

CRAVEN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



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

Craven County



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Crauen County



INTRODUCTORY SECTION

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

Craven County





February 20, 2019

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

It is our pleasure to submit the Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2018. 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, 2018, 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, 2018, 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

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

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

The City of Havelock, the second largest municipality in Craven County, is home to Cherry Point, the largest Marine Corps Air Station on the East Coast. The Air Station is home of the 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 13,000 military and civilian personnel. The base is also the location of Halyburton Naval Health Clinic.

While still a rural county, Craven County has become much less dependent on agriculture as its main economic engine and has marketed itself as a desirable destination for tourists, drawn by abundant opportunities for conventions, golf, sailing, beaches, fishing, hunting, and touring over 150 historic landmarks. The County's reputation as a desirable retirement community continues to grow as a result of its popularity as a tourist destination. The 2010 Census revealed that the New Bern area had grown to more than 50,000 people prompting it to be classified as an urbanized area by the United States Census Bureau and requiring the formation of 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 Craven County operates.

Local Economy

The economy in Craven County continues to experience a steady level of positive growth. Unemployment rates in the County declined from 5.3 percent annual average for 2016 to 4.7 percent for 2017. The rate fell for most of the year reaching its lowest point of 4.2 percent in April and ending the year at 4.6 percent for the month of December 2017. Comparatively, the statewide average for 2017 was 4.6 percent, down from 5.1 percent reported the prior year.

While unemployment rates continue to improve, the total number of people employed in Craven County remained virtually unchanged from 39,441 for 2016 to 39,336 for 2017 using annual average figures. Government (federal, state and local) employment increased by .33 percent from the prior year and continues to remain the largest sector of employment in the County with 31.6 percent of all jobs. The public sector outpaced growth of the private sector by approximately 1.0 percent. Local and state government employment increased 1.32 percent and 2.10 percent respectively over the prior year while federal government employment decreased by 1.03 percent. Private sector annual average employment figures reported a slight decrease of .54 percent from 27,051 to 26,906 in 2017.

The United States Marine Corps Air Station at Cherry Point is home to Fleet Readiness Center East which is the single largest industrial employer east of I-95, providing employment for a total work force of 12,733 personnel, including 5,159 civilians. Total payroll for the base in fiscal year 2017, including Fleet Readiness Center East, was \$1.15 billion while the total economic impact of the Marine Corps Air Station at Cherry Point was \$2.04 billion. The military and local communities have developed a strong relationship from which both have benefited. Craven County continues its efforts to ensure that decision makers in Washington, DC and Raleigh understand the significance and importance of the military presence in the County and all of eastern North Carolina.

Economic Development efforts in the County continue in partnership with the Craven 100 Alliance (C1A). Members of this entity consist of Craven County, the cities of New Bern and Havelock, and the private business group known as the Committee of 100. The main purpose of this organization is to leverage resources in a collaborative effort creating long-term plans that promote sustainability and growth to economic development in Craven County. The C1A continues 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. In 2017, Craven County along with Wayne and Lenoir counties partnered to establish the NC Aerospace Corridor. This effort provides 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. Over the past year, multiple inquires have been made from companies looking for new locations. In 2017, Craven County joined North Carolina's Southeast Regional Economic Development Partnership (NCSE). The NCSE is a regional public-private partnership that markets the southeast region, nationally and globally to encourage new economic growth. Business and government leadership work together in this partnership to promote the region and its assets through The Southeastern Partnership, a 501c6 organization.

In August 2017, BSH Home Appliances Corporation celebrated its 20-year anniversary and the expansion of its dishwasher manufacturing facility in New Bern, NC. The project is adding 100,000 square feet of new facility space to the BSH production facilities in Craven County which employees approximately 1,300 employees. At Craven County's Industrial Park, construction of the extension of Executive Parkway was completed in January 2018. The County was awarded a \$515,000 grant from the Rural Infrastructure Authority for construction and extension of Executive Parkway including an addition of a new side road at the Industrial Park. This project opened access to over 100 acres of land for development increasing the marketability of the park and is expected to result in new investment heading into the future. In April 2018, the County was awarded an \$180,000 Building Reuse Grant for the benefit of Chatsworth Products. Chatsworth is expanding its manufacturing facility in the Industrial Park by adding 29,000 square feet and 15 additional jobs.

Per capita personal income in Craven County increased by 2.3 percent in 2016 (the latest information available), to \$41,962. The change for the state of North Carolina in 2016 was a 2.1 percent increase and nationally the change was a 1.6 percent increase. The County's per capita income level is 99 percent of the state's average of \$42,244 and 85 percent of the national average of \$49,246. The County ranked 18th out of 100 counties in the state in per capita income, up from 19th reported for the previous year. The 2006-2016 average annual growth rate of per capita personal income for Craven County was 2.4 percent, while the average annual growth rate for the state was 2.2 percent and 2.6 percent for the nation. In 2006, Craven County ranked 22nd out of 100 counties in the state.

Although the growth of residential development has not returned to pre-recessionary levels, the local real estate market in the County continues to remain stable. Recent numbers show the number of homes sold increased 11.45 percent in fiscal 2018 totaling 1,743 compared to the 1,564 sold in fiscal 2017. The average home sales price for fiscal 2018 was \$189,466 compared to \$189,213 for fiscal 2017. Building inspections performed by the County's inspection department were down 7.70 percent in fiscal 2018 compared to 2017 indicating that residential development has slowed over the reporting period. The numbers of inspections performed in 2018 are still only 69 percent of the total performed in fiscal 2007, the peak of the boom real estate market. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments. Current expectations are that residential development will begin to improve as available inventory decreases creating higher demands for housing.

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 \$142.10 million in 2017, an increase of 3.7 percent from 2016 setting a record high for visitor spending going back to 1990. Statewide the increase in tourism impact was .05 percent higher than the County's at 4.2 percent. State and local tax revenues from travel to Craven County amounted to \$10.92 million which represents a \$105.34 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in 2017 there were 1,170 jobs in Craven County related to tourism with an annual payroll of \$29.06 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 2018 were \$871,000 which compared to \$792,000 in fiscal 2017. The Center incurred an operating deficit of \$335,000 in fiscal 2018 compared to a budgeted deficit of \$513,000. 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 215 events in fiscal 2018 and generated approximately \$9.2 million of economic impact to the community during the fiscal year ended June 30, 2018. 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 fiscal year 2019, the County's total operating budget is \$104,367,908 with a General Fund tax rate of \$.5394 per \$100 of assessed valuation, the same rate used for fiscal 2018. The estimate of property values used for fiscal 2019 is \$9.42 billion and represents

a 1.67 percent increase over the \$9.26 billion used for fiscal 2018. The County has experience modest growth in the tax base over the past year as the fiscal 2019 estimate represents an increase of approximately \$103 million estimated value over the actual for fiscal 2018. Growth in the tax base is expected to remain steady while development within the County continues.

The County continues its efforts to keep fiscal year expenditures within available resources without providing too much reliance on its fund balance. The fund balance is monitored very closely to ensure the County has adequate reserves to fund projects and to keep the tax rate at a necessary funding level. In the fiscal 2019 original budget, no fund balance was appropriated. Estimated revenues exceeded estimated expenditures by \$385,000 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, 2018, the County ended the year with an available General Fund balance of 28.75 percent of total expenditures and transfers out.

Capital needs of the County are assessed on an annual basis. The County's Capital Improvement Plan budgeted at \$2.7 million for fiscal 2019 serves as the primary tool for planning the County's annual capital budget and establishes a framework for capital additions and the method of financing them over a five year period. The Capital Reserve Fund maintained by the County is the primary source of funding for capital projects allowing the County to pay for future capital needs as they arise. Transfers of \$1.1 million were made out of the reserve during 2018 for capital items. In addition to the original 2018 budgeted appropriation of \$748,000 to the Capital Reserve Fund, there was also a budget amendment approved during the year to transfer an additional \$1.0 million in revenues from the General Fund. As a result of this activity, the County added approximately \$854,000 to its Capital Reserve during fiscal 2018.

Major Initiatives

The County is involved in several initiatives heading into fiscal 2019. Some of these initiatives are discussed in the following section.

The County is expecting the results of several studies it initiated in fiscal year 2018. In November 2017, the County contracted to have a facilities needs and assessment study performed. The purpose of this study is to produce a comprehensive master facilities plan that provides for the most efficient, effective, and functional methods of addressing the current and future space needs of the County over the next 5 to 50 years. This is the first time the County has formally conducted a facilities assessment of this size and scope. The study is expected to be completed in the upcoming fiscal year 2019 with final recommendations being considered for incorporation into the long-term capital plans of the County. The County also conducted a compensation study in fiscal year 2018. The study will review all components of the County's compensation program and will provide recommendations aimed at increasing the County's market competitiveness in the region along with recommendations that will assist in attracting new employees and retaining current ones.

Efforts to address the current opioid epidemic have been made in the fiscal 2019 budget with Craven County partnering with neighboring jurisdictions and hospitals to establish the Dix Crisis Intervention Center in Onslow County. The primary goal of this 16 bed in-patient facility is to provide an alternative treatment option besides the emergency room for crisis prevention, crisis response, and stabilization services related to addiction. Craven County's participation in this consortium is budgeted at \$300,000 for fiscal 2019 and assures our citizens access to an additional resource to help in the fight against this public health epidemic. The center is currently being remodeled and is expected to open in late winter of 2019.

The Stream Debris Removal Project continues into fiscal year 2019. After Hurricane Matthew, funds were made available by the State to assist local governments in the removal of vegetative 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 which began in August 2017 is funded at \$1.3 million dollars and targets various streams and waterways throughout the County with the goal of mitigating the level of potential flood damage from future storms.

The County will also continue with implementation of the first phase of its Enterprise Resource Planning (ERP) software replacement project budgeted at \$1.3 million. The project which began in October 2017 plans for implementation to occur in two phases. The first being non-tax software modules including Finance, Payroll, Human Resources, Water, and Central Permitting modules while phase two will include Tax Appraisal, Billing and Collections. The second phase is not planned to begin until after the next countywide revaluation is completed in fiscal 2020. The current ERP software is over 18 years old and uses an operating platform that has been utilized for the last 30 years. Although the operating platform is stable, the present hardware and software is meeting only the minimum requirements and there are no foreseen enhancements on the horizon to meet the needs and desires of the County. The ERP software selected will not only address longevity concerns, but also capitalize on expanded functionality providing improvements to processes and increased automation. The County has been planning for this large economic investment over the last several years by setting aside funds in the Capital Improvement Plan (CIP) and will completely fund this project out of the County's Capital Reserve.

Awards and Acknowledgements

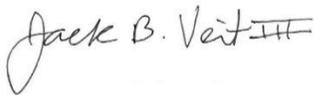
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Craven County for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twenty-eighth consecutive year that the County has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual finance report was made possible by the entire Craven County Finance Department. Much appreciation is expressed to Karla Johnson, Michael Hardy, Rosie Brinson, Donna Nelson, Andrea Brookins, Christy Foreman, Craig Wilkie, Lishelle Bunn, and Paisly Taylor. Also of significant assistance in the preparation of this report include James Goodman, William Alexander, Samantha Dawson, Patti Dudley, Bradford Peaden, and Robbie Bittner 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, 2017

