	\$ 71,040	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 71,040	\$ 71,040	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 19,680,865	\$ 19,680,865	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 19,680,865	\$ 19,680,865	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 113,887	\$ 19,751,905	\$ 19,792,505	\$ 73,287
Liabilities, accounts payable and accrued liabilities	\$ 113,887	\$ 19,751,905	\$ 19,792,505	\$ 73,287

**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, 2017**

ASSETS

Cash and cash equivalents	\$	<u>209,870</u>
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LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$	<u>220</u>
Total liabilities		<u>220</u>

Net position:

Unrestricted	\$	<u>209,650</u>
Total net position		<u>209,650</u>

Total liabilities and net position	\$	<u>209,870</u>
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**CRAVEN COUNTY, NORTH CAROLINA
TOURISM DEVELOPMENT AUTHORITY FUND
(A Component Unit)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 550,000	\$ 570,744	\$ 20,744
Interest	450	421	(29)
Miscellaneous	-	6,423	6,423
Total revenues	<u>550,450</u>	<u>577,588</u>	<u>27,138</u>
EXPENDITURES			
Economic development	<u>642,979</u>	<u>638,815</u>	<u>4,164</u>
Excess of revenues over (under) expenditures	(92,529)	(61,227)	31,302
Fund balance appropriated	<u>92,529</u>	<u>-</u>	<u>92,529</u>
Net change in net position	-	(61,227)	123,831
NET POSITION			
Beginning	<u>160,000</u>	<u>270,877</u>	<u>110,877</u>
Ending	<u>\$ 160,000</u>	<u>\$ 209,650</u>	<u>\$ 49,650</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ (61,227)</u>	
Change in net position, full accrual basis		<u>\$ (61,227)</u>	

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

**COMBINING STATEMENT OF NET POSITION
June 30, 2017**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Reserve Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 2,960,431	\$ 34,668	\$ -	\$ 608,259	\$ 3,603,358
Accounts receivable	227,531	3,204	90,636	-	321,371
Prepays	275	-	-	-	275
	<u>3,188,237</u>	<u>37,872</u>	<u>90,636</u>	<u>608,259</u>	<u>3,925,004</u>
Capital assets:					
Land	9,649,508	815,737	845,863	-	11,311,108
Buildings	9,450,092	-	-	-	9,450,092
Improvements other than buildings	28,893,247	-	-	-	28,893,247
Machinery and equipment	2,028,523	-	-	-	2,028,523
Accumulated depreciation	(18,506,546)	-	-	-	(18,506,546)
Capital assets, net of accumulated depreciation	<u>31,514,824</u>	<u>815,737</u>	<u>845,863</u>	<u>-</u>	<u>33,176,424</u>
Total assets	<u>34,703,061</u>	<u>853,609</u>	<u>936,499</u>	<u>608,259</u>	<u>37,101,428</u>
DEFERRED OUTFLOWS OF RESOURCES					
	103,322	-	-	-	103,322
LIABILITIES					
Accounts payable	50,677	-	38,120	-	88,797
Accrued salaries and benefits	69,680	-	-	-	69,680
Net pension liability	92,747	-	-	-	92,747
Other postemployment benefit obligation	46,499	-	-	-	46,499
Total liabilities	<u>259,603</u>	<u>-</u>	<u>38,120</u>	<u>-</u>	<u>297,723</u>
DEFERRED INFLOWS OF RESOURCES					
	3,250	-	-	-	3,250
NET POSITION					
Net investment in capital assets	31,514,824	815,737	807,743	-	33,138,304
Unrestricted	3,028,706	37,872	90,636	608,259	3,765,473
Total net position	<u>\$ 34,543,530</u>	<u>\$ 853,609</u>	<u>\$ 898,379</u>	<u>\$ 608,259</u>	<u>\$ 36,903,777</u>
Total liabilities and net position	<u>\$ 34,806,383</u>	<u>\$ 853,609</u>	<u>\$ 936,499</u>	<u>\$ 608,259</u>	<u>\$ 37,204,750</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, 2017**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES					
Charges for services	\$ 1,798,813	\$ -	-	\$ -	\$ 1,798,813
Passenger facility fee	442,533	-	-	-	442,533
Total revenues	<u>2,241,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,241,346</u>
OPERATING EXPENSES					
Cost of sales and services	1,844,056	-	-	-	1,844,056
Depreciation and amortization	1,163,793	-	-	-	1,163,793
Total operating expenses	<u>3,007,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,007,849</u>
Operating loss	<u>(766,503)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(766,503)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	5,502	-	-	1,369	6,871
Total nonoperating revenues	<u>5,502</u>	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>6,871</u>
Income (Loss) before transfers	(761,001)	-	-	1,369	(759,632)
Transfers in (out) Airport Funds	(68,197)	-	59,197	9,000	-
Capital contributions - federal grants	89,225	87,977	839,182	-	1,016,384
Change in net position	<u>(739,973)</u>	<u>87,977</u>	<u>898,379</u>	<u>10,369</u>	<u>256,752</u>
Net position, beginning	<u>35,283,503</u>	<u>765,632</u>	<u>-</u>	<u>597,890</u>	<u>36,647,025</u>
Net position, ending	<u>\$ 34,543,530</u>	<u>\$ 853,609</u>	<u>898,379</u>	<u>\$ 608,259</u>	<u>\$ 36,903,777</u>

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

**COMBINING SCHEDULE OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2017
 (Page 1 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,780,909	\$ -	\$ -	\$ -	\$ 1,780,909
Receipts from passenger facility fees	442,533	-	-	-	442,533
Payments to suppliers	(1,018,909)	-	-	-	(1,018,909)
Payments to employees	(842,978)	-	-	-	(842,978)
Net cash provided by (used in) operating activities	361,555	-	-	-	361,555
CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(70,703)	(53,309)	(898,379)	-	(1,022,391)
Receipts from capital grants	89,225	87,977	839,182	-	1,016,384
Net cash provided by (used in) capital and related financing activities	18,522	34,668	(59,197)	-	(6,007)
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	122,893	9,000	131,893
Transfers out	(68,197)	-	(63,696)	-	(131,893)
Net cash provided by (used in) noncapital financing activities	(68,197)	-	59,197	9,000	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and investments	5,502	-	-	1,369	6,871
Net cash provided by investing activities	5,502	-	-	1,369	6,871
Net increase (decrease) in cash and cash equivalents	317,382	34,668	-	10,369	362,419
CASH AND CASH EQUIVALENTS					
Beginning	2,643,049	-	-	597,890	3,240,939
Ending	\$ 2,960,431	\$ 34,668	\$ -	\$ 608,259	\$ 3,603,358

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, 2017
(Page 2 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Reserve Fund	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:					
Operating loss	\$ (766,503)	\$ -	\$ -	\$ -	\$ (766,503)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation and amortization	1,163,793	-	-	-	1,163,793
Change in assets and liabilities, and deferred outflows and inflows of resources:					
Accounts receivable	(17,904)	-	-	-	(17,904)
Prepays	3,106	-	-	-	3,106
Increase in deferred outflows of resources-pension	(65,364)	-	-	-	(65,364)
Increase in net pension liability	75,245	-	-	-	75,245
Decrease in deferred inflow of resources-pension	(5,847)	-	-	-	(5,847)
Accounts payable and accrued expenses	(24,971)	-	-	-	(24,971)
Net cash provided by (used in) operating activities	<u>\$ 361,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,555</u>

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

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

For the Fiscal Year Ended June 30, 2017

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,774,092	\$ 1,798,813	\$ 24,721
Passenger Facility Fee	440,000	442,533	2,533
Total operating revenue	<u>2,214,092</u>	<u>2,241,346</u>	<u>27,254</u>
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	786,247	693,595	92,652
Employee benefits	141,278	126,879	14,399
Retirement	45,133	43,648	1,485
Professional Services:			
Audit and accounting fees	2,500	1,122	1,378
Legal fees	48,006	47,520	486
Contractual services	242,975	211,907	31,068
Operating supplies	80,500	54,444	26,056
Utilities	164,000	149,386	14,614
Maintenance and repairs:			
Building and grounds	188,100	178,349	9,751
Vehicle expense	25,500	23,923	1,577
Insurance	110,000	108,556	1,444
Telephone and postage	13,500	12,430	1,070
Capital outlay	103,388	70,703	32,685
Board Member fees	14,401	11,288	3,113
Miscellaneous	73,529	69,646	3,883
Travel/Training	40,675	25,359	15,316
Advertising	78,651	77,804	847
Dues and subscriptions	9,357	8,200	1,157
Total operating expenditures	<u>2,167,740</u>	<u>1,914,759</u>	<u>252,981</u>
Excess of operating revenues over (under) operating expenditures	<u>46,352</u>	<u>326,587</u>	<u>(225,727)</u>
NONOPERATING REVENUES			
Interest income	3,648	5,502	1,854
Capital Contributions - intergovernmental grants	99,000	89,225	(9,775)
Total nonoperating revenues	<u>102,648</u>	<u>94,727</u>	<u>(7,921)</u>
Excess of revenues over expenditures	<u>149,000</u>	<u>421,314</u>	<u>272,314</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, 2017
 (Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 425,000	\$ 63,696	\$ (361,304)
To airport project funds	(574,000)	(131,893)	442,107
Total other financing sources (uses)	<u>(149,000)</u>	<u>(68,197)</u>	80,803
Excess revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 353,117</u>	<u>\$ 353,117</u>

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

Excess revenues over expenditures and other financing sources, modified accrual basis, above	\$ 353,117
Capital outlay	70,703
Depreciation	<u>(1,163,793)</u>
Change in net position, full accrual basis	<u>\$ (739,973)</u>

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2017**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,258,202	\$ 836,233	\$ 87,977	\$ 924,210
Total revenues	<u>1,258,202</u>	<u>836,233</u>	<u>87,977</u>	<u>924,210</u>
EXPENDITURES				
Capital outlay:				
Administrative	1,000	87	-	87
Vehicle	32,000	32,000	-	32,000
Land	179,521	179,521	-	179,521
Construction	1,185,481	774,253	40,277	814,530
Total expenditures	<u>1,398,002</u>	<u>985,861</u>	<u>40,277</u>	<u>1,026,138</u>
Excess of revenues over (under) expenditures	<u>(139,800)</u>	<u>(149,628)</u>	<u>47,700</u>	<u>(101,928)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	139,800	139,800	-	139,800
To Airport Operating Fund	-	(210,401)	-	(210,401)
Total other financing sources	<u>139,800</u>	<u>(70,601)</u>	<u>-</u>	<u>(70,601)</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ (220,229)</u>	<u>\$ 47,700</u>	<u>\$ (172,529)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ 47,700	
Capital outlay			<u>40,277</u>	
Change in net position, full accrual basis			<u>\$ 87,977</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT 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, 2017