Christopher P. Morill

Executive Director/CEO

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
June 30, 2018

**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

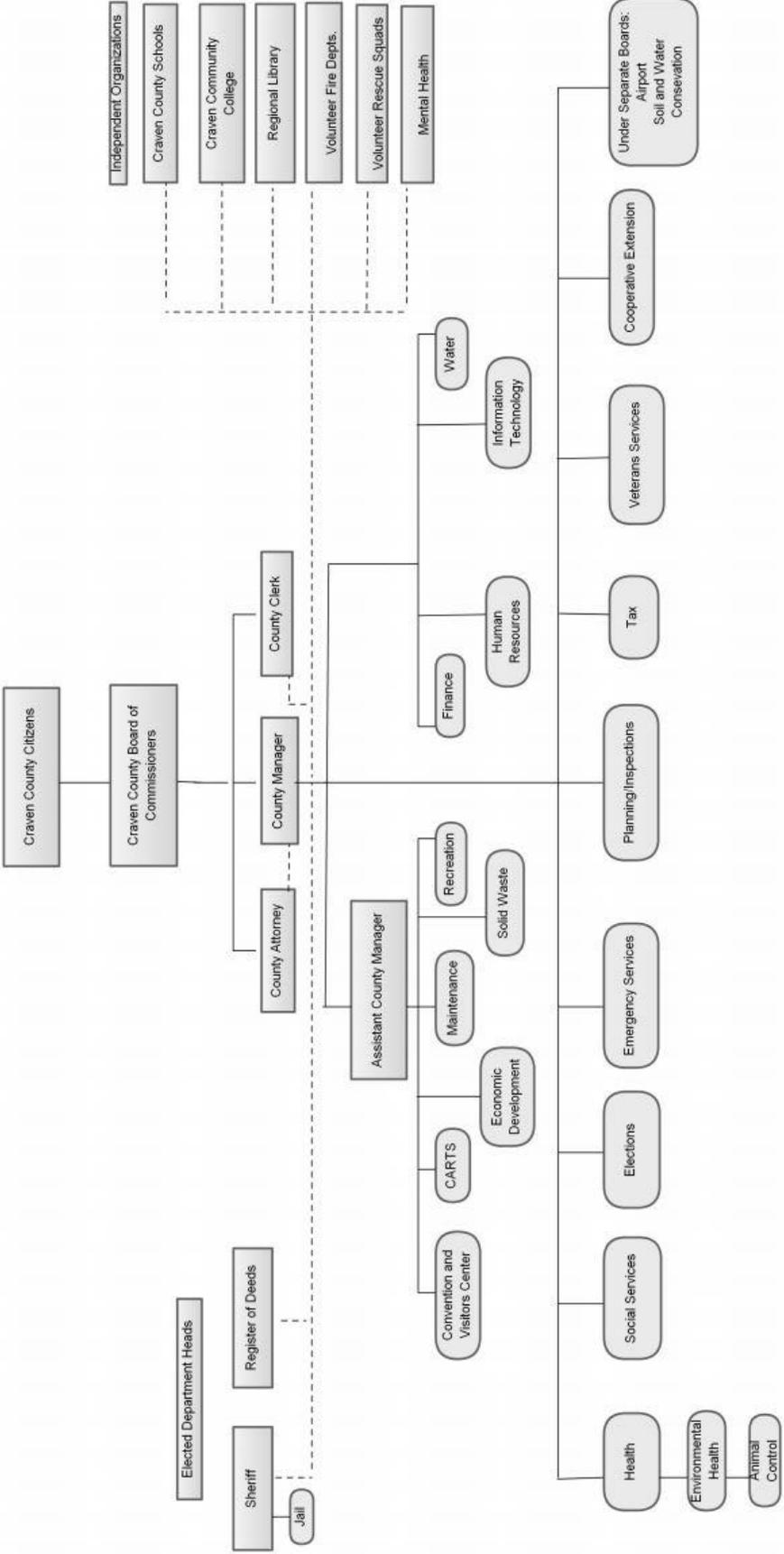
CRAIG A. WARREN
Finance Officer

GENE HODGES
Assistant County Manager

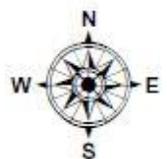
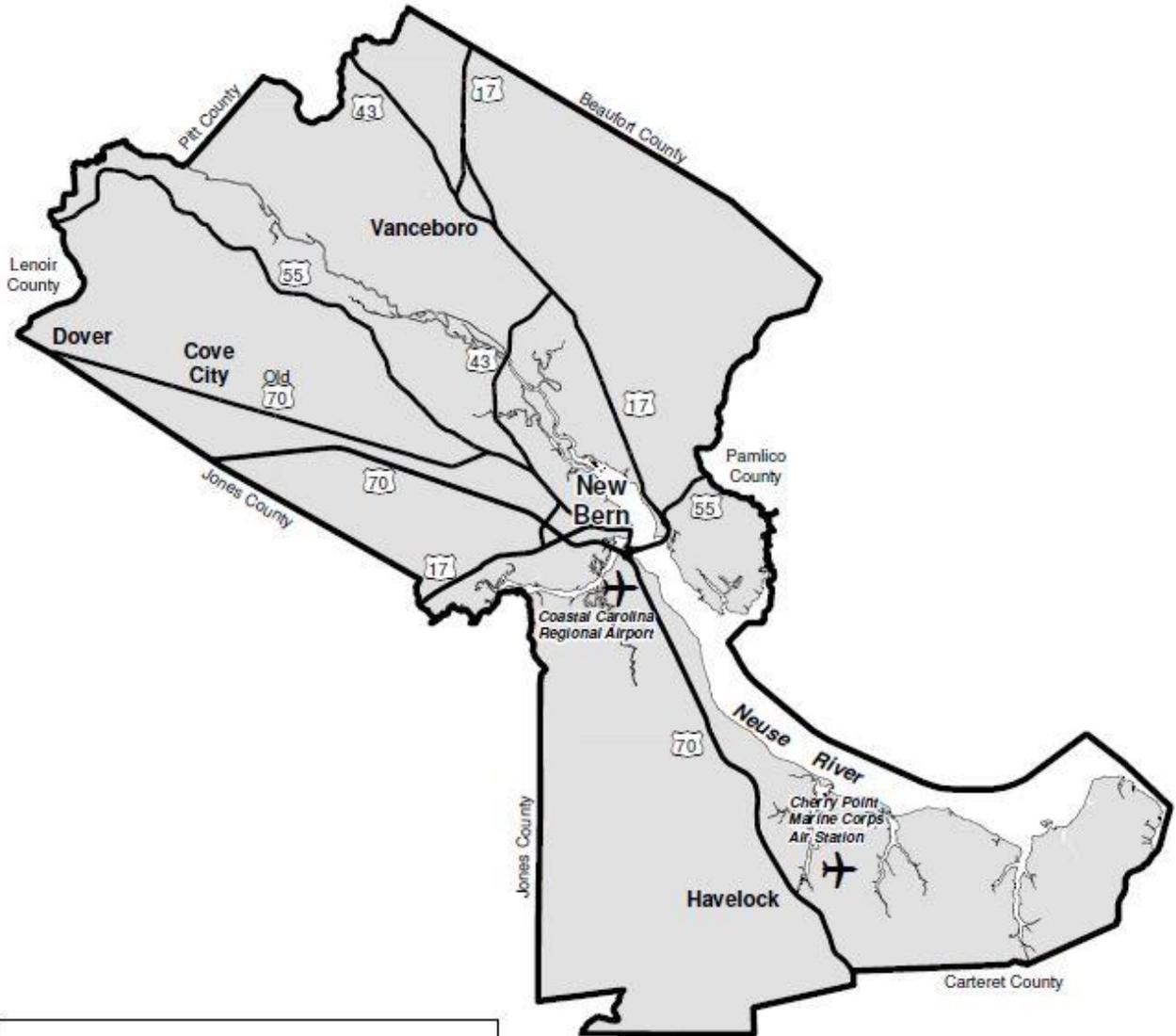
SHERRI B. RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

CRAVEN COUNTY ORGANIZATIONAL CHART



Craven County North Carolina



FINANCIAL SECTION

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

Crauen County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Crauen County





Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina (the County) as of and for the year ended June 30, 2018, 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 Board (ABC Board) or CarolinaEast Health System (the Health System), which represent 94%, 93% and 97%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board and Health System, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the ABC Board and Health System were not audited in accordance with *Government Auditing Standards* and, accordingly, are not covered by our report in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, 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, the County adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Finance Reporting for Other Post-Employment Benefits Other Than Pensions*. Accordingly, the unrestricted net position (deficit) and other balances as of July 1, 2017 have been restated. 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 21 through 32, the Local Governmental Employees' Retirement System's Schedules of the County's and the Airport Authority's and the ABC Board's Proportionate Share of the Net Pension Liability (Asset) and County Contributions and the Airport Authority's and the ABC Board's Contributions, the Register of Deed's Pension Fund's Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Register of Deed's Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Changes in Total Other Post-Employment Benefits Liability beginning after the Notes to the basic financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as Other Supplementary Information in the Financial Section, the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges in the Compliance Section as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration, the Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the Other Supplementary Information, and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

New Bern, North Carolina
February 20, 2019

Craven County



MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County



**Craven County
Management's Discussion and Analysis
June 30, 2018**

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, 2018. 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.

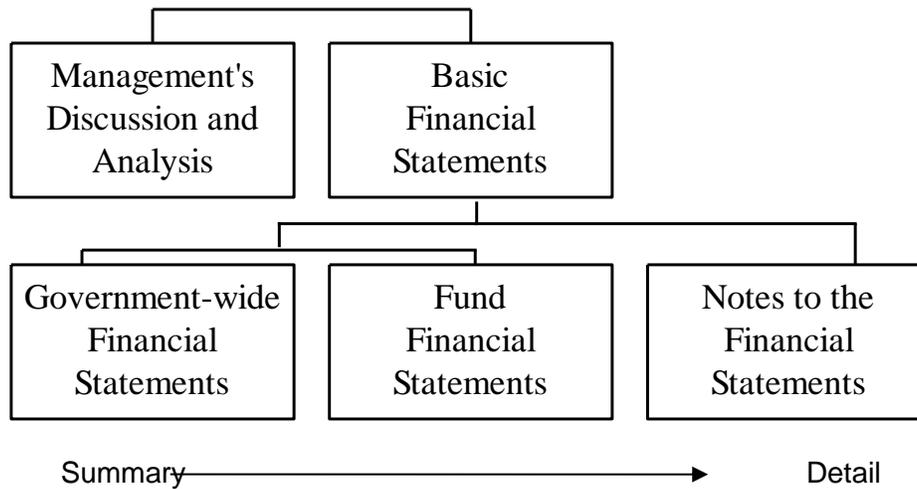
Financial Highlights

- 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 \$96,847,498 (*net position*).
- The government's total net position increased by \$8,212,580 in fiscal 2018. Of this amount, \$777,651 was an increase in the net position resulting from normal operations of the Water enterprise fund. The remaining \$7,434,929 increase in net position was in governmental activities and was primarily due to revenues exceeding projections and under spending appropriations by \$8,391,775 in the general fund.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$51,138,800, reflecting a net increase of \$2,420,307 for the year. Approximately 42.88 percent of the total amount or \$21,929,492 is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$29,358,798 or 30.80 percent of total General Fund expenditures excluding other financing uses for the fiscal year.
- The County's total long-term debt decreased by \$7,910,364 as a result of debt service payments made during the fiscal year.
- The County maintained its Aa2 bond rating with Moody's Investor Service and AA with Standard & Poor's.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

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 \$96,847,498 as of June 30, 2018. The County's net position increased by \$8,212,580 for the fiscal year ended June 30, 2018. By far, the largest category of net position, totaling \$72,419,279 or 74.78 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 \$10,796,574 or 11.15 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 \$13,631,645 is unrestricted at June 30, 2018 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 \$23,762,500 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	\$ (23,762,500)
All other	<u>37,394,145</u>
Total unrestricted net position	<u>\$ 13,631,645</u>

Craven County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 58,938,463	\$ 57,033,703	\$ 12,814,888	\$ 13,132,693	\$ 71,753,351	\$ 70,166,396
Capital assets, net	57,986,551	57,948,024	43,570,796	44,298,208	101,557,347	102,246,232
Total assets	<u>116,925,014</u>	<u>114,981,727</u>	<u>56,385,684</u>	<u>57,430,901</u>	<u>173,310,698</u>	<u>172,412,628</u>
Total deferred outflows of resources	<u>9,191,293</u>	<u>11,144,153</u>	<u>114,504</u>	<u>157,541</u>	<u>9,305,797</u>	<u>11,301,694</u>
Long-term liabilities	55,039,585	63,372,702	15,352,620	17,119,168	70,392,205	80,491,870
Other liabilities	12,937,848	3,838,115	1,398,303	1,077,339	14,336,151	4,915,454
Total liabilities	<u>67,977,433</u>	<u>67,210,817</u>	<u>16,750,923</u>	<u>18,196,507</u>	<u>84,728,356</u>	<u>85,407,324</u>
Total deferred inflows of resources	<u>1,030,156</u>	<u>416,207</u>	<u>10,485</u>	<u>5,306</u>	<u>1,040,641</u>	<u>421,513</u>
Net position:						
Net investment in capital assets	44,781,813	42,035,851	27,637,466	27,475,458	72,419,279	69,511,309
Restricted	10,796,574	11,116,909	-	-	10,796,574	11,116,909
Unrestricted (deficit)	1,530,331	5,346,096	12,101,314	11,911,171	13,631,645	17,257,267
Total net position	<u>\$ 57,108,718</u>	<u>\$ 58,498,856</u>	<u>\$ 39,738,780</u>	<u>\$ 39,386,629</u>	<u>\$ 96,847,498</u>	<u>\$ 97,885,485</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.35 compared to the statewide average of 98.92 percent.
- Total General Fund expenditures were less than projected by \$8.39 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 \$1.17 million.

Craven County's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 17,042,665	\$ 17,047,925	\$ 3,945,311	\$ 3,936,307	\$ 20,987,976	\$ 20,984,232
Operating grants and contributions	18,822,793	22,366,145	-	-	18,822,793	22,366,145
Capital grants and contributions	653,417	842,910	-	-	653,417	842,910
General revenues:						
Property taxes	52,594,856	51,783,504	-	-	52,594,856	51,783,504
Sales and use taxes	16,897,507	16,097,112	-	-	16,897,507	16,097,112
Other	2,164,503	1,947,552	171,054	164,010	2,335,557	2,111,562
Total revenues	<u>108,175,741</u>	<u>110,085,148</u>	<u>4,116,365</u>	<u>4,100,317</u>	<u>112,292,106</u>	<u>114,185,465</u>
Expenses:						
General government	11,077,893	9,925,453	-	-	11,077,893	9,925,453
Public safety	21,947,336	20,980,588	-	-	21,947,336	20,980,588
Environmental protection	4,950,380	4,608,929	-	-	4,950,380	4,608,929
Economic and physical development	2,958,118	4,389,590	-	-	2,958,118	4,389,590
Human services	28,561,718	31,387,021	-	-	28,561,718	31,387,021
Culture and recreation	2,675,892	2,535,497	-	-	2,675,892	2,535,497
Education	27,018,838	27,005,640	-	-	27,018,838	27,005,640
Interest on long term debt	1,550,637	1,803,760	-	-	1,550,637	1,803,760
Water and sewer districts	-	-	3,338,714	2,667,016	3,338,714	2,667,016
Total expenses	<u>100,740,812</u>	<u>102,636,478</u>	<u>3,338,714</u>	<u>2,667,016</u>	<u>104,079,526</u>	<u>105,303,494</u>
Increase in net position before transfers	7,434,929	7,448,670	777,651	1,433,301	8,212,580	8,881,971
Transfers	313,222	130,000	(313,222)	(130,000)	-	-
Increase in net position after transfers	<u>7,748,151</u>	<u>7,578,670</u>	<u>464,429</u>	<u>1,303,301</u>	<u>8,212,580</u>	<u>8,881,971</u>
Net position beginning of year	58,498,856	51,796,771	39,386,629	38,083,328	97,885,485	89,880,099
Restatement	(9,138,289)	(876,585)	(112,278)	-	(9,250,567)	(876,585)
Net position, beginning, restated	<u>49,360,567</u>	<u>50,920,186</u>	<u>39,274,351</u>	<u>38,083,328</u>	<u>88,634,918</u>	<u>89,003,514</u>
Net position ending	<u>\$ 57,108,718</u>	<u>\$ 58,498,856</u>	<u>\$ 39,738,780</u>	<u>\$ 39,386,629</u>	<u>\$ 96,847,498</u>	<u>\$ 97,885,485</u>

Governmental Activities - Governmental activities increased the County's net position by \$7,434,929 from the prior fiscal year. Key elements of this increase are as follows:

- Property tax revenues increased by \$811 thousand in 2018 due to continued diligence in collection efforts along with some growth in the tax base.
- Sales taxes collected increased approximately \$800 thousand from the prior year and was the result of increased economic activity in the County and around the State.
- Expenditures overall decreased \$1.89 million from the previous year with human services and economic and physical development making up the largest portion of the decrease at \$2.82 million and \$1.43 respectively. Those decreases were offset by increases in general government and public safety categories by \$1.15 million and \$966 thousand respectively.
- 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 \$777,651. This was approximately \$656,000 lower than the increase last fiscal year.

- Expenses were up \$656 thousand due to the new water treatment plant coming online in October 2017.

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, 2018, the governmental funds of Craven County reported a combined fund balance of \$51,138,800, which represents a 4.9 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2018, the County's unassigned fund balance in the General Fund was \$29,358,798 while total fund balance reached \$37,110,756. 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 28.7 percent of total General Fund expenditures including transfers out, while total fund balance represents 36.3 percent of the total General Fund expenditures. The County has not adopted a formal fund balance policy but has identified a goal of maintaining an available fund balance in the range of 18 to 25 percent of expenditures to meet any unforeseen needs or opportunities that may arise.

The other major governmental fund is the County's Capital Reserve Fund which had an increase in fund balance of approximately \$854,396 due to transfers in from the General Fund totaling \$1.79 million. The transfers in consisted of \$798,000 appropriated as part of the original 2018 budget and \$1,000,000 of unexpected revenues collected during the year. The transfer in was partially offset by transfers out totaling \$1.06 million funding capital projects and expenditures programmed in the County's capital improvement plan.

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

Total amendments to the General Fund increased budgeted revenues by \$2.9 million and included the following:

Sales tax revenue was increased by \$200,000 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 \$417,000 from the original budget and consisted of the following items:

- Health Department was awarded \$90,000 in additional Medical Access Plan (MAP) funds through the state Office of Rural Health's Health Grant Program.
- Additional state funds of \$30,000 towards diabetes education were awarded to the Health Department during the fiscal year

- 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 \$175,000.
- Grant funds totaling \$60,000 awarded in the prior year were carried over by the Transportation Department (CARTS) for the purchase of a camera system.

Total budget for charges for service revenues was increased by \$408,000 during the year due to the following:

- The County's Hospice Program experienced an increase in the volume of patients and visits during the fiscal year resulting in increases to budgeted revenues of \$220,000.
- Budgeted revenues collected in the Jail were increased during the fiscal year by \$72,000, \$60,000 for housing outside county inmates and \$12,000 for electronic monitor fees.
- Rescue Squad fees collected by the County and paid to the Squads were higher than budgeted and made up \$55,000 of the increase.
- Room rental sales at the Convention Center were increased by \$24,000 as actuals were higher than projected.

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

- \$14,000 of unspent donations carried over from the previous fiscal year were appropriated in the Senior Services, Meals, and Sunshine Program.
- \$37,000 was appropriated for replacement equipment and supplies needed in Health Department programs that were not funded in the original budget.
- \$74,000 was appropriated during the fiscal year to match State grants awarded to several County Fire Districts for the purchase of equipment.
- \$127,000 was appropriated in the Sheriff's Department for additional staffing and equipment needed to combat the opioid problem in the County.
- \$50,000 was appropriated and set aside in the capital reserve for Religious Community Services (RCS) towards expanding its existing homeless shelter.
- \$30,000 was appropriated for an additional Animal Control Officer position in order to meet increased workloads enforcing new provisions of the Animal Control Ordinance.
- \$30,000 was appropriated in the Health Department to refund a portion of the 2013 Medicaid cost settlement due to changes from the Division of Medical Assistance in how the settlement is calculated.
- \$227,000 was appropriated in the Health Department's Dental Program for the purchase of a new mobile dental unit.
- \$38,000 was appropriated in CARTS for the Rural Operating Assistance Program carrying over unspent grant funds from the previous fiscal year.
- \$20,000 was appropriated during the fiscal year to cover higher than projected medical examiner costs related to autopsies and investigations.
- \$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 \$1.5 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 \$1.51 million and consisted of the \$200,000 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 increased during the fiscal year by \$190 thousand to \$12.1 million while net investment in capital assets also increased \$162 thousand. These increases were the result of completing the water treatment plant capital project this fiscal year and making the first debt service payment.

Capital Asset and Debt Administration

Capital assets - Craven County's capital assets for its governmental and business-type activities as of June 30, 2018, totaled approximately \$101,557,347 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions during the year included:

- 10 new vehicles for the Sheriff Department and 2 for Transportation (CARTS).
- New mobile dental trailer
- ERP Software Project (Financials, Payroll/Human Resources, Utility Billing, Permitting)
- Phone system refresh at the County's Human Services Complex.
- Road extension and installation of fiber at the County's Industrial Park.
- Continuation of the Stream Debris Removal Project.
- Upgrades to ballroom lighting at the Convention Center.
- HVAC replacements in Administration Building and Register of Deeds office.
- Completed construction of the County's Water Treatment Plant.

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 9,904,609	\$ 9,872,264	\$ 947,354	\$ 947,354	\$ 10,851,963	\$ 10,819,618
Buildings	67,242,332	67,242,332	30,695,647	563,318	97,937,979	67,805,650
Improvements	17,174,341	15,946,525	30,026,556	29,989,234	47,200,897	45,935,759
Machinery and equipment	6,892,651	6,256,637	170,814	199,122	7,063,465	6,455,759
Vehicles	6,596,205	6,324,239	263,961	233,071	6,860,166	6,557,310
Construction in progress	2,011,837	736,744	-	29,949,680	2,011,837	30,686,424
Total	109,821,975	106,378,741	62,104,332	61,881,779	171,926,307	168,260,520
Less accumulated depreciation	51,835,424	48,430,717	18,533,536	17,583,571	70,368,960	66,014,288
Total net of depreciation	<u>\$ 57,986,551</u>	<u>\$ 57,948,024</u>	<u>\$ 43,570,796</u>	<u>\$ 44,298,208</u>	<u>\$ 101,557,347</u>	<u>\$ 102,246,232</u>

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, 2018, Craven County had total bonded general obligation debt outstanding of \$10,750,000, 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	
	2018	2017	2018	2017	2018	2017
G. O. bonds	\$ 10,750,000	\$ 13,370,000	\$ -	\$ -	\$ 10,750,000	\$ 13,370,000
Installment debt	29,025,750	33,427,050	15,930,845	16,819,909	44,956,595	50,246,959
Total	<u>\$ 39,775,750</u>	<u>\$ 46,797,050</u>	<u>\$ 15,930,845</u>	<u>\$ 16,819,909</u>	<u>\$ 55,706,595</u>	<u>\$ 63,616,959</u>

Craven County's total debt decreased \$7.91 million during the past fiscal year due to retiring existing debt principal.

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 \$705,944,000.

Additional information regarding Craven County's long-term debt can be found in Note 8 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- The County's average unemployment rate for calendar year 2017 was 4.7 percent, down from the 5.3 percent reported for the previous calendar year. The comparable rate for the entire State for 2017 was 4.6 percent. The County's rate decreased each month in 2017 reaching its lowest point of 4.2 in the month of April and finishing the year at 4.6 percent in December.
- Per capita personal income in Craven County increased by 2.3 percent in 2016 (the latest information available), to \$41,962. The change for the state of North Carolina in 2016 was a 2.1 percent increase and nationally the change was a 1.6 percent increase. The County's per capita income level is 99 percent of the state's average of \$42,244 and 85 percent of the national average of \$49,246. The County ranked 18th out of 100 counties in the state in per capita income, up from 19th reported for the previous year. The 2006-2016 average annual growth rate of per capita personal income for Craven County was 2.4 percent, while the average annual growth rate for the state was 2.2 percent and 2.6 percent for the nation. In 2006, Craven County ranked 22nd out of 100 counties in the state.
- Homes sales in fiscal 2018 totaled 1,743, an 11.45 percent increase over the 1,564 homes sold in fiscal 2017. The average home sales price for 2018 was \$189,466 compared to \$189,213 for fiscal 2017. The total number of building inspections performed in fiscal 2018 was down 7.70 percent from fiscal 2017. Current expectations are that residential development will begin to improve as available inventory decreases creating higher demands for housing.
- Actual 2018 property values were .60 percent above the \$9.26 billion estimate used for ad valorem taxes in the 2018 budget. The combined property tax collection rate for fiscal 2018 experienced a slight decrease of 0.01 percent to 99.35 percent. The County adopted an ad valorem tax rate of 53.94 cents per \$100 assessed value in fiscal year 2018, no increase from the previous fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities - The County approved a \$104.4 million General Fund budget for fiscal year 2019, a decrease of \$3.2 million from the previous year. Estimated assessed property values for fiscal 2019 were \$9.42 billion, a 1.67% increase from the \$9.26 billion estimate used for the 2018 budget. 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 1.8 percent in property tax revenues and a 4.0 percent increase in sales tax receipts. The budget reflects one recommended fee change for natural gas permits. Revenue projections were sufficient to meet budgeted expenditures requiring no fund balance to be appropriated in the 2019 budget. Additional revenues over estimated expenditures of \$385 thousand were designated as transfers to the Capital Reserve Fund for future maintenance and capital projects.

Total salaries and benefits budgeted for fiscal 2019 were \$1.2 million higher than the original budget for fiscal 2018 and included a 2.0 percent cost of living increase for employees at a cost of \$562 thousand. Approximately \$221 thousand of this increase was due to four positions added mid-year during fiscal 2018. The budget for fiscal 2019 included five new full time positions totaling \$279 thousand. Health and dental premiums were increased by 10 percent across the board for all employees resulting in \$348 thousand of additional cost to the County.

Capital expenditures in the amount of \$2.4 million are included in the 2019 budget. Major capital acquisitions include:

- Relocation of the Hickman Hill Convenience Site \$935,000
- Solid Waste equipment replacement \$92,000
- Sheriff Department vehicles \$337,000
- Transportation (CARTS) vehicles \$180,000
- Maintenance projects and improvements \$308,000
- ECAD software upgrade in E911 Communications \$169,000
- Improvements at Creekside Park \$106,000
- Furniture replacement at Social Services \$70,000

Education is 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 \$27,380,156 or 25.83 percent of the fiscal year 2019 budget. Additional funding may be provided to public schools after potential impacts of the State's budget are finalized. The second largest category in the fiscal year 2019 budget includes Health and Social Services expenditures which totaled approximately 28.55 percent of budgeted appropriations.

The large decrease in the General Fund budget mentioned above occurred in Social Services and is the result of changes mandated by the State on how direct benefit payments are processed in the Childcare and Medicaid Transportation programs. Prior to fiscal year 2019, these benefit payments were issued by County Social Service departments directly to providers. Going forward, the County will continue to perform benefit eligibility determinations, however the State will now issue these benefit payments directly to the recipient. Public Safety is the third largest category in terms of total expenditures and represents 16.25% of the total budgeted appropriations for fiscal 2019.

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 2019. In fiscal year 2018, the County completed construction on its \$30.9 million Water Treatment Facility. This facility can process approximately 3 million gallons per day and is readily expandable to 5 million should future demands require it. Annual debt service payments for this new facility are budgeted at \$808,950. The last rate increase for the water

system was implemented in October 2011 and was designed to provide funds needed for the new water treatment plant project debt service and operating costs. Management believes the current rates remain sufficient to cover these additional operating costs heading into fiscal year 2019.