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,106,036	\$ -	\$ 839,182	\$ 839,182
Total revenues	<u>1,106,036</u>	<u>-</u>	<u>839,182</u>	<u>839,182</u>
EXPENDITURES				
Capital outlay:				
Administrative	1,000	-	34	34
Construction	1,227,929	-	845,829	845,829
Total expenditures	<u>1,228,929</u>	<u>-</u>	<u>845,863</u>	<u>845,863</u>
Excess of revenues over (under) expenditures	<u>(122,893)</u>	<u>-</u>	<u>(6,681)</u>	<u>(6,681)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	122,893	-	122,893	122,893
To Airport Operating Fund	-	-	(63,696)	(63,696)
Total other financing sources (uses)	<u>122,893</u>	<u>-</u>	<u>59,197</u>	<u>59,197</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,516</u>	<u>\$ 52,516</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 52,516	
Capital outlay			<u>845,863</u>	
Change in net position, full accrual basis			<u>\$ 898,379</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, 2017

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 39,976	\$ 1,369	\$ 41,345
Total revenues	-	39,976	1,369	41,345
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	(642,287)	-	(642,287)
From Airport Operating Fund	-	1,200,201	9,000	1,209,201
Total other financing sources (uses)	-	557,914	9,000	566,914
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 597,890	\$ 10,369	\$ 608,259
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 10,369	
Change in net position, full accrual basis			\$ 10,369	

**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, 2017**

	<u>2017</u>		<u>2016</u>
Governmental funds capital assets:			
Land	\$ 9,872,264	\$	9,771,509
Buildings	67,242,332		67,242,332
Other Improvements	15,946,525		15,036,414
Equipment & Vehicles	12,580,876		11,785,924
Construction in Progress	736,744		102,415
			<hr/>
Total governmental funds capital assets	<u>\$ 106,378,741</u>	<u>\$</u>	<u>103,938,594</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 17,462,106	\$	15,021,959
Capital Projects	78,745,701		78,745,701
Prior to June, 1992*	10,170,934		10,170,934
			<hr/>
Total invest.in govermental funds capital assets	<u>\$ 106,378,741</u>	<u>\$</u>	<u>103,938,594</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, 2017

	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	797,183	3,420,282
0404 GIS			89,304	31,993	121,297
0501 Finance				23,313	23,313
0560 Non Department				99,100	99,100
0601 Elections				275,346	275,346
0801 Tax Assessor				5,635	5,635
0804 Tax Assessor -Mapping					-
0805 Tax Assessor -Appraisal				269,505	269,505
0901 Tax Collections				17,841	17,841
0904 Tax Assessor -GIS					-
1001 Register of Deeds				38,139	38,139
1201 Public Buildings	4,661,342	9,066,227	404,426	257,794	14,389,789
1212 Housekeeping				36,406	36,406
1301 Court Facilities	126,790	4,604,270	1,513,147	141,880	6,386,087
1401 Maintenance		57,000	500	192,532	250,032
1501 Central Maintenance				33,204	33,204
Total General Government	\$ 4,788,132	\$ 13,727,497	\$ 4,630,476	\$ 2,230,595	\$ 25,376,700
Public Safety:					
2001 Sheriff			\$ 727,326	2,519,621	\$ 3,246,947
2008 Jail	1,718,426	30,856,746	25,000	179,375	\$ 32,779,547
2315 Communications			14,000	321,404	\$ 335,404
2301 Emergency Services				564,711	\$ 564,711
2401 Inspections				75,249	\$ 75,249
2501 E 911			1,438,796	970,224	\$ 2,409,020
2601 Animal Control		401,288	2,997	182,758	\$ 587,043
Total Public Safety	\$ 1,718,426	\$ 31,258,034	\$ 2,208,119	\$ 4,813,341	\$ 39,997,920
Environmental Protection:					
3101 Environmental Health				313,936	\$ 313,936
3201 Solid Waste	80,564	26,948	1,246	540,935	\$ 649,693.36
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	\$ 917,014	\$ 1,915,183
Economic and Physical Development:					
4001 Planning			\$ 61,418	52,025	\$ 113,443
4401 Economic Development	115,463		802,360	26,052	\$ 943,875
8201 Convention Center	1,192,410	10,752,459	842,466	428,943	\$ 13,216,278
Total Economic and Physical Development	\$ 1,307,873	\$ 10,752,459	\$ 1,706,244	\$ 507,020	\$ 14,273,597
Health					
5001 Health	\$ -	\$ 5,070,283	\$ 978,327	1,302,809	\$ 7,351,419
Total Health	\$ -	\$ 5,070,283	\$ 978,327	\$ 1,302,809	\$ 7,351,419
Social Services:					
7001 CARTS				1,555,126	\$ 1,555,126
7201 DSS		5,324,840	876,249	920,847	7,121,936
Total Social Services	\$ -	\$ 5,324,840	\$ 876,249	\$ 2,475,973	\$ 8,677,062
Recreation:					
8001 Recreation	\$ 1,977,269	\$ 307,335	\$ 5,421,581	334,122	\$ 8,040,307
Library- Havelock		9,809			9,809
Total Recreation	\$ 1,977,269	\$ 317,143	\$ 5,421,581	\$ 334,122	\$ 8,050,115.80
Total	\$ 9,872,264	\$ 67,242,333	\$ 15,946,525	\$ 12,580,875	\$ 105,641,997.18
					736,744
					Construction in Progress
					Total Government Funds Capital Assets
					\$ 106,378,741

CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2017

Function and Activity	Governmental Funds Capital Assets July 1, 2016	Additions	Deductions	Governmental Funds Capital Assets June 30, 2017
General Government:				
0101 Commissioners	\$ 10,727	\$ -	\$ -	\$ 10,727
0201 Administration	-	-	-	-
0301 Personnel	-	-	-	-
0401 Information Technology	3,142,981	358,818	81,516	3,420,283
0404 GIS	121,297	-	-	121,297
0501 Finance	23,313	-	-	23,313
0560 Non Department	229,467	343,539	474,751	98,255
0601 Elections	275,346	-	-	275,346
0801 Tax Assessor	5,635	-	-	5,635
0805 Tax Assessor -Appraisal	269,505	-	-	269,505
0901 Tax Collections	17,841	-	-	17,841
1001 Register of Deeds	38,139	-	-	38,139
1201 Public Buildings	14,323,801	148,715	82,728	14,389,788
1212 Housekeeping	36,406	-	-	36,406
1301 Court Facilities	6,190,245	195,841	-	6,386,086
1401 Maintenance	214,204	35,827	-	250,031
1501 Central Maintenance	33,203	-	-	33,203
Total General Government	\$ 24,932,109	\$ 1,082,740	\$ 638,995	\$ 25,375,854
Public Safety:				
2001 Sheriff	\$ 3,125,405	\$ 300,828	\$ 179,278	\$ 3,246,955
2008 Jail	32,770,746	8,800	-	32,779,546
2315 Communications	329,266	6,138	-	335,404
2301 Emergency Services	522,262	42,449	-	564,711
2401 Inspections	63,809	38,228	26,787	75,250
2501 E 911	2,274,639	141,492	7,109	2,409,022
2601 Animal Control	587,043	-	-	587,043
Total Public Safety	\$ 39,673,170	\$ 537,935	\$ 213,174	\$ 39,997,931
Environmental Protection:				
3101 Environmental Health	\$ 284,167	\$ 29,769	\$ -	\$ 313,936
3201 Solid Waste	456,785	192,908	-	649,693
4101 Soil Conservation	22,307	28,980	22,308	28,979
4201 Cooperative Extension	941,227	26,002	44,655	922,574
Total Environmental Protection	\$ 1,704,486	\$ 277,659	\$ 66,963	\$ 1,915,182
Economic and Physical Development:				
4001 Planning	\$ 116,236	\$ 12,387	\$ 15,178	\$ 113,445
4401 Economic Development	943,875	-	-	943,875
8201 Convention Center	13,193,171	23,101	-	13,216,272
Total Economic and Physical Development	\$ 14,253,282	\$ 35,488	\$ 15,178	\$ 14,273,592
Health				
5001 Health	\$ 7,295,703	\$ 114,052	\$ 58,334	\$ 7,351,421
Total Health	\$ 7,295,703	\$ 114,052	\$ 58,334	\$ 7,351,421
Social Services:				
7001 CARTS	\$ 1,391,009	\$ 164,955	\$ -	\$ 1,555,964
7201 DSS	7,136,025	121,483	135,572	7,121,936
Total Social Services	\$ 8,527,034	\$ 286,438	\$ 135,572	\$ 8,677,900
Recreation:				
8001 Recreation	\$ 7,440,586	\$ 629,971	\$ 30,249	\$ 8,040,308
Library- Havelock	9,809	-	-	9,809
Total Recreation	\$ 7,450,395	\$ 629,971	\$ 30,249	\$ 8,050,117
Construction in Progress	\$ 102,415	\$ 634,329	\$ -	\$ 736,744
Total governmental funds capital assets	\$ 103,938,594	\$ 3,598,612	\$ 1,158,465	\$ 106,378,741

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 31,120,067	\$ 33,675,755	\$ 34,254,404	\$ 37,674,722	\$ 37,057,382	\$ 38,519,516	\$ 40,967,813	\$ 40,687,026	\$ 41,106,523	\$ 42,035,851
Restricted	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938	9,303,705	9,704,162	12,286,432	11,116,909
Unrestricted (deficit)	(17,948,088)	(17,350,746)	(13,245,067)	(14,757,288)	(13,148,958)	(11,378,791)	(8,377,381)	(4,408,502)	(1,596,184)	5,346,096
Total governmental activities net position	\$ 18,251,702	\$ 20,674,091	\$ 25,038,663	\$ 31,217,952	\$ 32,967,353	\$ 36,457,663	\$ 41,894,137	\$ 45,982,686	\$ 51,796,771	\$ 58,498,856
Business-type activities										
Net investment in capital assets	\$ 19,542,861	\$ 18,330,655	\$ 18,280,499	\$ 17,797,133	\$ 17,751,235	\$ 18,944,146	\$ 16,063,577	\$ 21,306,317	\$ 26,133,140	\$ 27,475,458
Unrestricted	7,651,538	9,909,504	11,522,108	13,198,583	14,546,045	14,736,630	18,968,230	15,100,037	11,950,188	11,911,171
Total business-type activities net position	\$ 27,194,399	\$ 28,240,159	\$ 29,802,607	\$ 30,995,716	\$ 32,297,280	\$ 33,680,776	\$ 35,031,807	\$ 36,406,354	\$ 38,083,328	\$ 39,386,629
Primary government										
Net investment in capital assets	\$ 50,662,928	\$ 52,006,410	\$ 52,534,903	\$ 55,471,855	\$ 54,808,617	\$ 57,463,662	\$ 57,031,390	\$ 61,993,343	\$ 67,239,663	\$ 69,511,309
Restricted	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938	9,303,705	9,704,162	12,286,432	11,116,909
Unrestricted (deficit)	(10,296,550)	(7,441,242)	(1,722,959)	(1,558,705)	1,397,087	3,357,839	10,590,849	10,691,535	10,354,004	17,257,267
Total primary government net position	\$ 45,446,101	\$ 48,914,250	\$ 54,841,270	\$ 62,213,668	\$ 65,264,633	\$ 70,138,439	\$ 76,925,944	\$ 82,389,040	\$ 89,880,099	\$ 97,885,485

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

	2008	2009	2010	2011	2012	2013 (as reclassified)	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 6,568,743	\$ 7,785,402	\$ 7,963,893	\$ 8,577,883	\$ 10,295,084	\$ 10,453,419	\$ 9,529,776	\$ 9,219,322	\$ 10,291,366	\$ 9,925,453
Public safety	13,475,510	14,166,850	14,754,169	16,218,231	16,897,985	16,970,296	18,273,896	18,505,550	19,458,091	20,980,588
Social services	24,491,355	23,190,078	22,338,223	23,268,931	23,091,103	22,566,592	22,078,158	21,913,659	22,231,898	22,760,861
Economic and physical development	3,447,939	3,138,650	3,020,353	3,820,355	3,372,531	2,818,906	3,244,680	4,035,005	4,349,446	4,389,590
Environmental protection	5,369,403	5,576,352	5,191,327	5,234,597	5,044,117	4,949,064	5,200,967	5,121,002	4,998,475	4,608,929
Health	8,053,103	8,245,927	8,537,699	8,467,181	8,391,523	8,883,418	8,495,912	7,784,851	8,338,343	8,626,160
Cultural and recreation	2,070,824	3,201,411	2,305,497	2,357,440	2,287,587	2,334,287	2,435,885	2,289,270	2,403,064	2,535,497
Education	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968	24,559,787	26,108,710	27,005,640
Interest on long term debt	3,716,568	4,457,642	3,971,610	3,772,400	3,488,561	2,739,303	2,617,304	2,360,526	2,105,628	1,803,760
Total governmental activities	<u>100,194,198</u>	<u>94,508,713</u>	<u>90,182,147</u>	<u>93,961,218</u>	<u>96,649,668</u>	<u>95,459,075</u>	<u>95,568,546</u>	<u>95,788,972</u>	<u>100,285,021</u>	<u>102,636,478</u>
Business-type activities:										
Water	<u>2,378,268</u>	<u>2,814,711</u>	<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>
Total primary government expenses	<u>\$ 102,572,466</u>	<u>\$ 97,323,424</u>	<u>\$ 92,441,438</u>	<u>\$ 96,494,802</u>	<u>\$ 99,154,449</u>	<u>\$ 97,888,051</u>	<u>\$ 98,127,975</u>	<u>\$ 98,299,606</u>	<u>\$ 102,774,897</u>	<u>\$ 105,303,494</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684	\$ 1,633,609	\$ 2,056,024	\$ 2,194,205	\$ 3,493,235	\$ 3,170,663	\$ 4,141,074
Public safety	2,076,961	2,375,313	1,715,207	1,998,438	2,250,857	2,728,253	2,584,019	2,947,087	3,190,889	3,316,974
Social services	708,758	905,238	895,360	705,484	746,897	920,099	597,505	572,655	630,752	559,026
Economic and physical development	1,072,446	1,009,269	1,048,298	1,040,227	1,094,565	1,211,200	1,244,763	925,772	1,052,562	1,101,404
Environmental protection	2,821,666	2,720,503	2,442,846	2,462,442	2,509,331	2,470,808	2,417,794	2,428,100	2,432,969	2,405,043
Health	4,603,742	4,872,707	5,158,491	5,808,276	5,005,119	5,252,724	5,003,765	3,866,147	5,652,030	5,463,003
Cultural and recreation	43,309	58,393	70,223	72,418	75,810	80,782	89,512	69,062	66,145	61,401
Operating grants and contributions:										
General government	1,533,601	1,355,699	1,097,706	1,298,151	2,238,620	2,051,064	2,337,535	2,306,404	2,122,023	2,166,871
Public safety	634,277	551,977	658,361	928,821	845,729	824,904	645,226	430,833	651,546	678,254
Social services	12,805,213	13,472,526	14,754,004	15,687,981	15,728,496	14,979,911	14,917,957	16,040,514	15,798,488	15,324,889
Economic and physical development	499,293	24,755	44,816	0	32,998	34,034	0	1,453,613	1,252,208	1,348,255
Environmental protection	183,564	169,132	196,072	130,108	143,369	143,267	253,420	196,894	158,994	158,668
Health	1,495,242	1,627,356	2,069,631	1,821,323	1,701,749	1,704,070	1,645,752	1,556,948	2,185,702	2,378,208
Cultural and recreation	75,233	45,000	18,000	61,500	49,500	37,500	51,500	61,000	563,280	313,000
Capital grants and contributions:										
General government	0	104,129	43,609	0	0	0	0	0	0	0
Public safety	0	0	99,999	10,696	4,472	0	0	0	0	0
Social services	185,910	193,612	103,938	109,337	117,377	134,820	255,086	181,004	120,012	0
Economic and physical development	0	106,721	184,344	950,510	580,782	452,809	204,085	0	0	0
Cultural and recreation	343,815	50,000	56,875	395,394	0	47,731	0	0	0	0
Education	1,969,220	1,560,478	1,438,000	2,136,870	1,129,230	1,010,010	1,030,840	926,810	1,083,080	842,910
Total governmental activities program revenues	<u>32,789,345</u>	<u>32,498,355</u>	<u>33,578,832</u>	<u>37,088,660</u>	<u>35,888,530</u>	<u>36,140,010</u>	<u>35,472,964</u>	<u>37,456,078</u>	<u>40,131,343</u>	<u>40,256,980</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Business-type activities:										
Charge for services - Water	3,387,837	3,609,669	3,688,563	3,652,217	3,709,076	3,733,491	3,828,806	3,809,820	3,803,643	3,936,307
Total business-type activities program revenues	<u>3,387,837</u>	<u>3,609,669</u>	<u>3,688,563</u>	<u>3,652,217</u>	<u>3,709,076</u>	<u>3,733,491</u>	<u>3,828,806</u>	<u>3,809,820</u>	<u>3,803,643</u>	<u>3,936,307</u>
Total primary government program revenues	\$ <u>36,177,182</u>	\$ <u>36,108,024</u>	\$ <u>37,267,395</u>	\$ <u>40,740,877</u>	\$ <u>39,597,606</u>	\$ <u>39,873,501</u>	\$ <u>39,301,770</u>	\$ <u>41,265,898</u>	\$ <u>43,934,986</u>	\$ <u>44,193,287</u>
Net (Expense)/Revenue										
Governmental activities	\$ (67,404,853)	\$ (62,010,358)	\$ (56,603,315)	\$ (57,056,902)	\$ (60,761,138)	\$ (59,319,065)	\$ (60,095,582)	\$ (58,332,894)	\$ (60,153,678)	\$ (62,379,498)
Business-type activities	<u>1,009,569</u>	<u>794,958</u>	<u>1,423,540</u>	<u>1,118,633</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>
Total primary government net (expense)/revenue	\$ <u>(66,395,284)</u>	\$ <u>(61,215,400)</u>	\$ <u>(55,179,775)</u>	\$ <u>(55,938,269)</u>	\$ <u>(59,556,843)</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>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 42,236,411	\$ 43,814,430	\$ 44,076,129	\$ 47,482,900	\$ 46,550,189	\$ 47,503,351	\$ 48,512,236	\$ 48,065,864	\$ 49,058,073	\$ 51,783,504
Local option sales tax	20,131,706	16,796,425	13,053,176	12,415,520	13,491,235	13,594,555	13,394,720	14,532,240	15,112,475	16,097,112
Other taxes and licenses	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699
Investment earnings	3,500,775	1,375,589	544,629	282,690	231,554	228,358	156,285	163,783	154,860	305,406
Miscellaneous	1,226,841	1,582,642	2,406,773	2,091,064	1,128,570	1,519,890	1,006,261	658,262	471,964	564,447
Transfers	70,150	96,800	96,200	106,200	105,000	102,620	83,240	105,000	105,000	130,000
Special item	0	0	0	0	0	0	1,516,317	850,000	0	0
Total governmental activities:	<u>67,964,813</u>	<u>64,432,747</u>	<u>60,967,887</u>	<u>63,236,191</u>	<u>62,510,539</u>	<u>63,776,328</u>	<u>65,532,056</u>	<u>65,309,363</u>	<u>65,967,763</u>	<u>69,958,168</u>
Business-type activities:										
Investment earnings	429,842	239,026	127,572	72,310	67,396	70,659	57,122	42,829	19,192	23,151
Miscellaneous	166,684	108,576	101,804	114,098	134,873	110,942	107,772	204,818	449,015	140,859
Transfers	(70,150)	(96,800)	(96,200)	(106,200)	(105,000)	(102,620)	(83,240)	(105,000)	(105,000)	(130,000)
Total business-type activities	<u>526,376</u>	<u>250,802</u>	<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>
Total primary government	\$ <u>68,491,189</u>	\$ <u>64,683,549</u>	\$ <u>61,101,063</u>	\$ <u>63,316,399</u>	\$ <u>62,607,808</u>	\$ <u>63,855,309</u>	\$ <u>65,613,710</u>	\$ <u>65,452,010</u>	\$ <u>66,330,970</u>	\$ <u>69,992,178</u>
Change in Net Position										
Governmental activities	\$ 559,960	\$ 2,422,389	\$ 4,364,572	\$ 6,179,289	\$ 1,749,401	\$ 4,457,263	\$ 5,436,474	\$ 6,976,469	\$ 5,814,085	\$ 7,578,670
Business-type activities	<u>1,535,945</u>	<u>1,045,760</u>	<u>1,556,716</u>	<u>1,198,841</u>	<u>1,301,564</u>	<u>1,383,496</u>	<u>1,351,031</u>	<u>1,441,833</u>	<u>1,676,974</u>	<u>1,303,301</u>
Total primary government	\$ <u>2,095,905</u>	\$ <u>3,468,149</u>	\$ <u>5,921,288</u>	\$ <u>7,378,130</u>	\$ <u>3,050,965</u>	\$ <u>5,840,759</u>	\$ <u>6,787,505</u>	\$ <u>8,418,302</u>	\$ <u>7,491,059</u>	\$ <u>8,881,971</u>