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, 2018**

	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	\$ 14,236,191	\$ 12,022,982	\$ 26,259,173	\$ 193,169	\$ 3,382,375	\$ 38,008,979	\$ 2,446,153
Short-term investments	26,146,390	-	26,146,390	-	-	46,746,361	-
Restricted cash	30,581	-	30,581	-	653,162	-	-
Accounts receivables (net)	1,525,902	748,444	2,274,346	-	404,337	46,890,394	-
Taxes receivables (net)	6,387,872	-	6,387,872	-	-	-	-
Accrued interest receivable	502,720	-	502,720	-	-	-	-
Inventories	-	-	-	-	-	9,007,994	778,868
Prepays	46,582	43,462	90,044	-	395	5,587,861	20,515
Long-term cash and investments	9,861,087	-	9,861,087	-	-	323,011,799	-
Other assets	-	-	-	-	-	125,002	-
Net pension asset	201,138	-	201,138	-	-	-	-
Capital assets:							
Land and construction in progress	11,916,446	947,354	12,863,800	-	13,618,046	31,754,150	273,139
Other capital assets, net of depreciation/amortization	46,070,105	42,623,442	88,693,547	-	21,824,488	125,090,686	634,545
Total capital assets	57,986,551	43,570,796	101,557,347	-	35,442,534	156,844,836	907,684
Total assets	116,925,014	56,385,684	173,310,698	193,169	39,882,803	626,223,226	4,153,220
DEFERRED OUTFLOWS OF RESOURCES	9,191,293	114,504	9,305,797	-	96,214	-	138,007
LIABILITIES							
Accounts payable	2,257,027	138,538	2,395,565	912	245,400	44,275,669	1,131,083
Current maturities of long term obligations	8,979,857	922,166	9,902,023	-	-	1,460,000	-
Accrued salaries and benefits	1,606,045	33,896	1,639,941	-	77,375	16,914,206	26,353
Accrued interest payable	94,919	2,486	97,405	-	-	-	-
Customer deposits	-	301,352	301,352	-	-	-	-
Long-term liabilities:							
Net pension liability	7,414,462	128,865	7,543,327	-	72,567	-	128,787
Net OPEB liability	13,452,076	179,730	13,631,806	-	-	-	-
Due in more than one year	34,173,047	15,043,890	49,216,937	-	193,555	58,540,000	-
Total liabilities	67,977,433	16,750,923	84,728,356	912	588,897	121,189,875	1,286,223
DEFERRED INFLOWS OF RESOURCES	1,030,156	10,485	1,040,641	-	10,616	-	3,673
NET POSITION							
Net investment in capital assets	44,781,813	27,637,466	72,419,279	-	35,289,677	93,726,596	907,684
Restricted for:							
Stabilization by State statute	7,927,958	-	7,927,958	-	-	-	-
Education	431,771	-	431,771	-	-	-	-
Debt service	-	-	-	-	-	30,904,814	-
Public safety	1,224,796	-	1,224,796	-	-	-	-
Economic and physical development	1,212,049	-	1,212,049	-	-	-	-
Other purposes	-	-	-	-	-	-	618,546
Unrestricted	1,530,331	12,101,314	13,631,645	192,257	4,089,827	380,401,941	1,475,101
Total net position	\$ 57,108,718	\$ 39,738,780	\$ 96,847,498	\$ 192,257	\$ 39,379,504	\$ 505,033,351	\$ 3,001,331

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, 2018

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units						
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board		
Primary government:													
Governmental:													
General government	\$ 11,077,893	\$ 3,836,181	\$ 1,929,566	\$ -	\$ (5,312,146)	\$ -	\$ (5,312,146)						
Public safety	21,947,336	3,057,836	489,762	-	(18,399,738)	-	(18,399,738)						
Social Services	19,157,572	595,252	11,768,753	138,417	(6,655,150)	-	(6,655,150)						
Economic and physical development	2,958,118	1,159,464	630,177	515,000	(653,477)	-	(653,477)						
Environmental protection	4,950,380	2,670,966	202,131	-	(2,077,283)	-	(2,077,283)						
Health	9,404,146	5,663,594	2,858,004	-	(882,548)	-	(882,548)						
Cultural and recreation	2,675,892	59,372	-	-	(2,616,520)	-	(2,616,520)						
Education	27,018,838	-	944,400	-	(26,074,438)	-	(26,074,438)						
Interest on long-term debt	1,550,637	-	-	-	(1,550,637)	-	(1,550,637)						
Total governmental activities	100,740,812	17,042,665	18,822,793	653,417	(64,221,937)	-	(64,221,937)						
Business-type:													
Water	3,338,714	3,945,311	-	-	-	606,597	606,597						
Total business-type activities	3,338,714	3,945,311	-	-	-	606,597	606,597						
Total primary government	\$ 104,079,526	\$ 20,987,976	\$ 18,822,793	\$ 653,417	(64,221,937)	606,597	(63,615,340)						
Component units:													
Tourism Development Authority	\$ 587,520	\$ 569,582	\$ -	\$ -				\$ (17,938)	\$ -	\$ -	\$ -		
Coastal Carolina Regional Airport Authority	3,269,989	2,366,037	-	3,513,502				-	2,609,550	-	-		
CarolinaEast Health System	360,519,540	363,074,196	-	-				-	-	2,554,656	-		
Craven County ABC Board	7,958,761	8,258,708	-	-				-	-	-	-	299,947	
Total component units	\$ 372,335,810	\$ 374,268,523	\$ -	\$ 3,513,502				(17,938)	2,609,550	2,554,656	-	299,947	
General revenues:													
Taxes:													
Property taxes, levied for general purposes					52,594,856	-	52,594,856						
Local option sales tax					16,897,507	-	16,897,507						
Other taxes					1,075,286	-	1,075,286						
Investment earnings, unrestricted					634,968	58,652	693,620	397	7,937	33,488,119		956	
Miscellaneous, unrestricted					454,249	112,402	566,651	148	-	4,431,481		-	
Transfers					313,222	(313,222)	-	-	-	-		-	
Total general revenues and transfers					71,970,088	(142,168)	71,827,920	545	7,937	37,919,600		956	
Change in net position					7,748,151	464,429	8,212,580	(17,393)	2,617,487	40,474,256		300,903	
Net position, beginning, previously reported					58,498,856	39,386,629	97,885,485	209,650	36,903,777	464,559,095		2,700,428	
Change in accounting principle (Note 16)					(9,138,289)	(112,278)	(9,250,567)	-	(141,760)	-		-	
Net position, beginning, restated					49,360,567	39,274,351	88,634,918	-	36,762,017	-		-	
Net position, ending					\$ 57,108,718	\$ 39,738,780	\$ 96,847,498	\$ 192,257	\$ 39,379,504	\$ 505,033,351	\$ 3,001,331		

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,807,065	\$ 6,313,191	\$ 2,306,911	\$ 11,427,167
Short-term investments	26,146,390	-	-	26,146,390
Restricted cash	-	-	30,581	30,581
Taxes receivable	6,344,467	-	43,405	6,387,872
Accounts receivable	1,230,976	2,778	243,880	1,477,634
Due from other funds	814,983	-	1,129,145	1,944,128
Prepays	34,582	-	-	34,582
Long-term investments	4,953,450	4,907,637	-	9,861,087
Total assets	<u>\$ 42,331,913</u>	<u>\$ 11,223,606</u>	<u>\$ 3,753,922</u>	<u>\$ 57,309,441</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,490,089	\$ -	\$ 104,630	\$ 1,594,719
Accrued salaries and benefits	1,606,045	-	-	1,606,045
Due to other funds	1,129,145	-	814,983	1,944,128
Total liabilities	<u>4,225,279</u>	<u>-</u>	<u>919,613</u>	<u>5,144,892</u>
Deferred inflows of resources	<u>995,878</u>	<u>-</u>	<u>29,871</u>	<u>1,025,749</u>
Fund balances:				
Non Spendable				
Prepays	34,582	-	-	34,582
Restricted				
Stabilization by state statute	7,681,300	2,778	243,880	7,927,958
General government	-	-	527,388	-
Public safety	36,076	-	1,188,720	1,224,796
Economic and physical development	-	649,880	562,169	1,212,049
Education, schools	-	-	431,771	431,771
Committed:				
Capital projects	-	10,570,948	-	10,570,948
Unassigned	29,358,798	-	(149,490)	29,209,308
Total fund balances	<u>37,110,756</u>	<u>11,223,606</u>	<u>2,804,438</u>	<u>51,138,800</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,331,913</u>	<u>\$ 11,223,606</u>	<u>\$ 3,753,922</u>	<u>\$ 57,309,441</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, 2018**

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

Tota fund balance. Governmental funds	\$ 51,138,800
Charges relating to advance refunding debt issue	3,551,530
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	57,986,551
Net pension asset	201,138
Contributions to pension plans in the current fiscal year are deferred outflows of resources in the Statement of Net Position	1,968,852
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources in the Statement of Net Position	54,627
Contributions and pension administration costs for OPEB are deferred outflows of resources in the Statement of Net Position	786,977
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	502,720
Net pension liability (LGERs)	(5,714,981)
Total pension liability (LEOSSA)	(1,699,481)
Net OPEB liability	(13,452,076)
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the Statement of Net Position.	2,206,984
Amounts reported in the fund statements as deferred inflows of resources for tax and fee receivables.	794,486
Pension related deferrals	2,613,125
OPEB related deferrals	(582,711)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(43,247,823)</u>
Net position of governmental activities	<u><u>\$ 57,108,718</u></u>

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2018

	General	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 50,276,802	\$ -	\$ 2,391,955	\$ 52,668,757
Sales	16,143,915	-	753,592	16,897,507
Tourism Room	-	-	1,075,286	1,075,286
Intergovernmental	17,274,683	-	2,168,415	19,443,098
Charges for services	17,191,527	-	-	17,191,527
Interest	504,478	124,295	1,269	630,042
Miscellaneous	934,418	-	33,112	967,530
Total revenues	<u>102,325,823</u>	<u>124,295</u>	<u>6,423,629</u>	<u>108,873,747</u>
EXPENDITURES				
Current:				
General government	10,812,835	-	1,484,186	12,297,021
Public safety	16,196,507	-	3,731,022	19,927,529
Environmental protection	5,473,167	-	-	5,473,167
Economic and physical development	2,234,524	-	819,496	3,054,020
Health	9,009,776	-	-	9,009,776
Social services	19,118,866	-	-	19,118,866
Culture and recreation	2,688,417	-	-	2,688,417
Education	26,524,393	-	494,445	27,018,838
Debt service:				
Principal	2,839,850	-	4,181,450	7,021,300
Interest	407,947	-	749,781	1,157,728
Total expenditures	<u>95,306,282</u>	<u>-</u>	<u>11,460,380</u>	<u>106,766,662</u>
Excess of revenues over (under) expenditures	<u>7,019,541</u>	<u>124,295</u>	<u>(5,036,751)</u>	<u>2,107,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,098,635	1,797,796	6,226,077	9,122,508
Transfers out	(6,949,286)	(1,067,696)	(792,304)	(8,809,286)
Total other financing sources (uses)	<u>(5,850,651)</u>	<u>730,100</u>	<u>5,433,773</u>	<u>313,222</u>
Net change in fund balances	1,168,890	854,395	397,022	2,420,307
FUND BALANCES:				
Beginning	<u>35,941,866</u>	<u>10,369,211</u>	<u>2,407,416</u>	<u>48,718,493</u>
Ending	<u>\$ 37,110,756</u>	<u>\$ 11,223,606</u>	<u>\$ 2,804,438</u>	<u>\$ 51,138,800</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, 2018**