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

<u>General Fund</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Non Spendable										
Stabilization by state statute	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	82,500
Restricted:										
Stabilization by state statute	7,920,769	5,258,842	5,719,134	4,839,673	5,621,630	6,505,313	5,866,674	6,619,013	8,690,228	7,866,740
Public Safety	915	80,589	82,387	86,034	84,542	117,324	104,005	89,738	81,761	56,262
Register of Deeds	46,557	21,750	55,348	58,208	37,222	30,700	3,030	0	0	0
Assigned:										
Subsequent year's expenditures	1,057,114	979,722	1,562,592	0	416,953	0	186,332	131,509	79,872	0
Unassigned	<u>16,723,785</u>	<u>20,371,199</u>	<u>19,141,577</u>	<u>22,190,181</u>	<u>23,271,321</u>	<u>23,440,262</u>	<u>25,743,810</u>	<u>25,565,252</u>	<u>24,262,888</u>	<u>27,936,364</u>
Total General Fund	<u>\$ 25,749,140</u>	<u>\$ 26,712,102</u>	<u>\$ 26,561,038</u>	<u>\$ 27,174,096</u>	<u>\$ 29,431,668</u>	<u>\$ 30,093,599</u>	<u>\$ 31,903,851</u>	<u>\$ 32,405,512</u>	<u>\$ 33,114,749</u>	<u>\$ 35,941,866</u>
<u>All Other Governmental Funds</u>										
Non Spendable										
Stabilization by state statute	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Restricted:										
Stabilization by state statute	398,154	523,712	163,699	288,406	326,340	194,002	161,598	183,592	1,102,191	350,482
Public Schools	4,328,413	3,317,971	2,773,462	3,868,232	1,318,370	377,273	1,097,060	647,407	448,646	160,891
Public Safety	469,202	742,288	954,430	1,237,435	1,670,825	2,045,351	595,537	567,449	759,385	1,463,892
Economic and Physical Development	0	0	0	0	0	46,975	1,475,800	1,596,963	1,204,220	1,218,642
Committed										
Capital projects	33,071,988	10,995,371	7,552,472	8,447,983	7,686,508	7,596,194	6,643,056	8,981,920	8,974,443	9,719,331
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(141,851)</u>	<u>(196,990)</u>	<u>(19,890)</u>	<u>(268,169)</u>	<u>(145,052)</u>	<u>(47,561)</u>	<u>(136,611)</u>
Total all other governmental funds	<u>\$ 38,267,757</u>	<u>\$ 15,579,342</u>	<u>\$ 11,444,063</u>	<u>\$ 13,700,205</u>	<u>\$ 10,805,053</u>	<u>\$ 10,239,905</u>	<u>\$ 9,704,882</u>	<u>\$ 11,832,279</u>	<u>\$ 12,441,324</u>	<u>\$ 12,776,627</u>

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)

Revenues	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Taxes:										
Property	\$ 42,261,507	\$ 43,716,305	\$ 43,929,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725	\$ 48,823,450	\$ 48,452,331	\$ 49,134,422	\$ 51,917,034
Sales	20,131,706	16,796,425	13,053,171	12,415,519	13,491,235	13,594,555	13,394,720	14,532,240	15,112,475	16,097,112
Other	798,930	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699
Total taxes	63,192,143	61,279,591	57,773,974	60,396,681	61,752,014	61,888,834	63,081,167	63,918,785	65,312,288	69,091,845
Intergovernmental	19,725,368	19,261,385	20,965,355	23,530,691	22,572,342	21,695,955	21,341,401	23,154,019	23,935,338	23,209,055
Charges for Services	13,496,839	13,530,854	12,913,153	13,774,262	13,562,444	15,072,071	14,490,392	14,617,799	16,333,950	17,181,291
Interest	3,403,401	1,321,851	506,334	262,321	212,830	209,474	142,116	150,404	148,453	297,665
Miscellaneous	1,263,264	1,592,941	1,299,699	2,415,734	1,535,915	1,524,801	1,432,328	1,428,429	979,965	1,009,671
Total Revenues	101,081,015	96,986,622	93,458,515	100,379,689	99,635,545	100,391,135	100,487,404	103,269,436	106,709,994	110,789,527
Expenditures										
General Government	8,539,207	8,693,318	8,224,937	8,580,077	9,834,924	9,423,766	9,446,475	9,948,357	10,213,411	10,435,517
Public Safety	23,556,676	31,541,868	16,627,081	15,443,304	15,375,134	16,690,517	18,056,044	17,185,318	17,892,625	19,282,826
Environmental Protection	5,413,220	5,478,700	5,099,920	5,169,741	5,005,287	4,908,080	5,121,996	5,140,583	5,079,891	5,357,128
Economic Development	3,043,309	2,720,535	2,603,966	3,596,818	3,134,830	3,059,513	2,764,612	3,612,837	3,950,990	3,849,000
Health	8,064,577	7,983,542	8,366,853	8,407,146	8,405,341	8,605,502	8,200,004	7,644,382	8,379,656	8,235,214
Social Services	24,829,156	23,149,487	21,993,411	23,293,001	23,000,499	22,457,994	22,150,591	22,355,542	22,305,810	22,309,579
Culture and Recreation	2,878,542	3,583,707	2,258,013	2,644,812	2,150,943	2,197,876	2,314,351	2,341,104	3,028,748	2,919,651
Education	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790	23,691,968	24,559,787	26,108,710	27,005,640
Debt Service:										
Principal	6,050,858	6,422,014	6,516,291	6,696,780	6,311,214	6,802,064	6,832,806	6,831,446	6,816,300	6,891,300
Interest	4,207,889	4,489,303	4,061,210	3,703,810	3,436,180	2,577,753	2,232,885	1,976,022	1,720,571	1,471,252
Bond issuance costs			490,800							
Total Expenditures	119,584,187	118,808,875	98,331,858	99,779,689	100,435,529	100,456,855	100,811,732	101,595,378	105,496,712	107,757,107
Excess of revenues over (under) expenditures	(18,503,172)	(21,822,253)	(4,873,343)	600,000	(799,984)	(65,720)	(324,328)	1,674,058	1,213,282	3,032,420
Other Financing Sources (Uses)										
Transfers in	11,611,636	6,443,078	5,493,731	8,592,538	6,567,143	9,278,851	8,702,882	7,619,608	6,425,300	7,855,332
Transfers out	(11,514,837)	(6,346,278)	(5,397,531)	(8,486,338)	(6,404,739)	(9,176,231)	(8,619,642)	(7,514,608)	(6,320,300)	(7,725,332)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	0	0	21,800,000	0	0	33,950,000	0	0	0	0
Refunding bond premium	0	0	1,037,279	0	0	0	0	0	0	0
Payment to refunding escrow agent	0	0	(22,346,479)	0	0	(33,890,117)	0	0	0	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	39,013,563	0	0	2,163,000	0	0	0	0	0	0
Special item	0	0	0	0	0	0	1,516,317	850,000	0	0
Total other financing sources (uses)	39,110,362	96,800	587,000	2,269,200	162,404	162,503	1,599,557	955,000	105,000	130,000
Net change in fund balances	\$ 20,607,190	\$ (21,725,453)	\$ (4,286,343)	\$ 2,869,200	\$ (637,580)	\$ 96,783	\$ 1,275,229	\$ 2,629,058	\$ 1,318,282	\$ 3,162,420
Debt service as a percentage of noncapital expenditures	9.75%	11.02%	11.16%	10.62%	9.87%	9.57%	9.28%	8.84%	8.28%	7.98%

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)					
2008	3,558,507,233	1,436,304,943	42,626,400	66,670,292	1,477,929,350	111,440,333	6,693,478,551	0.6100	10,118,637,265
2009	3,746,691,834	1,472,798,220	42,798,900	65,636,627	1,487,848,193	121,393,796	6,937,167,570	0.6100	10,403,670,621
2010	3,845,443,208	1,504,956,646	43,707,956	65,391,567	1,413,620,078	104,636,993	6,977,756,448	0.6100	10,464,541,764
2011	5,721,630,715	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

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 2017 figure is based on property sales which took place in calendar 2016 and the sales to assessment ratio was 99.00%.)
- (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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (1)</u>
Craven County Direct Rate	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675	\$ 0.4675	\$ 0.4675	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	0.1500	0.1500	0.2500	0.2678
Dover	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3500
Havelock	0.4900	0.5300	0.5300	0.4650	0.4650	0.4650	0.4650	0.4850	0.5100	0.5900
New Bern	0.5050	0.5050	0.5050	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4600
River Bend	0.2500	0.2800	0.2800	0.2650	0.2650	0.2650	0.2650	0.2650	0.2650	0.3105
Trent Woods	0.2700	0.2700	0.2700	0.1900	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Vanceboro	0.4800	0.4800	0.4800	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.5300
<u>Fire Districts Rates:</u>										
West New Bern II (Rhems)	0.0425	0.0425	0.0475	0.0314	0.0414	0.0414	0.0389	0.0389	0.0389	0.0457
Township #1	0.0238	0.0263	0.0263	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0269
Tri Community	0.0350	0.0350	0.0350	0.0277	0.0277	0.0277	0.0277	0.0377	0.0527	0.0658
Little Swift Creek	0.0590	0.0590	0.0590	0.0499	0.0549	0.0549	0.0549	0.0549	0.0549	0.0700
Township #3	0.0681	0.0781	0.0781	0.0624	0.0624	0.0624	0.0624	0.0624	0.0774	0.0861
Township #5	0.0620	0.0620	0.0620	0.0453	0.0453	0.0453	0.0453	0.0453	0.0553	0.0653
Township #6	0.0675	0.0600	0.0600	0.0516	0.0516	0.0516	0.0480	0.0480	0.0520	0.0586
Township #7	0.0270	0.0240	0.0240	0.0177	0.0177	0.0177	0.0177	0.0177	0.0190	0.0216
West New Bern	0.0362	0.0422	0.0422	0.0324	0.0324	0.0324	0.0324	0.0324	0.0349	0.0391
Township #9	0.0713	0.0713	0.0713	0.0582	0.0582	0.0582	0.0582	0.0682	0.0682	0.0746
Sandy Point	0.0567	0.0567	0.0567	0.0352	0.0352	0.0352	0.0352	0.0377	0.0527	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 2017			Fiscal Year 2008		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 202,417,843	1	2.20%	\$ 204,285,203	1	3.05%
BSH Home Appliances Corp	Home appliance manufacturer	103,519,236	2	1.12%	105,522,288	2	1.58%
Weyerhaeuser Company	Real estate investment trust	60,277,720	3	0.65%	included above		
Duke Energy Progress Inc.	Electric utility	55,806,027	4	0.61%	37,461,238	4	0.56%
Atlantic Marine Corps Communities, LLC	Real estate development	28,557,304	5	0.31%	14,885,011	7	
Wal-Mart Real Estate Business Trust	Real estate development	26,542,720	6	0.29%			
Carolina Telephone & Telegraph Co.	Communications utility	23,655,611	7	0.26%	39,616,985	3	0.59%
Craven Wood Energy LTD	Electricity manufacturer	19,672,309	8	0.21%	16,019,942	6	0.24%
Wyndham Vacation Resorts Inc	Real estate development	17,946,380	9	0.19%			
New Bern Riverfront Development LLC	Real estate development	17,569,631	10	0.19%			
Hatteras Yachts	Yacht builder				26,903,720	5	0.40%
DDR Xenia & New Bern LLC	Real estate development				13,536,930	8	0.20%
Fairfield Communities	Real estate development				13,071,990	9	0.20%
Bill Clark Homes of Greenville LLC	Real estate development				12,751,270	10	0.19%
Totals		\$ 555,964,781		6.04%	\$ 484,054,577		7.23%

Source: Craven County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	624,122	40,791,823	99.76%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	705,798	42,300,678	99.76%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	758,109	42,503,734	99.76%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	850,280	45,659,554	99.77%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	807,027	45,354,729	99.69%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	728,694	45,661,551	99.62%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	386,349	46,652,904	99.62%
2015	46,074,580	354,529	46,429,109	46,059,154	99.20%	224,745	46,283,899	99.69%
2016	46,661,088	287,113	46,948,201	46,591,996	99.24%	207,204	46,799,200	99.68%
2017	49,281,078	264,724	49,545,802	49,229,371	99.36%	-	49,229,371	99.36%

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			
2008	35,347,429	63,981,568	0	377,000	1,486,135	101,192,132	1,016	2.90%
2009	32,785,876	60,015,627	0	245,000	1,373,498	94,420,001	922	2.58%
2010	32,706,707	56,070,408	0	195,000	1,260,861	90,232,976	866	2.40%
2011	29,915,363	54,142,701	0	145,000	1,148,224	85,351,288	815	2.24%
2012	27,144,019	50,442,473	62,415	95,000	1,041,486	78,785,393	749	2.01%
2013	24,402,675	50,902,921	41,651	45,000	2,820,859	78,213,106	749	1.91%
2014	21,711,331	46,597,703	20,145	25,000	3,735,899	72,090,078	690	1.76%
2015	19,059,987	42,252,485	0	5,000	5,601,369	66,918,841	645	1.62%
2016	16,448,638	37,862,267	0	0	16,279,594	70,590,499	684	1.68%
2017	13,808,847	33,427,050	0	0	16,819,909	64,055,806	623	*

*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 2017.

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2008	35,724,429	4,328,411	31,396,018	0.90%	0.31%	315
2009	33,030,876	3,317,969	29,712,907	0.81%	0.29%	290
2010	32,901,707	2,773,461	30,128,246	0.80%	0.29%	289
2011	30,060,363	1,790,762	28,269,601	0.74%	0.29%	270
2012	27,239,019	745,260	26,493,759	0.68%	0.28%	252
2013	24,447,675	377,273	24,070,402	0.59%	0.26%	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	*	0.15%	133

*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 2016 personal income not available to calculate fiscal year 2017.

(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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value of Property	\$ 6,693,479	\$ 6,937,168	\$ 6,977,756	\$ 9,582,126	\$ 9,612,790	\$ 9,738,050	\$ 10,005,692	\$ 9,904,146	\$ 10,023,729	\$ 9,205,215
Debt Limit, 8% of Assessed Value (Statutory Limitation)	535,478	554,973	558,221	766,570	769,023	779,044	800,455	792,332	801,898	736,417
Amount of Debt Applicable to Limit										
Gross debt	101,192	94,420	90,233	85,351	78,785	78,213	72,090	66,919	70,590	64,056
Less: Amount available for repayment of g.o.bonds	4,328	3,318	2,773	1,791	745	377	1,097	647	449	156
Debt outstanding for water and sewer purposes	1,863	1,618	1,456	1,293	1,136	2,866	3,761	5,606	16,280	16,820
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Total net debt applicable to limit	95,001	89,484	86,004	82,267	76,904	74,970	67,232	60,665	53,862	47,080
Legal Debt Margin	<u>\$ 440,478</u>	<u>\$ 465,490</u>	<u>\$ 472,217</u>	<u>\$ 684,303</u>	<u>\$ 692,120</u>	<u>\$ 704,074</u>	<u>\$ 733,223</u>	<u>\$ 731,667</u>	<u>\$ 748,036</u>	<u>\$ 689,337</u>
Total net debt applicable to the limit as a % of debt limit	17.74%	16.12%	15.41%	10.73%	10.00%	9.62%	8.40%	7.66%	6.72%	6.39%

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

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

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2008	99,626	3,490,666	35,683	14,538	4.30%	9,682
2009	102,381	3,665,246	36,865	14,597	6.00%	7,123
2010	104,184	3,761,100	36,901	14,513	10.50%	7,262
2011	104,708	3,816,083	36,732	14,817	11.00%	9,537
2012	105,241	3,910,918	37,420	14,749	11.00%	9,498
2013	104,407	4,094,203	39,078	14,606	9.70%	8,530
2014	104,424	4,100,424	39,243	14,472	9.00%	7,811
2015	103,691	4,121,440	39,436	14,297	6.80%	7,538
2016	103,256	4,195,496	40,555	14,120	6.12%	8,918
2017	102,826	*	*	14,002	5.26%	9,688

* 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	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,173	1	13.12%	5,000	1	13.39%
CarolinaEast Health Systems	2,400	2	6.09%	1,500	3	4.02%
Craven County Schools	1,880	3	4.77%	1,800	2	4.82%
BSH Home Appliances	1,300	4	3.30%			
Moen Incorporated	1,000	5	2.54%	950	4	2.54%
State of North Carolina	754	6	1.91%	900	5	2.41%
Wal-Mart	686	7	1.74%			
Craven County	622	8	1.58%	570	8	1.53%
Craven Community College	567	9	1.44%	450	9	1.21%
City of New Bern	440	10	1.12%	400	10	1.07%
Hatteras Yachts				800	6	2.14%
Weyerhaeuser Company				700	7	1.87%
	<u>14,822</u>		<u>37.58%</u>	<u>13,070</u>		<u>35.00%</u>

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 CI 2nd MAW, and MCAS Cherry Point.

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

Function/Program	Full Time Equivalent Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	82	81	79	75	72	77	80	78	77	78
Public safety	134	141	148	148	151	142	158	154	157	162
Social services	206	213	213	213	208	191	197	188	195	204
Economic and physical development	21	20	21	23	18	22	21	20	23	23
Environmental protection	33	33	30	32	30	29	30	31	29	28
Health	115	116	117	106	104	102	97	90	93	99
Cultural and recreation	9	16	16	16	12	11	11	14	13	13
Water/Sewer (Business activity)	14	14	11	13	12	13	13	13	14	15
Total	<u>614</u>	<u>634</u>	<u>635</u>	<u>626</u>	<u>607</u>	<u>587</u>	<u>607</u>	<u>588</u>	<u>601</u>	<u>622</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Fire/Rescue calls to County E911 (A)	8,882	8,002	8,399	9,629	9,216	9,294	8,587	9,457	9,453	9,823
Average daily population in jail (B)	200	198	186	236	302	259	277	261	276	275
Health Services (C)										
Food and lodging inspections	1,615	1,388	1,013	1,280	1,364	1,354	1,322	1,312	1,299	1,374
Visits to health department	25,400	27,901	28,422	26,372	27,085	27,268	28,774	30,576	30,014	29,298
Transportation Services (D)										
Number of miles driven	782,257	796,036	783,197	810,130	857,716	794,110	772,009	708,841	673,929	599,621
Number of trips provided	93,984	98,738	101,664	106,118	108,026	105,965	91,554	86,927	74,346	69,359
Tax/Real Estate Services (E)										
Deed transfers processed	4,677	3,944	2,795	2,770	2,728	3,449	3,953	3,970	4,136	4,567
Number of real estate parcels	55,035	55,739	56,112	56,358	56,505	56,774	56,898	57,097	57,354	57,438
Number of tax bills generated (3)	153,477	152,424	151,915	148,943	149,366	150,381	114,148	65,112	67,034	67,398
Economic and Physical Development										
County tourism revenues (1)(2) (G)	102	105	99	108	116	119	121	127	131	137
Economic impact of convention center (2) (G)	13	10	9	10	9	9	9	9	9	9
Number of registered voters (H)	64,110	65,274	66,624	67,073	68,318	68,770	69,455	66,478	69,459	66,615
Number of enplanements at airport (I)	120,293	120,224	134,863	132,035	134,631	129,529	128,157	114,373	111,909	111,962
Water Services										
Number of service connections (J)	12,697	12,857	13,091	13,027	13,199	13,378	13,459	13,495	13,693	14,064

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety (A)										
Correction facility rated capacities	161	161	292	292	292	292	292	292	292	292
Parks and Land Use (B)										
Number of county parks	3	3	4	4	4	4	4	4	4	4
Boat ramps operated (1)	2	2	2	2	2	2	2	2	0	0
Water Service (C)										
Miles of water main	653	660	667	668	668	668	668	668	668	668
Number of elevated water tanks	9	9	9	9	9	9	9	9	9	9
Number of system wells	10	10	10	10	10	10	10	10	10	10
Transportation Services (D)										
Number of CARTS vehicles	32	32	32	32	32	32	32	32	32	32
Economic and Physical Development										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of acres remaining at Industrial Park (E)	220	220	220	219	219	213	213	183	161	161
Airport (F)										
Number of runways	2	2	2	2	2	2	2	2	2	2

Source of data:

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

Note:

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

Craven 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***

RSM US LLP

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2017. 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as finding 2017-001.

Compliance and Other Matters

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

Craven County's Response to Findings

The County's response to the finding 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

RSM US LLP

New Bern, North Carolina
December 22, 2017



RSM US LLP

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance, 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, 2017. 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 opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the County's compliance.

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 through 2017-009. Our opinion on each major federal program and the passenger facility charge program are not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the 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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as findings 2017-002 through 2017-009, that we consider to be significant deficiencies.

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

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

New Bern, North Carolina
December 22, 2017

Craven County





RSM US LLP

**Report on Compliance for Each Major State Program and
Report on Internal Control Over Compliance
In Accordance with the Uniform Guidance and
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, 2017. 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.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2017-010 through 2017-024. Our opinion on each major State program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as findings 2017-010 through 2017-024, that we consider to be significant deficiencies.

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

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

RSM US LLP

New Bern, North Carolina
December 22, 2017

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017

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

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 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>
Medical Assistance	93.778
Grants for New and Expanded Services Under the Health Center Program	93.527

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 2,956,283</u>
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017

I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

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

Type of auditor's report issued on compliance for major State programs	Unmodified
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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>
Special Assistance	N/A
Public School Building Capital Fund	N/A

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

Medical Assistance Program (State Portion)	N/A
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(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section II. Financial Statement Finding

Significant Deficiency

Finding: 2017-001

Criteria: Internal control policies and procedures should be in place to provide reasonable assurance that revenue transactions are reported and recorded accurately at the Register of Deeds department.

Condition and Context: Effective December 1, 2016, the County implemented a new Register of Deeds software package used in concert with its main financial system. During our testing of controls related to the processing of a transaction, we noted per our observations that a completed transaction can be changed, edited and voided subsequently without approval. It was also noted that some transactions are performed on a shared computer making it difficult to identify the actual user who completed the transaction.