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

Net change in fund balances - total governmental funds	\$ 2,420,307
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.	830,049
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(791,522)
The contributions to the pension plans in the current fiscal year are not included in the Statement of Activities	126,935
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	(9,922)
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	274,270
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(73,388)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,400,620
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	(716,950)
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>(712,248)</u>
Change in net position of governmental activities	<u>\$ 7,748,151</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, 2018
 (Page 1 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 50,042,597	\$ 50,042,597	\$ 50,276,802	\$ 234,205
Sales	15,609,551	15,809,551	16,143,915	334,364
Intergovernmental	21,868,841	22,285,616	17,274,683	(5,010,933)
Charges for services	16,485,530	17,184,216	17,191,527	7,311
Interest	115,280	115,280	504,478	389,198
Miscellaneous	963,552	1,090,641	934,418	(156,223)
Total revenues	<u>105,085,351</u>	<u>106,527,901</u>	<u>102,325,823</u>	<u>(4,202,078)</u>
EXPENDITURES				
General government:				
Commissioners	612,450	614,456	587,178	27,278
Administration	655,571	664,166	628,026	36,140
Human resources	583,479	477,607	438,972	38,635
Information technology	1,854,058	1,626,570	1,471,248	155,322
Finance	904,692	908,868	844,943	63,925
Elections	539,277	558,643	467,442	91,201
Tax assessor	1,114,869	1,116,639	1,064,187	52,452
Tax collections	753,805	761,953	718,226	43,727
Register of deeds	807,474	851,207	840,754	10,453
Public buildings	750,219	727,009	675,164	51,845
Housekeeping	293,661	283,844	271,061	12,783
Court facilities	556,541	570,485	534,269	36,216
GIS/Mapping	350,970	351,910	350,860	1,050
Maintenance	824,669	824,949	790,148	34,801
Non-departmental	1,265,253	1,185,616	1,130,357	55,259
Total general government	<u>11,866,988</u>	<u>11,523,922</u>	<u>10,812,835</u>	<u>711,087</u>
Public safety:				
Animal control	493,861	537,409	443,520	93,889
Medical examiner	135,000	155,000	149,600	5,400
Sheriff	6,240,447	6,472,770	6,373,447	99,323
Jail	4,307,696	4,406,764	4,342,905	63,859
Fire marshal/ Emergency management	1,100,084	1,129,746	1,047,827	81,919
Inspections	529,818	535,600	530,402	5,198
Other - professional services	18,000	28,000	28,000	-
Volunteer rescue squads	3,288,887	3,354,059	3,280,806	73,253
Total public safety	<u>16,113,793</u>	<u>16,619,348</u>	<u>16,196,507</u>	<u>422,841</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, 2018
(Page 2 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 4,042,533	\$ 4,048,537	\$ 3,958,567	\$ 89,970
Environmental health	1,189,879	1,185,589	1,105,075	80,514
Soil conservation	161,389	163,191	158,681	4,510
Cooperative extension	251,752	287,442	250,844	36,598
Total environmental protection	<u>5,645,553</u>	<u>5,684,759</u>	<u>5,473,167</u>	<u>211,592</u>
Economic and physical development:				
Planning	625,171	627,100	624,335	2,765
Economic Development Commission	455,333	429,349	296,487	132,862
Convention Center	1,305,364	1,350,742	1,305,202	45,540
Special appropriation	4,000	8,500	8,500	-
Total economic and physical development	<u>2,389,868</u>	<u>2,415,691</u>	<u>2,234,524</u>	<u>181,167</u>
Health:				
Dental	394,716	877,361	571,766	305,595
Maternity	1,304,730	1,318,170	1,198,478	119,692
Child health	1,731,321	1,726,226	1,422,819	303,407
Risk Reduction	219,785	253,595	207,170	46,425
WIC	645,414	653,522	548,087	105,435
Adult Health Services	1,092,703	1,196,759	1,060,404	136,355
Communicable Disease	215,055	224,216	197,369	26,847
Bio-Terrorism	39,524	39,524	34,103	5,421
Family planning	793,733	793,733	762,877	30,856
Home health	1,461,531	1,686,727	1,521,837	164,890
Mental health	281,827	281,827	278,673	3,154
Other - unclassified	1,230,690	1,286,375	1,206,193	80,182
Total health	<u>9,411,029</u>	<u>10,338,035</u>	<u>9,009,776</u>	<u>1,328,259</u>
Social services:				
Transportation	1,533,180	1,877,173	1,809,115	68,058
Administration	2,916,147	2,905,297	2,734,892	170,405
Employment assistance	4,359,867	4,368,009	3,877,919	490,090
Adult/child services	1,322,148	1,325,906	1,243,694	82,212
Veterans services	237,011	251,760	251,315	445
Senior services	511,113	519,677	470,666	49,011
Public assistance payments	6,233,017	5,986,225	2,337,175	3,649,050
TANF	5,875,801	6,007,429	5,257,284	750,145
Child support enforcement	1,205,893	1,206,015	1,020,795	185,220
Special appropriation	113,500	116,011	116,011	-
Total social services	<u>24,194,177</u>	<u>24,563,502</u>	<u>19,118,866</u>	<u>5,444,636</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, 2018
(Page 3 of 3)**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Recreation	\$ 1,132,111	\$ 1,125,084	\$ 1,088,090	\$ 36,994
Libraries	1,409,028	1,409,028	1,409,028	-
Special appropriation	249,708	244,708	191,299	53,409
Total culture and recreation	<u>2,790,847</u>	<u>2,778,820</u>	<u>2,688,417</u>	<u>90,403</u>
Education, schools				
Public schools - current expenditures	21,834,958	20,930,470	20,930,469	1
Public schools - fines and forfeitures	85,000	76,510	76,509	1
Public schools - capital outlay	580,000	1,474,967	1,474,967	-
Community college	4,042,448	4,042,448	4,042,448	-
Total education	<u>26,542,406</u>	<u>26,524,395</u>	<u>26,524,393</u>	<u>2</u>
Debt service:				
Principal	2,839,850	2,839,850	2,839,850	-
Interest	409,735	409,735	407,947	1,788
Total debt service	<u>3,249,585</u>	<u>3,249,585</u>	<u>3,247,797</u>	<u>1,788</u>
Total expenditures	<u>102,204,246</u>	<u>103,698,057</u>	<u>95,306,282</u>	<u>8,391,775</u>
Excess of revenues over expenditures	<u>2,881,105</u>	<u>2,829,844</u>	<u>7,019,541</u>	<u>4,189,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,514,703	2,673,034	1,098,635	(1,574,399)
Transfers out	<u>(5,295,189)</u>	<u>(6,963,019)</u>	<u>(6,949,286)</u>	<u>13,733</u>
Total other financing sources (uses)	<u>(2,780,486)</u>	<u>(4,289,985)</u>	<u>(5,850,651)</u>	<u>(1,560,666)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>100,619</u>	<u>(1,460,141)</u>	<u>1,168,890</u>	<u>2,629,031</u>
Appropriated fund balance	<u>(100,619)</u>	<u>1,460,141</u>	<u>-</u>	<u>(1,460,141)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,168,890</u>	<u>\$ 1,168,890</u>
FUND BALANCE				
Beginning			<u>35,941,866</u>	
Ending			<u>\$ 37,110,756</u>	

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

Craven County



Craven County, North Carolina

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	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	\$ 12,022,982	\$ -	\$ -	\$ 12,022,982	\$ 2,809,024
Accounts receivable, net of allowance for doubtful accounts	748,444	-	-	748,444	48,268
Due from other funds	-	-	-	-	-
Prepays	43,462	-	-	43,462	12,000
Capital lease receivable-current	-	82,600	(82,600)	-	-
Total current assets	12,814,888	82,600	(82,600)	12,814,888	2,869,292
Noncurrent Assets:					
Capital lease receivable-noncurrent	-	480,685	(480,685)	-	-
Capital assets:					
Land	947,354	-	-	947,354	-
Improvements other than buildings	30,026,555	-	-	30,026,555	-
Buildings	30,695,648	-	-	30,695,648	-
Machinery and equipment	434,625	-	-	434,625	-
Less accumulated depreciation	(18,533,386)	-	-	(18,533,386)	-
Total capital assets (net of accumulated depreciation)	43,570,796	-	-	43,570,796	-
Total noncurrent assets	43,570,796	480,685	(480,685)	43,570,796	-
Total assets	56,385,684	563,285	(563,285)	56,385,684	2,869,292
DEFERRED OUTFLOWS OF RESOURCES	114,504	-	-	114,504	-
LIABILITIES					
Current liabilities:					
Accounts payable	138,538	-	-	138,538	662,308
Accrued salaries and benefits	33,896	-	-	33,896	-
Accrued interest payable	-	2,486	-	2,486	-
Customer deposits payable	301,352	-	-	301,352	-
Compensated absences liability - current	33,102	-	-	33,102	-
Installment notes payable-current	808,950	80,114	-	889,064	-
Obligations under capital lease-current	82,600	-	(82,600)	-	-
Total current liabilities	1,398,438	82,600	(82,600)	1,398,438	662,308
Noncurrent liabilities:					
Compensated absences liability	2,110	-	-	2,110	-
Net pension liability	128,865	-	-	128,865	-
Other postemployment benefit liability	179,730	-	-	179,730	-
Installment notes payable	14,561,095	480,685	-	15,041,780	-
Obligations under capital lease	480,685	-	(480,685)	-	-
Total noncurrent liabilities	15,352,485	480,685	(480,685)	15,352,485	-
Total liabilities	16,750,923	563,285	(563,285)	16,750,923	662,308
DEFERRED INFLOWS OF RESOURCES	10,485	-	-	10,485	-
NET POSITION					
Net investment in capital assets	27,637,466	-	-	27,637,466	-
Unrestricted	12,101,314	-	-	12,101,314	2,206,984
Total net position	\$ 39,738,780	\$ -	\$ -	\$ 39,738,780	\$ 2,206,984

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2018**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Total	
OPERATING REVENUES				
Charges for services	\$ 3,945,311	\$ -	\$ 3,945,311	\$ 5,606,064
Miscellaneous	112,402	-	112,402	192,759
Total operating revenues	<u>4,057,713</u>	<u>-</u>	<u>4,057,713</u>	<u>5,798,823</u>
OPERATING EXPENSES				
Cost of services	2,331,242	-	2,331,242	6,515,997
Depreciation and amortization	990,779	-	990,779	-
Total operating expenses	<u>3,322,021</u>	<u>-</u>	<u>3,322,021</u>	<u>6,515,997</u>
Operating income (loss)	<u>735,692</u>	<u>-</u>	<u>735,692</u>	<u>(717,174)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	58,652	-	58,652	4,926
Interest expense	-	(16,693)	(16,693)	-
Total net nonoperating revenues (expenses)	<u>58,652</u>	<u>(16,693)</u>	<u>41,959</u>	<u>4,926</u>
Income (loss) before transfers	<u>794,344</u>	<u>(16,693)</u>	<u>777,651</u>	<u>(712,248)</u>
Transfers in	18,000	16,693	34,693	-
Transfers out	(347,915)	-	(347,915)	-
Total transfers in (out)	<u>(329,915)</u>	<u>16,693</u>	<u>(313,222)</u>	<u>-</u>
Change in net position	<u>464,429</u>	<u>-</u>	<u>464,429</u>	<u>(712,248)</u>
Net position, beginning, previously reported	39,386,629	-	39,386,629	2,919,232
Restatement	(112,278)	-	(112,278)	-
Net position, beginning, restated	<u>39,274,351</u>	<u>-</u>	<u>39,274,351</u>	<u>2,919,232</u>
Net position, ending	<u>\$ 39,738,780</u>	<u>\$ -</u>	<u>\$ 39,738,780</u>	<u>\$ 2,206,984</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, 2018
 (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	\$ 4,184,321	\$ -	\$ 4,184,321	\$ 5,793,005
Payments to customers and suppliers	(1,473,322)	-	(1,473,322)	(6,508,498)
Payments to employees	(847,126)	-	(847,126)	-
Net cash provided by (used in) operating activities	1,863,873	-	1,863,873	(715,493)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & construction of capital assets	(899,366)	-	(899,366)	-
Repayment of installment notes and bonds	(808,950)	-	(808,950)	-
Payments on obligations under capital lease payable	-	(80,114)	(80,114)	-
Interest paid	-	(14,917)	(14,917)	-
Net cash used in capital and related financing activities	(1,708,316)	(95,031)	(1,803,347)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	18,000	95,031	113,031	-
Transfers out	(426,253)	-	(426,253)	-
Net cash provided by (used in) noncapital financing activities	(408,253)	95,031	(313,222)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and investments	58,652	-	58,652	4,926
Net cash provided by investing activities	58,652	-	58,652	4,926
 Net decrease in cash and cash equivalents	 (194,044)	 -	 (194,044)	 (710,567)
CASH AND CASH EQUIVALENTS				
Beginning	12,217,026	-	12,217,026	3,519,591
Ending	\$ 12,022,982	\$ -	\$ 12,022,982	\$ 2,809,024

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, 2018
 (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)	\$ 735,692	\$ -	\$ 735,692	\$ (717,174)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	990,779	-	990,779	-
Change in assets and liabilities:				
Accounts receivable	124,448	-	124,448	(5,818)
Prepaid items	(687)	-	(687)	-
Decrease in net pension liability	(45,728)	-	(45,728)	-
Increase in deferred inflows of resources-				
pensions	5,179	-	5,179	-
Accounts payable and accrued expenses	8,993	-	8,993	7,499
Customer deposits payable	2,160	-	2,160	-
Decrease in deferred outflows of				
resources for pensions	43,037	-	43,037	-
Net cash provided by (used in) operating activities	<u>\$ 1,863,873</u>	<u>\$ -</u>	<u>\$ 1,863,873</u>	<u>\$ (715,493)</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, 2018

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 87,810
Total assets	<u>\$ 87,810</u>

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 87,810
Total liabilities	<u>\$ 87,810</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, 2017 as if it were a proprietary fund. Complete financial statements for the Health System may be obtained at 2000 Neuse Boulevard, New Bern, NC 28561.

Craven County Alcoholic Beverage Control Board. The Craven County Alcoholic Beverage Control Board ("ABC Board") is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board's financial statements are presented as of and for the year ended June 30, 2018 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

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

Blended component units are separate legal entities whose operations are so intertwined with Craven County that they are, in substance, the same as Craven County. The County's 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, 2018 year, the CCFC had no activity.

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. The Northwest Craven Water and Sewer District Fund does not meet criteria to be a major fund, however, the blended component unit fund is presented as if major for comparative purposes. The County has determined it is qualitatively material to the users of the financial statements. The Northwest Craven Water and Sewer District Fund was 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, 2017, and the budget as amended at June 30, 2018.

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. Money at the Coastal Carolina Regional airport received from the State Aid to Airports program has been restricted.

<u>Craven County Restricted Cash</u>		
Governmental Activities		
School Capital Projects Fund	Unexpended Public School Building funds	\$ 30,581
Coastal Carolina Regional Airport	State Aid to Airport Funds Appropriated	653,162

Ad Valorem Taxes Receivable. In accordance with North Carolina General Statutes [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles at July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016.

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

Patient Receivables Allowance for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Craven County, North Carolina

Notes to Financial Statements

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

Exclusive of ad valorem taxes, the following summarizes other allowances for doubtful accounts by fund and receivable type at June 30, 2018:

	Component Unit CarolinaEast Health System
Patient receivables allowance (at September 30, 2017)	\$ 19,277,333

Interfund Receivables/Payables. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements.