Effect: Potential exists for revenue generated by the Register of Deeds to be misappropriated.

Cause: Administrative oversight.

Recommendation: We recommend the County implement adequate internal control procedures within the software to mitigate noted deficiencies within the Register of Deeds department.

Views of Responsible Officials: See management's corrective action plan.

Section III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services

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

Program Name: Medical Assistance Program (MA)

CFDA # 93.778

Testing of Medical Assistance identified questioned costs which are detailed individually below in Findings: 2017-002 through 2017-009. When the total known questioned costs of \$2,008 are projected to the entire population of benefit payments, the likely total questioned costs are \$215,459.

Testing of State/County Special Assistance Program also identified additional known questioned costs related to Medical Assistance of \$1,989 which was identified outside the scope of our Medical Assistance sample and are not included in the likely total questioned costs noted above. These questioned costs are reported in detail as other questioned costs on the NC Office of the State Auditor's Error Listing Report. This results in total Medical Assistance known questioned costs of \$3,997.

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-002

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted one case in which a SSI Exparte Recertification was not performed timely within 120 days of notification from SSA that client was no longer SSI eligible due to being over income. Agency failed to complete the SSI Exparte Recertification and assess client for other potential benefits as required. This resulted in five months (during audit period of 07/01/2016 - 06/30/17) of eligibility for an in-eligible client.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

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

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

Cause: Administrative oversight.

Questioned Costs: Known federal and state questioned costs of \$2,008 for the five month period of 02/01/2017 - 06/30/2017.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-003

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted seven cases with eight instances in which verified liquid assets were not calculated or input correctly in NCFAST and/or there was insufficient liquid asset verification present in case file.

Effect: Potential for vital information to be neglected, inadequate understanding of case specifics and an individual to incorrectly be deemed eligible or ineligible for program benefits.

Cause: Administrative oversight.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2016-003.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

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

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-004

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted one case with two instances in which verified personal property/vehicle assets were not calculated or input correctly in NCFAST and/or there was insufficient personal property/vehicle asset verification present in case file.

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

Cause: Administrative oversight.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-005

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted seven cases with eight instances in which there was no documentation/verification that Register of Deeds checks were completed and present in the case file and/or real property assets were not calculated or input correctly in NCFAST.

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

Cause: Administrative oversight.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

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

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-006

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted nine cases with twelve instances in which the budget was not calculated and input in NCFASST correctly due to either: in-correct countable resources, in-correct countable earned/unearned income, and/or insufficient verification or documentation of countable income present in case file.

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

Cause: Administrative oversight.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2016-005.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-007

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted one case in which a SSI Exparte Recertification was not performed timely within 120 days of notification from SSA that client was no longer SSI eligible due to being over income resulting from a disability determination and the onset of SSA disability income. Subsequent completion of recertification resulted in Medicaid eligibility for the three months that the recertification was overdue subsequent to the 120 day grace period.

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

Cause: Administrative oversight.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

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

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-008

Criteria: Per the NC DHHS-DMA requirements, the County DSS is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the eighty-one case files sampled, we noted one case with two instances in which a recipient's household composition was not entered correctly in to NCFAST.

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

Cause: Administrative oversight.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Officials: See management's corrective action plan.

Significant Deficiency and Noncompliance – MA Eligibility

Finding: 2017-009

Criteria: Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements that could have a direct and material effect on each major program. The NC Department of Health and Human Services, Division of Medical Assistance (DMA) has implemented a Corrective Action Plan (CAP) to ensure quality standards are in place for the Medicaid programs. To comply with the DMA CAP, counties are required to: Conduct a quarterly minimum (State assigned) number of 2nd party reviews of eligibility determinations utilizing the State provided 2nd Party Review Worksheet; Conduct and track attendance of formal Medicaid training for all new and existing Medicaid staff; Compile the results of these second party reviews and trainings held documented with attendance logs on a quarterly basis and submit to the State utilizing the State provided DMA Tracking Spreadsheet.

Condition and Context: The County fully implemented the performance of the minimum required second party reviews, the formal Medicaid in house training sessions, and submitted the results timely to the state without exception. However, for 100% of the sixty 2nd party reviews, the twelve monthly training attendance logs, and the four quarterly report submissions sampled, we noted no evidence of a handwritten or secured electronic signature (sign off) by an authorized supervisor, indicating review and approval for submission and verification of 100% of applicable training attendance.

Effect: Lack of written or electronic documented review and approval could result in in improper determination of program eligibility and insufficient knowledge of program requirements.

Cause: Administrative oversight.

Questioned costs: None noted.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

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

Recommendation: We recommend the County implement a handwritten or secured electronic signature on every 2nd party review, training attendance log and quarterly compliance report submission by authorized preparer and reviewer documenting proper preparation, review, approval and compliance with the DMA CAP.

Views of Responsible Officials: See management's corrective action plan.

Section IV. State Award Findings and Questioned Costs

Department of Social Services

DSS Crosscutting Requirements – DSS 1571, Part I

CFDA #: Not applicable

Significant Deficiency and Noncompliance – DSS-1571, Part I

Finding: 2017-010

Criteria: Per the NC DHHS requirements, the County DSS is responsible for maintaining day sheets that 1) account for 100% of employees' time as required in the DSS Services Information System User's Manual 2) contain program codes and activity codes summarized correctly 3) with day sheet entries that are supported by documentation in case record files and 4) where day sheet summaries are transferred to the DSS-1571 accurately to an eligible fund source.

Condition and Context: Of the twenty-seven day sheets sampled, we noted four instances in which client files indicated a caseworker had performed work in a particular case file for a specific program and the corresponding day sheet did not indicate that the employee had coded any time to that particular program.

Effect: Improper time recording could lead to improper reimbursement amount from incorrect funding source/program and or eligible fund source reimbursements could be disallowed.

Cause: Caseworker's oversight in fulfilling program and agency policy and requirements.

Questioned costs: None noted.

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

Views of Responsible Management: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section IV. State Award Findings and Questioned Costs (Continued)

Significant Deficiency and Noncompliance – DSS-1571, EPICS

Finding: 2017-011

Criteria: Effective May 1, 2000, the Enterprise Program Integrity Control System (EPICS) was implemented statewide to track and collect overpayments in the AFDC/TANF, Food Stamps, and Medicaid programs. EPICS is intended to not only allow investigators to resolve incidents of fraud and overpayment more quickly, but also increase recoupment. Claims for overpayments in the Work First, Food and Nutrition Services Program (FNS/Food Stamps) and Medicaid Programs are to be entered and tracked in the EPICS system by all counties. Per the DSS Food and Nutrition Services (FNS 800 Claims Manual) all FNS EPICS claims are required to be processed within 180 days of the discovery date. There is no State mandated processing time requirement for Medicaid based programs however it is the County's policy to follow the FNS 180 days for consistency.

Condition and Context: Of the twenty-five cases sampled, we noted eleven instances in which the EPICS claim case was not established within 180 days of discovery out of a population of 287 fraud cases established during the fiscal year. Per RSM's review of the population, the agency is significantly behind in the processing and resolution of potential fraud and overpayment cases.

Effect: Non-compliance with requirements could result in delayed investigation, prosecution and potential collection of fraudulent or overpayment claims and existing instances of fraud and overpayment could continue due to delayed processing and sanction.

Cause: Extensive caseload and understaffing of the Program Integrity department.

Questioned costs: Not Applicable. Potential and known questioned costs are determined during processing and investigation of EPIC case referrals.

Recommendation: We recommend the County review options and budget for implementation of adequate department staffing in order to meet program requirements.

Views of Responsible Management: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section IV. State Award Findings and Questioned Costs (Continued)

Department of Social Services

State/County Special Assistance (SA)

CFDA #: Not applicable

Testing of Special Assistance identified questioned costs which are detailed individually below in Findings: 2017-012 through 2017-016. When the total known questioned costs of \$965 are projected to the entire population of benefit payments, the likely total questioned costs are \$7,283. Special Assistance testing also identified Medical Assistance questioned costs which are included in Medical Assistance reported above in Section III.

Significant Deficiency and Noncompliance – SA Eligibility

Finding: 2017-012

Criteria: Per the NC DHHS - DAAS requirements, the County is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the forty case files sampled, we noted six cases with eight instances in which verified countable resources were not calculated or input correctly into NCFAST and/or there was insufficient resource verification present in the case file.

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

Cause: Caseworker's oversight in fulfilling program and agency policy and requirements.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Management: See management's corrective action plan.

Significant Deficiency and Noncompliance – SA Eligibility

Finding: 2017-013

Criteria: Per the NC DHHS - DAAS requirements, the County is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the forty case files sampled, we noted two cases with two instances in which Form DMA 5002 (Notice About Your Medicaid or Special Assistance Approval Notice) which denotes eligibility and SA benefits were either not sent to the applicant/recipient in a timely manner within 45 days or did not denote the correct benefit payment amount.

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

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section IV. State Award Findings and Questioned Costs (Continued)

Cause: Caseworker's oversight in fulfilling program and agency policy and requirements.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Management: See management's corrective action plan.

Significant Deficiency and Noncompliance – SA Eligibility
Finding: 2017-014

Criteria: Per the NC DHHS - DAAS requirements, the County is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

Condition and Context: Of the forty case files sampled, we noted one case with two instances in which verified countable income was not calculated or input correctly into NCFAST. Error did not affect eligibility, however did result in an underpayment of the recipient's SA monthly benefit. This error occurred for both certification periods tested resulting in a combined known underpayment due to recipient's facility of \$108 for the audit period 07/01/2016 - 06/30/2017. Upon identification of underpayment during testing the agency promptly expedited and completed the underpayment paperwork to issue payment in full to the recipient's facility.

Effect: Potential exists for an individual incorrectly deemed eligible or ineligible for program benefits and or calculation of an incorrect benefit amount.

Cause: Caseworker's oversight in fulfilling program and agency policy and requirements.

Questioned costs: None noted.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Management: See management's corrective action plan.

Significant Deficiency and Noncompliance – SA Eligibility
Finding: 2017-015

Criteria: Per the NC DHHS - DAAS requirements, the County is responsible for utilizing the proper method and related documentation in determining a client's eligibility.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section IV. State Award Findings and Questioned Costs (Continued)

Condition and Context: Of the forty case files sampled, we noted one case with one instance in which the agency failed to complete an Asset Verification System (AVS) inquiry in NCFAST at recertification. AVS ran at auditor's request during testing disclosed an unreported bank account with a balance that far exceeded the resource limit rendering the recipient SA in-eligible for the entire certification period of 09/01/2016 - 08/31/2017. Based on the fact that the client is deemed in-eligible for SA, the client is also deemed in-eligible for Medical Assistance (MA) benefits which is a categorically eligible benefit of an eligible SA recipient.

Effect: Potential exists for an individual incorrectly deemed eligible or ineligible for program benefits and or calculation of an incorrect benefit amount.

Cause: Caseworker's oversight in fulfilling program and agency policy and requirements.

Questioned costs: Known SA state questioned costs of \$965 for the ten month period of 09/01/2016 – 06/30/2017.

Recommendation: We recommend the County continue to implement training to ensure that all County staff are properly informed of applicable program requirements. Additionally, we recommend increasing state required 2nd party reviews of case files by supervisors to ensure program requirements have been met.

Views of Responsible Management: See management's corrective action plan.

Significant Deficiency and Noncompliance – SA Eligibility

Finding: 2017-016

Criteria: Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements that could have a direct and material effect on each major program.

Condition and Context: Our testing determined that the County performs regular second party reviews of both applications and recertification by an authorized supervisor in an effort to ensure compliance with eligibility determinations. However, for 100% of the twenty-nine 2nd party reviews tested, we noted no evidence of a handwritten or secured electronic signature (sign off) by an authorized supervisor indicating review and approval.

Effect: Lack of written or electronic documented review and approval could result in improper determination of program eligibility and insufficient knowledge of program requirements.

Cause: Administrative oversight.

Questioned costs: None noted.

Recommendation: We recommend the County implement a handwritten or secured electronic signature on every 2nd party review and training attendance log documenting proper review and approval.

Views of Responsible Management: See management's corrective action plan.

(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2017

Section IV. State Award Findings and Questioned Costs (Continued)

Finding: 2017-017

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-002

Finding: 2017-018

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-003

Finding: 2017-019

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-004

Finding: 2017-020

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-005

Finding: 2017-021

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-006

Finding: 2017-022

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-007

Finding: 2017-023

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-008

Finding: 2017-024

See Section III. Federal Award Findings and Questioned Costs, Finding 2017-009

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

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



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Manager 252-636-6600
Human Resources 252-636-6602
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**Craven County
Corrective Action Plan
For the Fiscal Year Ended June 30, 2017**

Section II. Financial Statement Findings

Name of contact person: Craig Warren, Finance Officer

Proposed Completion Date: December 06, 2017

Finding 2017-001:

Corrective Action: Internal control deficiencies in the Register of Deeds software program have been mitigated by the following changes. The authority to approve edited or voided transactions has been limited to designated employees only and is permission based within software. Designated approver must key unique password into transaction before software program will accept. Transactions performed on shared computers now require employee to key user id and password before entering transaction. This allows for tracking transactions by employee user id.

Section III. Federal Award Findings and Questioned Costs

Name of contact person: Craig Warren, Finance Officer

Proposed Completion Date: December 01, 2017

Finding 2017-002 – MA Eligibility:

Corrective Action: The SSI Exparte recertifications are being logged by a clerical staff person, the log is now being monitored and followed up on by Supervisors as well to prevent SSI Exparte recertifications from going overdue in the future. Refresher training on completing SSI Exparte recertifications will be provided to all Medicaid staff.

Finding 2017-003 – MA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

(Continued)

**Craven County
Corrective Action Plan (Continued)
For the Fiscal Year Ended June 30, 2017**

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

Finding 2017-004 – MA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-005 – MA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-006 – MA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-007 – MA Eligibility:

Corrective Action: The SSI Exparte recertifications are being logged by a clerical staff person, the log is now being monitored and followed up on by Supervisors as well to prevent SSI Exparte recertifications from going overdue in the future. Refresher training on completing SSI Exparte recertifications will be provided to all Medicaid staff.

Finding 2017-008 – MA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

(Continued)

**Craven County
Corrective Action Plan (Continued)
For the Fiscal Year Ended June 30, 2017**

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

Finding 2017-009 – MA Eligibility:

Corrective Action: Supervisors have been instructed and have begun to sign off on all training logs verifying all persons were in attendance for said training.

Section IV. State Award Findings and Questioned Costs

Name of contact person: Craig Warren, Finance Officer

Proposed Completion Date: December 01, 2017

Finding 2017-010 – DSS 1571, Part I:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings reviewing the day sheet coding policies.

Finding 2017-011 – DSS 1571, EPICS:

Corrective Action: The fraud cases are now current and no cases are beyond the time standard of 180 days. Supervisor meets with fraud investigators on a weekly basis to ensure compliance with policy.

Finding 2017-012 – SA Eligibility :

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-013 – SA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

(Continued)

**Craven County
Corrective Action Plan (Continued)
For the Fiscal Year Ended June 30, 2017**

Section IV. State Award Findings and Questioned Costs (Continued)

Finding 2017-014 – SA Eligibility:

Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-015 – SA Eligibility:

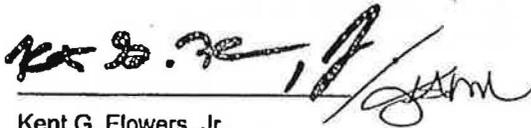
Corrective Action: Supervisors will complete refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. Please also note that the Income Maintenance division has been re-organized to allow for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention.

Finding 2017-016 – SA Eligibility:

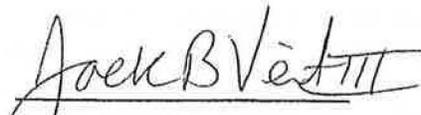
Corrective Action: Supervisors and lead workers will be instructed to sign all second party reviews and have caseworkers sign them once corrections have been completed and they will need to be scanned to the server.



Craig Warren
Finance Director



Kent G. Flowers, Jr.
Social Services Director



Jack B. Velt, III
County Manager

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

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



Administration Building
406 Craven Street
New Bern, NC 28560
Fax 252-637-0526
manager@cravencountync.gov

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

**Craven County, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

Finding: 2016-001 (Financial Statement)

Status: Corrected.

Finding: 2016-002 (MA Eligibility)

Status: Corrected.

Finding: 2016-003 (MA Eligibility)

Status: Craven County has implemented the NC DHHS, Division of Medical Assistance corrective action plan to ensure quality standards are in place for the Medicaid programs and will continue going forward. Implementation of plan includes conducting a quarterly minimum (State assigned) number of 2nd party review of eligibility determinations, utilizing the state provided 2nd party worksheet; conduct and track attendance of formal Medicaid training for all new and existing Medicaid eligibility determination staff; compile the results of these second party reviews and trainings held, documented with attendance logs, on a quarterly basis and submitting to the State utilizing the State provided DMA Tracking Spreadsheet. Craven County has also added Income Maintenance Caseworker II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new and existing staff.

Finding: 2016-004 (MA Eligibility)

Status: Craven County has implemented the NC DHHS, Division of Medical Assistance corrective action plan to ensure quality standards are in place for the Medicaid programs and will continue going forward. Implementation of plan includes conducting a quarterly minimum (State assigned) number of 2nd party review of eligibility determinations, utilizing the state provided 2nd party worksheet; conduct and track attendance of formal Medicaid training for all new and existing Medicaid eligibility determination staff; compile the results of these second party reviews and trainings held, documented with attendance logs, on a quarterly basis and submitting to the State utilizing the State provided DMA Tracking Spreadsheet. Craven County has also added Income Maintenance Caseworker II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new and existing staff as well as implemented procedures to ensure that the Deceased Individuals report is pulled from the NCXPTR weekly and monitored by a supervisor.

(Continued)

Craven County, North Carolina
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2017

Finding: 2016-005 (MA Eligibility)

Status: Craven County has implemented the NC DHHS, Division of Medical Assistance corrective action plan to ensure quality standards are in place for the Medicaid programs and will continue going forward. Implementation of plan includes conducting a quarterly minimum (State assigned) number of 2nd party review of eligibility determinations, utilizing the state provided 2nd party worksheet; conduct and track attendance of formal Medicaid training for all new and existing Medicaid eligibility determination staff; compile the results of these second party reviews and trainings held, documented with attendance logs, on a quarterly basis and submitting to the State utilizing the State provided DMA Tracking Spreadsheet. Craven County has also added Income Maintenance Caseworker II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new and existing staff.

Finding: 2016-006 (MA Eligibility)

Status: Craven County has implemented the NC DHHS, Division of Medical Assistance corrective action plan to ensure quality standards are in place for the Medicaid programs and will continue going forward. Implementation of plan includes conducting a quarterly minimum (State assigned) number of 2nd party review of eligibility determinations, utilizing the state provided 2nd party worksheet; conduct and track attendance of formal Medicaid training for all new and existing Medicaid eligibility determination staff; compile the results of these second party reviews and trainings held, documented with attendance logs, on a quarterly basis and submitting to the State utilizing the State provided DMA Tracking Spreadsheet. Craven County has also added Income Maintenance Caseworker II's to assist with the workload and Income Maintenance Caseworker III's (dedicated trainer positions) to provide more consistent training for new and existing staff.