Inventories. Inventories of the Health System and the ABC Board are valued at the lower of cost, (first-in, first-out) or net realizable value. The Health System inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or consumption. The Health System inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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

Craven County, North Carolina

Notes to Financial Statements

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

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 position.

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

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

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

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:

2018	\$	518,424
2019		518,424
2020		518,424
2021		518,424
2022		518,424
Thereafter		526,120
	\$	<u>3,118,240</u>

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

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 nonspendable fund balances as of June 30, 2018:

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

Restricted fund balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute: 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: 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: 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-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County. The General Fund is the only governmental fund where it is appropriate to report a positive unassigned fund balance amount.

Notes to Financial Statements

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

Defined Benefit Pension and OPEB Plans

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

Craven County, North Carolina

Notes to Financial Statements

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

Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of \$1,596,009 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)	\$ 109,822,575
Less accumulated depreciation	<u>(51,836,024)</u>
Net capital assets	57,986,551
Net pension asset	201,138
Contributions to the pension plan in the current fiscal year	1,968,049
Benefit payments and pension administration costs for LEOSSA	54,627
Contributions to OPEB plan in the current fiscal year	786,977
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the funds statements	502,720
Deferred outflows of resources related to refunding-included on government-wide Statement of Net Position but are not current financial resources	3,551,530
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	794,486
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	2,206,984
Pension related deferrals	(1,762,603)
OPEB related deferrals	(582,711)
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	(29,025,750)
	(10,750,000)
Deferred bonds premium	(359,056)
Accrued interest payable	(94,919)
Other postemployment benefits	(13,452,076)
Compensated absences	(3,018,098)
Net pension obligation (LEOSSA)	(1,699,481)
Net pension obligation	<u>(5,714,981)</u>
Total adjustment	<u>\$ 1,593,387</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 \$953,936 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 4,771,294
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	(3,941,245)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(791,522)
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	7,021,300
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	126,132
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	(9,922)
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	274,270
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	(227,771)
OPEB expense	(533,330)
Pension expense	(4,559,347)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	22,826
Bond refunding costs, premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources	(415,735)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	(73,388)
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	(712,248)
Total adjustment	<u>\$ 951,314</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

Beginning with the fiscal year ended June 30, 2012, the ABC Board was required to operate under a balanced budget in accordance with G.S. 18B-702. At June 30, 2018, 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
Taxes based on revenue	2,449,534	2,499,144	2,500,105	961
Cost of goods sold	5,466,563	5,606,612	5,613,983	7,371
Distributions	878,235	826,535	839,689	13,154

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, 2018, the County's (primary government) deposits had a carrying amount of \$21,358,831 and a bank balance of \$22,002,158 which include restricted cash in the amount of \$30,581. Of the bank balance, \$310,000 was covered by federal depository insurance and \$21,692,158 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, 2018, Craven County had \$33,879 cash on hand.

At June 30, 2018, the County's agency fund deposits had a carrying amount and bank balance of \$82,112. The bank balance was covered by collateral held under the pooling method.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

1. Deposits (Continued)

Component Unit Information

At June 30, 2018, both the carrying amount and bank balance of deposits for the Tourism Development Authority were \$193,169. The bank balance was fully insured and covered by collateral held under the pooling method.

At June 30, 2018, the Airport Authority had a carrying amount of \$4,048,471 and a bank balance of deposits of \$4,071,222. The Airport Authority and the County share a common operating bank account, therefore, the bank balance was covered one-hundred percent by collateral held under the pooling method.

At June 30, 2018, the ABC Board had \$11,250 in cash on hand, and deposits in financial institutions with a carrying amount of \$2,434,903 and a bank balance of \$2,321,385. Of the bank balance, \$287,591 was covered by federal depository insurance and \$2,033,794 was covered by collateral held under the pooling method.

At September 30, 2017, the carrying amount of deposits for the Health System was \$37,791,465 and the bank balance was \$40,386,100. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$39,136,100 was covered by collateral held under the pooling method. Cash and cash equivalents consist of the following as of September 30, 2017:

Cash on hand	\$	8,830
Deposits		37,791,465
Mutual fund money markets		208,684
	\$	<u>38,008,979</u>

2. Investments

As of June 30, 2018 the County had the following investments and maturities. :

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Reported Value</u>	<u>Less Than Six Months</u>	<u>6 - 12 Months</u>
NC Capital Management Trust, Government Portfolio	Amortized Cost	\$ 842,966	\$ 842,966	\$ -
NC Capital Management Trust, Term Portfolio*	Fair Value-Level 1	20,366,984	20,366,984	-
Commercial paper:				
Toyota Motor Credit	Fair Value-Level 2	4,947,963	-	4,947,963
JP Morgan Securities	Fair Value-Level 2	4,907,639	-	4,907,639
Natixis NY Branch	Fair Value-Level 2	4,917,989	-	4,917,989
Credit Agricole	Fair Value-Level 2	4,941,929	-	4,941,929
Total investments		<u>\$ 40,925,470</u>	<u>\$ 21,209,950</u>	<u>\$ 19,715,520</u>

* 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

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

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

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting this exposure, the County's investment policy limits the County's investment portfolio to maturities of less than 5 years. Also maturity dates are to be staggered to avoid undue concentration in specific maturity sectors.

Credit Risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. Instead, the County informally utilizes the State Law to minimize credit risks. As of June 30, 2018, 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, 2018. 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

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

As of September 30, 2017, 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	\$ 55,496	N/A
Vanguard Bond Mutual Funds-Corp	59,519	N/A
Equity Securities and Mutual Funds	200,961	N/A
Short Term Cash Equivalents	65	N/A
NC Capital Management Trust	22,603	N/A
Bond Proceeds	30,905	N/A
Total	\$ 369,549	

The above table includes \$208,684 which is included in unrestricted cash and cash equivalents.

	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)	Fair Value at 9/30/17
Swap Asset	\$ -	\$ 8,376	\$ -	\$ 8,376
Mutual Funds				
Money market	64,688	-	-	64,688
Fixed income	114,858,477	-	-	114,858,477
Equity	201,170,619	-	-	201,170,619
Total mutual funds	316,093,784	-	-	316,093,784
Total	\$ 316,093,784	\$ 8,376	\$ -	\$ 316,102,160

Cash and cash equivalents as of 9/30/2017 not included above \$ 68,705,108

North Carolina Management Capital Trust - cash portfolio as of 9/30/2017 carried at amortized cost. \$ 22,811,623

Interest receivable as of 9/30/2017 not included above \$ 156,624

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

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

2. Investments (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses, the Health System's investment policy dictates that mortgage backed securities or other asset backed securities will never comprise more than 40% of the fixed income portfolio and corporate debt securities will never comprise more than 60% of the fixed income portfolio. Additionally, the policy provides that the maximum maturity of any non-mortgage backed fixed income instrument will not exceed 12 years without the approval of the Health System's Investment Committee and investment managers, should not exceed a 7-year expected weighted average maturity for investments in mortgage backed paper and government agencies including Ginnie Maes, Freddie Macs, or Fannie Maes.

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

As of September 30, 2017, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	Not Rated	Total
US Government Agencies	100.00%						100.00%
Corporate/Other Bond Mutual Funds	16.78%	13.08%	32.63%	32.89%	1.19%	3.43%	100.00%
Short Term Cash Equivalents	100.00%						100.00%
NC Capital Management Trust	100.00%						100.00%

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

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

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

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

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

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

Craven County, North Carolina

Notes to Financial Statements

Note 3. Detail Notes on All Funds (Continued)

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

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

Year Levied	Tax	Interest	Total
2015	\$ 1,064,433	\$ 348,602	\$ 1,413,035
2016	1,068,688	253,813	1,322,501
2017	1,352,009	199,421	1,551,430
2018	1,369,189	78,728	1,447,917
Total	\$ 4,854,319	\$ 880,564	\$ 5,734,883

Note 4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Total
Governmental Activities				
General	\$ 1,230,976	\$ 7,044,467	\$ 502,720	\$ 8,778,163
Other Governmental	294,926	43,405	-	338,331
Total receivables	1,525,902	7,087,872	502,720	9,116,494
Allowance for doubtful accounts	-	(700,000)	-	(700,000)
Total - governmental activities	\$ 1,525,902	\$ 6,387,872	\$ 502,720	\$ 8,416,494
Business-type Activities				
Water	\$ 773,444	\$ -	\$ -	\$ 773,444
Allowance for doubtful accounts	(25,000)	-	-	(25,000)
Total - business-type activities	\$ 748,444	\$ -	\$ -	\$ 748,444

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2018 was as follows:

	Capital Assets			Capital Assets
	June 30, 2017	Additions	Retirements	June 30, 2018
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 9,872,264	\$ 91,949	\$ (59,604)	\$ 9,904,609
Construction in progress	736,744	1,995,053	(719,960)	2,011,837
Total capital assets not being depreciated	10,609,008	2,087,002	(779,564)	11,916,446
Capital assets, being depreciated:				
Buildings	67,242,332	-	-	67,242,332
Vehicles	6,324,239	795,686	(523,720)	6,596,205
Equipment	6,256,637	660,790	(24,776)	6,892,651
Other improvements	15,946,525	1,227,816	-	17,174,341
Total capital assets being depreciated	95,769,733	2,684,292	(548,496)	97,905,529
Less accumulated depreciation for:				
Buildings	31,410,845	2,078,158	-	33,489,003
Vehicles	5,227,556	559,368	(523,720)	5,263,204
Equipment	4,223,371	560,170	(12,818)	4,770,723
Other improvements	7,568,945	743,549	-	8,312,494
Total accumulated depreciation	48,430,717	3,941,245	(536,538)	51,835,424
Total capital assets, being depreciated, net	47,339,016			46,070,105
Governmental activity capital assets, net	\$ 57,948,024			\$ 57,986,551
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 947,354	\$ -	\$ -	\$ 947,354
Construction in progress	29,949,680	245,818	(30,195,498)	-
Total capital assets not being depreciated	30,897,034	245,818	(30,195,498)	947,354
Capital assets, being depreciated:				
Buildings & other improvements	30,552,552	30,169,651	-	60,722,203
Vehicles	233,071	44,897	(14,007)	263,961
Equipment	199,122	18,304	(46,612)	170,814
Total capital assets being depreciated	30,984,745	30,232,852	(60,619)	61,156,978
Less accumulated depreciation for:				
Buildings & other improvements	17,244,899	958,309	-	18,203,208
Vehicles	180,463	28,990	(1,500)	207,953
Equipment	158,209	3,633	(39,467)	122,375
Total accumulated depreciation	17,583,571	990,932	(40,967)	18,533,536
Total capital assets, being depreciated, net	13,401,174			42,623,442
Business activity capital assets, net	\$ 44,298,208			\$ 43,570,796

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 662,057
Public safety	1,698,175
Social Services	464,697
Economic and physical development	516,455
Health	321,409
Environmental protection	63,849
Culture and recreation	214,603
Total depreciation expense, governmental activities	<u>\$ 3,941,245</u>
Business-type activities:	
Water Fund	<u>\$ 990,932</u>
Total depreciation expense-business-type activities	<u>\$ 990,932</u>

Construction commitments

The government has an active construction project as of June 30, 2018. The project is for the renovation of the animal shelter. At June 30, 2018, the government's commitment with a contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Animal shelter	\$ 1,048,807	\$ 8,000
Total	<u>\$ 1,048,807</u>	<u>\$ 8,000</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2018:

	Year Ended September 30, 2018			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 9,649,508	\$ -	\$ -	\$ 9,649,508
Construction in Progress	1,661,600	3,123,438	816,500	3,968,538
Total capital assets, not being depreciated	<u>11,311,108</u>	<u>3,123,438</u>	<u>816,500</u>	<u>13,618,046</u>
Capital assets, being depreciated:				
Buildings	9,450,092	-	-	9,450,092
Improvements other than buildings	28,893,247	848,206	-	29,741,453
Machinery, equipment, and vehicles	2,028,523	242,913	64,199	2,207,237
Total capital assets being depreciated	<u>40,371,862</u>	<u>1,091,119</u>	<u>64,199</u>	<u>41,398,782</u>
Less accumulated depreciation	18,506,546	1,131,947	64,199	19,574,294
Total capital assets being depreciated, net	<u>21,865,316</u>	<u>(40,828)</u>	<u>-</u>	<u>21,824,488</u>
Capital assets, net	<u>\$ 33,176,424</u>			<u>\$ 35,442,534</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, 2017:

	Year Ended September 30, 2017			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 9,047,024	\$ 96,183	\$ -	\$ 9,143,207
Construction in progress	23,910,272	32,670,107	(33,969,436)	22,610,943
Total capital assets, not being depreciated	<u>32,957,296</u>	<u>32,766,290</u>	<u>(33,969,436)</u>	<u>31,754,150</u>
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	5,227,990	-	-	5,227,990
Building and fixtures	164,381,537	25,128,034	-	189,509,571
Equipment	198,400,316	17,986,021	(10,598,895)	205,787,442
Total capital assets being depreciated	<u>383,737,556</u>	<u>43,114,055</u>	<u>(10,598,895)</u>	<u>416,252,716</u>
Less accumulated depreciation/amortization for:				
Intangible assets	(12,091,049)	(518,424)	-	(12,609,473)
Land improvements, building and fixtures, and equipment	<u>(268,734,351)</u>	<u>(20,277,798)</u>	<u>10,459,592</u>	<u>(278,552,557)</u>
	<u>(280,825,400)</u>	<u>(20,796,222)</u>	<u>10,459,592</u>	<u>(291,162,030)</u>
Total capital assets being depreciated/amortized, net	<u>102,912,156</u>			<u>125,090,686</u>
Health System capital assets, net	<u>\$ 135,869,452</u>			<u>\$ 156,844,836</u>

Craven County, North Carolina

Notes to Financial Statements

Note 5. 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, 2017. The estimated cost to complete the projects is approximately \$34,829,000.