Crauen County



CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(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		\$ 590,896	\$ -	\$ -	\$ (789)
AGRI-SFP Food Program Meal	10.559		688	-	-	-
			591,584	-	-	(789)
Direct Benefit Payments:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children	10.557	5405	2,117,998	-	-	-
			2,117,998	-	-	-
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		1,238,410	-	-	1,238,410
Food Stamp Issuance	10.561		28,365	-	-	28,365
FNS Contingency Admin	10.561		-	-	-	98,627
Food Stamp Fraud Admin	10.561		82,237	-	-	82,237
Food Stamp Tax Intercept	10.561		26,185	-	-	-
Total Food Stamp Cluster			1,375,197	-	-	1,447,639
Total US Department of Agriculture			4,084,779	-	-	1,446,850
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		3,766	-	-	-
Justice Assistance Grant	16.738	2013-DJ-BX-0895	6,953	-	-	-
Equitable Sharing Program	16.922		33,356	-	-	-
Total US Department of Justice			44,075	-	-	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(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. 38	20.106	3-37-0050-38	36,250	-	-	4,028
Airport Improvement Project No. 39	20.106	3-37-0050-39	819,135	-	-	26,728
			855,385	-	-	30,756
Passed through NC Department of Transportation:						
Administered by Craven Area Rural Transportation System:						
Metro planning	20.507	44.27.00	1,150	-	-	288
Capital Maintenance	20.507	11.13.40	3,883	-	-	971
ADA	20.507	11.7C.00	13,472	-	-	3,368
Operating Assistance	20.507	30.09.01	29,285	-	-	29,285
Tablet Lease	20.507	NC-2017-005-02-00	8,089	-	-	2,022
Operating Assistance	20.507	NC-2017-005-02-00	150,051	-	-	150,051
Metro Planning, not TDP	20.507	NC-2017-005-02-00	478	-	-	119
Metro Planning, TDP	20.507	NC-2017-005-02-00	73,018	-	-	18,255
Metro Planning, Short Range Planning	20.507	NC-2017-005-02-00	362	-	-	91
Other Capital Items, PM (Bus)	20.507	7278-2016-1	25,429	-	-	6,357
			305,217	-	-	210,807
Administered by Craven Area Rural Transportation System:						
Administration	20.509	36233.31.13.1	212,615	13,288	-	39,865
			212,615	13,288	-	39,865
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	7,889	-	-	-
Total US Department of Transportation						
			1,381,106	13,288	-	281,428
Environmental Protection Agency						
Passed through the NC Department of Environmental Quality						
Division of Water Resources						
Administered by Craven County Water and Finance:						
NC Drinking Water Revolving Loan and Grant Program	66.468	H-LRX-R-DW-1759FP	620,429	-	-	-
Total Environmental Protection Agency			620,429	-	-	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(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:						
	97.067	EMW-2016-SS-00011-S01	45,000	-	-	-
	97.042	EMPG-2014-37049	52,959	-	-	-
			97,959	-	-	-
Administered by Craven County Planning:						
	97.029	FMA-PJ-04-NC-2013-006	963,297	-	-	-
	97.029	FMA-PJ-04-NC-2014-005	498,339	-	-	-
	97.029	FMA-PJ-04-NC-2015-010	21,230	-	-	-
			1,482,866	-	-	-
Transportation Security Administration:						
Administered by Craven Regional Airport:						
	97.090	HSTS0213HSLR020	89,225	-	-	-
			1,670,050	-	-	-
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Aging and Adult Services						
Passed through Eastern Carolina Council of Governments:						
Aging Cluster:						
Passed through Craven County Department of Social Services:						
Administered by Craven Area Rural Transportation						
	93.044		46,354	2,727	-	5,453
Administered by Coastal Community Action:						
	93.045		19,708	3,478	-	2,576
Administered by Craven County Department of Social Services:						
	93.045		27,963	4,935	-	3,655
	93.045		4,320	-	-	-
	93.045		133,766	23,606	-	17,485
	93.045		28,884	-	-	-
	93.633		58,749	10,367	-	7,679
	93.043		4,820	851	-	630
	93.044		4,832	-	-	1,208
	93.052		39,174	-	-	13,058
	93.052		11,618	775	-	-
	93.XXX		29,238	4,873	-	4,873
			409,427	51,612	-	56,617
			144,402	25,483	-	18,876

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
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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:						
Work First/TANF Benefit Payments	93.558		389,760	-	-	-
Work First Administration	93.558		240,502	-	-	231,838
Work First Service	93.558		1,316,193	-	-	837,627
Work First Non Reimbursable	N/A		-	-	-	110,369
Family Support Payments	93.560		(26)	(7)	-	(7)
			1,946,429	(7)	-	1,179,827
Refugee and Entrant Assistance Administration	93.566		7,887	-	-	-
Child Support Enforcement:						
Administration	93.563		3,262	-	-	1,681
Coop Agreements	93.563		673,787	-	-	347,102
Non-AFDC	93.563		425	-	-	219
			677,474	-	-	349,002
Low-Income Home Energy Assistance:						
Administration	93.568		60,575	-	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		319,000	-	-	-
Crisis Intervention Payments	93.568		371,714	-	-	-
			751,289	-	-	-
Administered by Craven County Health:						
Child Welfare Services:						
Permanency Planning:						
Permanency Planning - Special	93.645		28,180	-	-	9,393
State Child Welfare/CPS/CS LD	N/A		-	87,126	-	-
Adoption Promotion	N/A		-	7,200	-	-
Adoption Subsidy	N/A		-	313,540	-	90,234
			28,180	407,866	-	99,627
Foster Care and Adoption Cluster:						
Title IV-E Foster Care:						
Administration	93.658		30,782	10,564	-	20,166
Foster Care - At Risk	93.658		261,443	-	-	257,891
IV-E CPS	93.658		85,315	92,476	-	12,105
Foster Care - Title IV-E - Direct Benefit Payments	93.658		96,664	28,851	-	23,274
Title IV-E Adoption Subsidy	93.659		455,271	114,126	-	114,126
Total Foster Care and Adoption Cluster			929,475	246,017	-	427,562

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(Page 5 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 Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Child Development and Early Education:						
Subsidized Child Care						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care & Development Mandatory and Match Fund - Administration	93.596		196,056	-	-	-
Division of Child Development:						
Child Care & Development Fund - Discretionary	93.575		1,452,704	-	-	-
Child Care & Development Fund - Mandatory	93.596		525,155	-	-	-
Child Care & Development Fund - Match	93.596		788,997	311,277	-	-
CPS TANF	93.667		71,150	-	-	-
Total Child Care Development Fund Cluster			3,034,062	311,277	-	-
Temporary Assistance for Needy Families	93.558		439,146	-	-	-
Foster Care Title IV-E	93.658		50,513	25,227	-	-
Smart Start			-	3,470	-	-
State Appropriation	N/A		-	312,354	-	-
TANF - MOE	N/A		-	450,409	-	-
Total Subsidized Child Care			3,523,721	1,102,737	-	-
Administered by County Department of Social Services:						
Social Services Block Grant:						
Family Planning:						
Adopt FC	93.667		\$ 83,519	\$ -	\$ -	\$ 267,916
In-Home Services	93.667		71,396	-	-	10,199
In-Home Services over 60	93.667		1,761	-	-	252
Other Services and Training	93.667		331,080	34,325	-	121,801
			487,756	34,325	-	400,168
Passed through NC Department of Health and Human Services:						
Administered by County Department of Social Services:						
Independent Living - Foster Care	93.674		18,837	3,578	-	-
Passed through NC Department of Health and Human Services:						
Division of Medical Assistance:						
Administration:						
Medical Assistance Program	93.778		2,418,211	-	-	806,070
Medical Transportation Service	93.778		(199,064)	(97,851)	-	-
Eligibility Workers Administration - MA	93.778		250	-	-	250
Medical Transportation Administration	93.778		288,646	-	-	288,646

continued

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(Page 6 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 Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Social Services:						
Administration:						
Medicaid At-Risk Administration	93.778		62,994	-	-	20,998
MAC Cord/Transportation	93.778		22,133	-	-	22,133
Family Preservation	93.556		25,752	-	-	-
Other:						
Adult Care Home Case Management	93.778		34,891	7,652	-	27,238
Transportation Regular	93.778		543,747	-	-	-
NC Health Choice	93.767		86,567	130	-	126
Division of Medical Assistance:						
Direct Benefit Payments:						
Medical Assistance Program	93.778		75,631,923	40,417,104	-	103
NC Health Choice	93.767		1,514,552	5,567	-	-
			<u>80,430,602</u>	<u>40,332,602</u>	<u>-</u>	<u>1,165,563</u>
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Family Planning	93.217		82,214	16,415	-	545,265
Immunization Grant	93.268		37,858	-	-	103
Centers for Disease Control And Prevention						
Emergency Preparedness	93.069		45,624	-	-	(3,328)
Coop Agreement for Breast and Cervical Cancer	93.919		17,595	13,260	-	(2,987)
Communicable Disease Expansion Budget	93.940		105,455	-	-	(3,235)
Temporary Assistance for Needy Families	93.558		16,489	-	-	-
Refugee	93.576		16,758	-	-	3,752
Preventive Health and Human Services Block Grant	93.991		26,707	-	-	(5,349)
Maternal and Child Health Services Block Grant:						
Maternal Health	93.994		41,456	112,619	-	1 115,733
Womens Preventive Health	93.994		52,914	39,917	-	-
Child Health	93.994		22,029	17,720	-	711,821
Project Grants and Cooperative Agreements for						
Tuberculosis Control Programs	93.116		50	31,587	-	13,042
HIV/STD Prevention Grant	93.940		338	13,063	-	24,352
Prescription Drug Overdoses	93.136		541	-	-	-
			<u>466,028</u>	<u>244,581</u>	<u>-</u>	<u>2 399,169</u>
Direct Program:						
Grants for New And Expanded Services Under the Health Services Program	93.527		920,833	-	-	142,893
			<u>90,742,339</u>	<u>42,371,700</u>	<u>-</u>	<u>6 239,304</u>

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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, 2017
(Page 7 of 9)

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					
Division of Social Services:					
Administered by County Department of Social Services:					
			521,074	-	521,074
			7,584	-	-
			79,778	-	73,580
			608,436	-	594,654
Health Divisions:					
Administered by County Health Department:					
			131,675	-	-
			28,546	-	1,042,525
			1,400	-	-
			2,750	-	-
			6,343	-	677,421
			2,023	-	-
			45,624	-	-
			218,361	-	1,719,946
			826,797	-	2,314,600
NC Department of Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Passed through County Finance Department:					
	825000		1,000	-	-
	825006		128,871	128,871	-
	825053		61,839	61,839	-
	825032		61,711	61,711	-
			253,421	252,421	-
NC Department of Environmental and Natural Resources					
Division of Soil and Water Conservation					
Administered by County Soil Conservation Department:					
			26,730	-	-
			3,600	-	-
	G40100014813SWC		-	-	-
			-	-	-
			30,330	-	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2017
(Page 8 of 9)

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 Environmental and Natural Resources					
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program					
		-	7,692	-	-
Total NC Department of Environment and Natural Resources					
		-	38,022	-	-
NC Department of Transportation:					
Administered by County Soil Conservation Department:					
Rural Operating Assistance Program (ROAP) Cluster:					
	EHTAP	-	76,826	-	-
	General Public Transportation Craven	-	56,712	-	-
	General Public Transportation Jones	-	5,313	-	-
	General Public Transportation Pamlico	-	9,820	-	-
	Work First Jones County	-	3,362	-	-
	Work First Pamlico County	-	3,910	-	-
	Work First Craven County	-	23,579	-	-
Total NC Department of Transportation					
		-	179,522	-	-
NC Department of Corrections:					
Administered by Craven County Day Reporting Center:					
	Criminal Justice Partnership Program				
	025-0700-I-A	-	-	-	-
NC Department Public Instruction:					
Public School Building Capital Fund - Lottery Proceeds					
		-	842,910	-	-
Total NC Department of Public Instruction					
		-	842,910	-	-
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
	Veterans Services				
		\$ -	2,130	-	-
Total Federal Expenditures					
		\$ 98,542,778			
Total State Expenditures					
			\$ 44,604,884		
Total Local Expenditures					
				\$ 252,421	
\$ 13,282,182					

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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, 2017
(Page 9 of 9)

Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
Passenger Facility Charges	96-01-C-00-EWN	\$ 363,874	-	-	-

See Notes to the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.

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, 2017

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, 2017. 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 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 \$21,878,598 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 \$363,874 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, 2017 consists of \$442,533 for passenger facility charges plus \$52 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, 2017

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 State award program dollars during the current fiscal year.

Grantor/Program Title	Federal CFDA Number	Loan Balance July 1, 2016	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2017
NC Clean Water Revolving Loan & Grant Program	N/A	\$ 15,558,566	\$ 620,429	-	\$ 16,178,995

Crauen County



Craven County