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, 2018:

Capital assets, not being depreciated:

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

Capital assets, being depreciated:

Buildings	\$ 1,151,840
Furniture & equipment	542,990
Automobile	<u>127,274</u>
Total capital assets being depreciated	1,822,104
Less accumulated depreciation	<u>1,187,559</u>
Total capital assets being depreciated, net	<u>\$ 634,545</u>

Note 6. Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement System

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

Notes to Financial Statements

Note 6. 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, 2018, are as follows:

Craven County, North Carolina

Notes to Financial Statements

Note 6. 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	7.57%	8.25%
Airport Authority	7.85%	
ABC Board	7.67%	

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 \$2,005,720, \$34,656 and \$51,877, respectively, for the year ended June 30, 2018.

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, 2018, the County, Airport Authority and ABC Board reported liabilities of \$5,843,846, \$72,567 and \$128,787, respectively, for their proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2017. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County, Airport Authority and ABC Board's proportions were .383%, .005% and .00843%, respectively, which were increase/(decreases) of .002%, .001% and .00115%, respectively, from their proportions measured as of June 30, 2017.

For the year ended June 30, 2018, the County, Airport Authority and ABC Board's recognized pension expense of \$2,018,999, \$31,890 and \$54,867, respectively.

Craven County, North Carolina

Notes to Financial Statements

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

Local Governmental Employees' Retirement System (Continued)

At June 30, 2018, 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	\$ 336,660	\$ 165,421
Changes of assumptions	834,582	-
Net difference between projected and actual earnings on pension plan investments	1,418,892	-
Changes in proportion and differences between County contributions and proportionate share of contributions	137,822	9,032
County contributions subsequent to the measurement date	2,005,720	-
Total	<u>\$ 4,733,676</u>	<u>\$ 174,453</u>

At June 30, 2018, 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	\$ 4,181	\$ 2,054
Changes of assumptions	10,364	-
Net difference between projected and actual earnings on pension plan investments	17,619	-
Changes in proportion and differences between Airport Authority's contributions and proportionate share of contributions	17,893	-
Airport Authority's contributions subsequent to the measurement date	34,656	-
Total	<u>\$ 84,713</u>	<u>\$ 2,054</u>

Craven County, North Carolina

Notes to Financial Statements

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

Local Governmental Employees' Retirement System (Continued)

At June 30, 2018, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,419	\$ 3,646
Changes of assumptions	18,393	-
Net difference between projected and actual earnings on pension plan investments	31,269	-
Changes in proportion and differences between ABC Board's contributions and proportionate share of contributions	29,049	27
ABC Board's contributions subsequent to the measurement date	51,877	-
Total	<u>\$ 138,007</u>	<u>\$ 3,673</u>

\$2,005,720, \$34,656 and \$51,877 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 liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>County</u>	<u>Airport Authority</u>	<u>ABC Board</u>
2019	\$ 356,072	\$ 11,248	\$ 16,878
2020	1,723,281	26,810	46,652
2021	885,086	13,763	24,406
2022	(410,936)	(3,818)	(5,479)
2023	-	-	-
Thereafter	-	-	-
Total	<u>\$ 2,553,503</u>	<u>\$ 48,003</u>	<u>\$ 82,457</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Craven County, North Carolina

Notes to Financial Statements

Note 6. 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, 2016 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Craven County, North Carolina

Notes to Financial Statements

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

Local Governmental Employees' Retirement System (Continued)

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 17,543,358	\$ 5,843,846	\$ (3,921,553)
Airport Authority's proportionate share of the net pension liability (asset)	\$ 217,847	\$ 72,567	\$ (48,696)
ABC Board's proportionate share of the net pension liability (asset)	\$ 386,622	\$ 128,787	\$ (86,423)

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, 2017 the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Active plan members	<u>72</u>
Total	<u><u>82</u></u>

Notes to Financial Statements

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

Law Enforcement Officers Special Separation Allowance (Continued)

Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73:

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$123,006 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, 2018, the County reported a total pension liability of \$1,699,481. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$144,486.

Craven County, North Carolina

Notes to Financial Statements

Note 6. 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	\$ -	\$ 866
Changes of assumptions and other inputs	88,766	21,387
County benefit payments and plan administrative expenses subsequent to the measurement date	54,627	-
Total	\$ 143,393	\$ 22,253

The County paid \$53,843 in benefit payments and \$784 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 15,142
2020	15,142
2021	15,142
2022	15,143
2023	5,944
Thereafter	-
Total	\$ 66,513

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 1,822,784	\$ 1,699,481	\$ 1,585,906

Craven County, North Carolina

Notes to Financial Statements

Note 6. 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)

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

	2018
Beginning balance of the total pension liability, December 31, 2016	\$ 1,585,538
Service Cost	69,732
Interest on the total pension liability	58,828
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(1,068)
Changes of assumptions or other inputs	109,457
Benefit payments	(123,006)
Other changes	-
Ending balance of the total pension liability, December 31, 2017	<u>\$ 1,699,481</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

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

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

The actuarial assumptions used in the December 31, 2016 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 \$167,133 for the reporting year. No amounts were forfeited.

Craven County, North Carolina

Notes to Financial Statements

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

Registers of Deeds' Supplemental Pension Fund:

Plan Description. Craven County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$7,458 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$201,138 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County's proportion was 1.18%, which was an decrease of .04% from its proportion measured as of June 30, 2017.

Craven County, North Carolina

Notes to Financial Statements

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

Registers of Deeds' Supplemental Pension Fund (Continued):

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

For the year ended June 30, 2018, the County recognized pension expense of \$27,485. At June 30, 2018, 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	\$ 3,453	\$ 648
Changes of assumptions	33,937	-
Net difference between projected and actual earnings on pension plan investments	17,098	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,021	10,319
County contributions subsequent to the measurement date	7,458	-
Total	<u>\$ 67,967</u>	<u>\$ 10,967</u>

\$7,458 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 26,621
2020	16,605
2021	1,956
2022	4,360
Thereafter	-
Total	<u>\$ 49,542</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Notes to Financial Statements

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

Registers of Deeds' Supplemental Pension Fund (Continued):

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

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

The actuarial assumptions used in the December 31, 2016 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, 2017 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Craven County, North Carolina

Notes to Financial Statements

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

Registers of Deeds' Supplemental Pension Fund (Continued):

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

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	\$ 158,091	\$ 201,138	\$ 237,338

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 5,843,846	\$ (201,138)	\$ -	\$ 5,642,708
Proportion of the Net Pension Liability (Asset)	0.38252%	1.17838%	n/a	
Total Pension Liability	-	-	\$ 1,699,481	\$ 1,699,481
Pension Expense	\$ 2,014,743	\$ 27,485	\$ 144,486	\$ 2,186,714

Craven County, North Carolina

Notes to Financial Statements

Note 6. 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)

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 5,843,846	\$ (201,138)	\$ -	\$ 5,642,708
Proportion of the Net Pension Liability (Asset)	0.38252%	1.17838%	n/a	
Total Pension Liability	-	-	\$ 1,699,481	\$ 1,699,481
Pension Expense	\$ 2,014,743	\$ 27,485	\$ 144,486	\$ 2,186,714
	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 336,660	\$ 3,453	\$ -	\$ 340,113
Changes of assumptions	834,582	33,937	88,766	957,285
Net difference between projected and actual earnings on pension plan investments	1,418,892	17,098	-	1,435,990
Changes in proportion and differences between County contributions and proportionate share of contributions	137,822	6,021	-	143,843
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,005,720	7,458	54,627	2,067,805
				-
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 165,421	\$ 648	\$ 866	\$ 166,935
Changes of assumptions	-	-	21,387	21,387
Changes in proportion and differences between County contributions and proportionate share of contributions	9,032	10,319	-	19,351

Notes to Financial Statements

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

Health System Plans

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

The primary retirement plan issues a separate, stand-alone financial report which can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28561. The Plan was created by act of the Trustees of CarolinaEast Medical Center, who have the ability to amend or terminate the Plan.

Funding Policy: The Health System's contributions to the primary retirement plan were calculated using a covered payroll amount of \$72,735,703 for the year ended September 30, 2017. Total contributions were \$4,364,142 for the year ended September 30, 2017, which represents 6 percent of covered payroll. Effective January 1, 2014, the effective contribution percentage reduced from ten percent to six percent.

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

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

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$79,571,351 for the year ended September 30, 2017. The Health System's contributions were \$1,591,427 or 2 percent of covered payroll for the year ended September 30, 2017. Employee contributions to the plan totaled \$6,914,527 or 8.69% of covered payroll for the year ended September 30, 2017. Employee contributions to the 457(b) plan totaled \$1,504,441 for the year ended September 30, 2017. These plans are not included in the Health System's reporting entity and do not issue separate, stand-alone financial reports.

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits

Healthcare Benefits

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

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

Note 6. 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 June 30, 2017, the date of the latest actuarial valuation:

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

Total OPEB Liability

The County's total OPEB liability of \$13,825,361 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate:	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Health Care Cost Trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

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

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

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

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

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2016	\$ 13,876,112
Changes for the year:	
Service cost at the end of the year	662,069
Interest on TOL and cash flows	411,261
Change in benefit terms	-
Difference between expected and actual experience	14,747
Changes of assumptions or other inputs	(709,756)
Benefit payments and implicit subsidy credit	(429,072)
Other	-
Net Changes	<u>\$ (50,751)</u>
Total OPEB Liability as of June 30, 2017	<u><u>\$ 13,825,361</u></u>

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2017. An expected TOL is determined as of June 30, 2016, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2017, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$ 15,145,002	\$ 13,825,361	\$ 12,631,463

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

	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 12,355,598	\$ 13,825,361	\$ 15,545,785

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$977,202. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,707	\$ -
Changes of assumptions and other inputs	-	611,588
Benefit payments and administrative costs made subsequent to the measurement date	808,815	-
Total	<u>\$ 821,522</u>	<u>\$ 611,588</u>

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

Measurement Period Ended June 30:

2018	\$ (96,128)
2019	(96,128)
2020	(96,128)
2021	(96,128)
2022	(96,128)
Thereafter	(118,241)

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Plan Description. CarolinaEast Health Center sponsors and has responsibility for CarolinaEast Medical Center Employee Benefit Trust, a single-employer, defined benefit OPEB plan established and governed by the Health System's governing board. A trust was established April 1, 2007 for this plan and has a plan year of January 1 to December 31. As such, the Plan's first fiscal year end was December 31, 2007. The Health System provides other postemployment benefits (OPEB) comprised of health care and group life insurance benefits to retirees of CarolinaEast Medical Center who have at least 20 years of continuous full-time service, have attained the age of 55 and were employed prior to July 1, 1995. The Health System pays the full cost of coverage for these benefits until age 65. Also, retirees can purchase coverage for their spouse at the Health System's group rates. The Health System elected to discontinue the post-retirement benefit to individuals employed on or after July 1, 1995. The plan issues a stand-alone financial report. That report can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28561.

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

As of the actuarial valuation report dated January 1, 2017, the Health System's membership consisted of:

Retirees receiving benefits	63
Active plan members	145
Total	<u>208</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, 2017 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, 2017.

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, 2017, 2016 and 2015, 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>
09/30/2015	\$ -	100.00%	\$-
09/30/2016	\$ -	100.00%	\$-
09/30/2017	\$ -	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

Note 6. 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>
01/01/2015	\$6,701,469	\$5,114,569	(\$1,586,900)	131%
01/01/2016	\$6,334,510	\$6,131,965	(\$202,545)	103%
01/01/2017	\$6,465,673	\$6,704,078	\$238,405	96%

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

Valuation date	January 1, 2017
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 cost trend rates	7.0% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

Craven County, North Carolina

Notes to Financial Statements

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

Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

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.

Note 7. Commitments and Contingencies

Contingent Liabilities

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

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

Craven County, North Carolina

Notes to Financial Statements

Note 7. 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, 2018, future minimum lease payments under this operating lease are as follows:

Year Ending June 30, 2019	\$ 11,400
	\$ 11,400

At June 30, 2018, 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, 2018 under this operating lease are as follows:

Year Ending June 30, 2019	\$ 31,500
	\$ 31,500

Note 8. Long-Term Obligations

General obligation bonds are collateralized by the full faith, credit, and taxing power of the County or Water and Sewer District that issued the debt. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2018 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%	\$ 10,552,000
\$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%	198,000
		\$ 10,750,000

Craven County, North Carolina

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
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>\$ 10,750,000</u>	<u>\$ 1,174,450</u>

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Convention Center	4.72%	\$ 770,000
Qualified School Construction Bond	4.72%	540,750
2013 LOB Refunded School Projects/Fiber Optic	2.07%	12,471,750
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	15,243,250
Total General Government		<u>29,025,750</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	560,800
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	15,370,045
Total Enterprise		<u>15,930,845</u>
Total loans and installment notes payable		<u>\$ 44,956,595</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

Note 8. 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 outstanding value remaining on this obligation at June 30, 2018 is \$27,715,000.

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 was due May 1, 2018.

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
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	3,080,000	270,653	889,064	6,393
2024 – 2028	11,535,000	469,113	4,204,977	6,394
2029 - 2033	-	-	4,044,749	-
2034 - 2038	-	-	3,235,799	-
Total	<u>\$ 29,025,750</u>	<u>\$ 2,512,049</u>	<u>\$ 15,930,845</u>	<u>\$ 59,669</u>

Craven County, North Carolina

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

Changes in the County's long-term obligations for the year ended June 30, 2018 was as follows:

	Beginning Balance, restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 13,370,000	\$ -	\$ 2,620,000	\$ 10,750,000	\$ 2,475,000
Deferred premium on debt	438,847	-	79,791	359,056	-
Loans and installment notes	33,427,050	-	4,401,300	29,025,750	4,371,300
Total pension obligation (LEOSSA)	1,585,538	113,943	-	1,699,481	-
Net OPEB liability	13,501,457	-	49,381	13,452,076	-
Net pension liability (LGRS)	7,912,664	-	2,197,683	5,714,981	-
Compensated absences	2,790,327	2,361,328	2,133,557	3,018,098	2,133,557
Governmental activity Long-term liabilities	<u>\$ 73,025,883</u>	<u>\$ 2,475,271</u>	<u>\$ 11,481,712</u>	<u>\$ 64,019,442</u>	<u>\$ 8,979,857</u>
Due within one year					\$ 8,979,857
Due in more than one year					55,039,585
Total Governmental Activities					<u>\$ 64,019,442</u>
Business-type activities:					
Net OPEB liability	\$ 180,389	\$ -	\$ 659	\$ 179,730	\$ -
Net pension liability (LGRS)	179,511	-	50,646	128,865	-
Compensated absences	46,295	22,019	33,102	35,212	33,102
Loans and installment notes	16,819,909	-	889,064	15,930,845	889,064
	<u>\$ 17,226,104</u>	<u>\$ 22,019</u>	<u>\$ 973,471</u>	<u>\$ 16,274,652</u>	<u>\$ 922,166</u>
Due within one year					\$ 922,166
Due in more than one year					15,352,486
Total Business-type Activities					<u>\$ 16,274,652</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 \$39,733,617 of its legal debt limitation of \$745,677,302, leaving a legal debt margin of \$705,943,685 at June 30, 2018.

General obligation bonds and bond anticipation notes:

The Airport Authority does not have any general obligation bonds outstanding at June 30, 2018.

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

Craven County, North Carolina

Notes to Financial Statements

Note 9. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2018 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 1,129,145
General Fund	Debt Service Fund	728,308
General Fund	Special Revenue Funds	86,675
		<u>\$ 1,944,128</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.

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2018:

Transfers out:	Transfers In:				Total
	General Fund	Capital Reserve Fund	Non-Major Governmental Funds	Water Fund	
General Fund	\$ -	\$ 1,797,796	\$ 5,133,490	\$ 18,000	\$ 6,949,286
Non-Major Governmental Funds	792,304	-	-	-	792,304
Capital Reserve Fund	158,331	-	909,365	-	1,067,696
Water Fund	148,000	-	183,222	-	331,222
Total Transfers out	<u>\$ 1,098,635</u>	<u>\$ 1,797,796</u>	<u>\$ 6,226,077</u>	<u>\$ 18,000</u>	<u>\$ 9,140,508</u>

Transfers consist primarily of the following:

\$4,232,015 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

\$1,797,796 From General Fund to Capital Reserve fund to provide resources for future capital projects.

\$909,365 From Capital Reserve Fund to Non-Major Governmental Funds to provide resources for current capital projects.

\$792,304 From Occupancy Tax Fund to General Fund for annual share of occupancy tax collections.

Notes to Financial Statements

Note 10. Deferred Compensation Plan

The County offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457. One plan is administered by the National Association of Counties (NACO), with Nationwide acting as its agent in fulfilling certain of the administrative and marketing requirements. The plan, available to all permanent County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The second plan, administered by the American General Financial Group – VALIC, is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In January 1997, the County amended the plans in accordance with the provisions of IRC Section 457(g). On that date, assets of the plans were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the County no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the County's financial statements in a prior year.

Craven County, North Carolina

Notes to Financial Statements

Note 11. Additional Social Welfare Expenditures

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 80,038,830	\$ 41,335,053
Temporary Assistance to Needy Families	394,882	543
SC/SA Domiciliary Care - Special Assistance	-	456,803
State County Special Assistance	107,458	-
WIC	1,955,740	-
Health Choice	2,004,622	-
Title IV-E Adoption Training	2,367	-
Family Preservation	40,363	-
IV-E Adoption Subsidy	443,028	107,132
Child Welfare Services Adoption Subsidy	-	295,357
	<u>\$ 84,987,290</u>	<u>\$ 42,194,888</u>

Note 12. Deferred Outflows/Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Charges on refunding of debt	\$ 3,551,530	\$ -
Pensions - difference between expected and actual experience		
Pensions	340,113	166,935
OPEB	12,529	-
Pension - Changes of assumptions		
Pensions	957,285	21,387
OPEB		601,704
Pensions - difference between projected and actual investment earnings (Pensions)	1,435,990	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions (Pensions)	143,843	19,351
Contributions to plans in fiscal year 2018		
Pensions	2,067,805	-
OPEB	796,702	-
Prepaid taxes not yet earned (General Fund)	-	231,264
Total reported in government wide statements	<u>9,305,797</u>	<u>1,040,641</u>
Property taxes receivable, net (General Fund)	-	620,646
Property taxes receivable, net (Special Revenue Fund)	-	29,872
Recycling fees receivable (General Fund)	-	143,967
Total reported in the fund statements	<u>\$ -</u>	<u>\$ 1,025,749</u>

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

Craven County, North Carolina

Notes to Financial Statements

Note 13. Risk Management

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

The County's Internal Service Fund was established to account for a limited risk, self-insurance program to provide health and dental benefits to County employees. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actuarial estimates of the amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$145,000. A total of \$5,689,983 in claims was incurred for benefits during fiscal year 2018. Payments received from the insurer for claims over the limit of \$202,979 and \$100,173 during fiscal 2018 and fiscal 2017, 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
2017-2018	\$ 550,000	\$ 5,689,983	\$ 5,769,983	\$ 470,000
2016-2017	\$ 650,000	\$ 4,819,206	\$ 4,919,206	\$ 550,000

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 \$327,981 in claims or changes in estimates were incurred for benefits during fiscal year 2018. 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
2017-2018	\$ 103,104	\$ 327,981	\$ 240,612	\$ 190,473
2016-2017	\$ 31,563	\$ 177,693	\$ 106,151	\$ 103,104

The County participates in one risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$119 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Craven County, North Carolina

Notes to Financial Statements

Note 13. 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 ending September 30, 2017 and 2016 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016-2017	\$ 2,100,000	\$ 24,421,740	\$ 23,921,740	\$ 2,600,000
2015-2016	\$ 2,100,000	\$ 23,263,565	\$ 23,263,565	\$ 2,100,000

Craven County, North Carolina

Notes to Financial Statements

Note 13. 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 \$0 during the fiscal year ended September 30, 2017.

Craven County, North Carolina

Notes to Financial Statements

Note 13. 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 \$693,516 for General, Professional, and Umbrella coverage in fiscal year September 30, 2017. 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.

Note 14. Joint Ventures

The County participates in a joint venture with the City of New Bern to operate the New Bern/Craven County Library. The County appoints five board members of the ten-member board. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2018. During the year ended June 30, 2018, the County appropriated \$1,409,028 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 \$356,182. 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, 2018. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC.

Craven County, North Carolina

Notes to Financial Statements

Note 14. 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, 2018. The County appropriated \$281,827 to the THR during the fiscal year ended June 30, 2018, 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, \$198,000 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 \$3,542,448 and \$500,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. In addition, the County made debt service principal payments of \$209,600 during the fiscal year ended June 30, 2018. 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, 2018. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at 800 College Court, New Bern, NC 28562.

Note 15. Jointly Governed Organizations

The County, in conjunction with nine other counties and 26 municipalities, established the Eastern Carolina Council (“Council”) formerly known as Neuse River Council of Governments. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board.

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library’s continued existence depends on the State of North Carolina’s continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2018.

Craven County, North Carolina

Notes to Financial Statements

Note 16. Related Organization

The County's governing board is also responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to issue and service revenue bond debt for private business for economic development purposes. Craven County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 17. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ended June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). As a result, the beginning net position for the governmental activities and business-type activities has been reduced by \$9,138,289 and \$112,278, respectively. Additionally, the beginning net position of the Craven County Regional Airport Authority has been reduced by \$141,760.

Note 18. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2018) through February 20, 2019, which represents the date the financial statements were available to be issued.

Note 19. Pronouncements Issued, not yet Effective

The GASB has issued several pronouncements prior to June 30, 2018 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. 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. 87, *Leases*, will be effective for the County beginning with its year ending June 30, 2018

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective for the County beginning with its year ending June 30, 2019

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the County beginning with its year ending June 30, 2020.

Craven County, North Carolina

Notes to Financial Statements

Note 19. Pronouncements Issued, not yet Effective (Continued)

GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61.*, will be effective for the County beginning with its year ending June 30, 2019

Craven County



REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.383%	0.381%	0.390%	0.406%	0.408%
County's proportionate share of the net pension liability (asset) \$	\$ 5,843,846	\$ 8,094,798	\$ 1,748,322	\$ (2,397,200)	\$ 4,922,788
County's covered payroll	\$25,550,943	\$24,774,857	\$24,162,555	\$24,220,773	\$24,447,979
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.87%	32.67%	7.24%	(9.90%)	20.14%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018**

	2018	2017
Beginning balance	\$ 1,585,538	\$ 1,618,123
Service Cost	69,732	71,579
Interest on the total pension liability	58,828	55,490
Changes of benefit terms	-	-
Difference between expected and actual experience in the measurement of the total pension liability	(1,068)	-
Changes of assumptions or other inputs	109,457	(32,081)
Benefit payments	(123,006)	(127,573)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,699,481</u>	<u>\$ 1,585,538</u>

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

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

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

	2018	2017
Total pension liability	\$ 1,699,481	\$ 1,585,538
Covered payroll	3,206,963	3,070,038
Total pension liability as a percentage of covered payroll	52.99%	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.

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

**Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018**

	Measurement Period Ending 2017
Total OPEB liability - beginning	13,876,112
Service cost	662,069
Interest on the total pension liability	411,261
Changes of benefit terms	-
Difference between expected and actual experience	14,747
Changes of assumptions	(709,756)
Benefit payments	(429,072)
Other changes	-
Net change in total OPEB liability	(50,751)
Total OPEB liability - ending	13,825,361

Covered payroll	27,587,907
Total OPEB liability as a percentage of covered payroll	50.11%
Plan fiduciary net position	-
Plan fiduciary net position as a percentage of covered payroll	0.00%

Notes to Schedule

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Craven County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Fiscal Year Ended June 30, 2018

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2017	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2018
2018	\$ -	\$ 50,342,116	\$ 50,013,650	\$ 328,466
2017	316,431	-	166,461	149,970
2016	149,001	-	58,391	90,610
2015	82,133	-	13,765	68,368
2014	133,243	-	13,439	119,804
2013	162,192	-	9,668	152,524
2012	133,507	-	5,316	128,191
2011	99,058	-	4,154	94,904
2010	97,738	-	3,985	93,753
2009	98,140	-	4,084	94,056
2008	97,930	-	97,930	-
	<u>\$ 1,369,373</u>	<u>\$ 50,342,116</u>	<u>\$ 50,390,843</u>	<u>\$ 1,320,646</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>700,000</u>
				<u>\$ 620,646</u>

Reconciliation with revenues:

Ad valorem taxes- General Fund	\$ 50,276,802
Less: Collection of taxes older than ten years	12,176
Plus: Abatements and adjustments of prior year taxes	<u>126,217</u>
Total collections and credits	<u>\$ 50,390,843</u>

CRAVEN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2018**

	County-wide			Total Levy	
				Property excluding Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$9,054,993,694	\$0.5394	\$48,834,330	\$45,331,246	\$3,503,084
Motor vehicles taxed at prior year's rate	224,312,345	0.5394	1,209,941	-	1,209,941
Penalties	-		89,616	89,616	-
	<u>\$9,279,306,039</u>		<u>\$50,133,887</u>	<u>\$45,420,862</u>	<u>\$4,713,025</u>
DISCOVERIES	54,468,106		283,687	283,687	-
	<u>\$9,333,774,145</u>		<u>\$50,417,574</u>	<u>\$45,704,549</u>	<u>\$4,713,025</u>
ABATEMENTS	(12,807,869)		(75,457)	(75,457)	-
	<u><u>\$9,320,966,276</u></u>				
Net Levy			\$50,342,117	\$45,629,092	\$4,713,025
Uncollected taxes at June 30, 2018			328,467	328,467	-
Current year's taxes collected			<u>\$50,013,650</u>	<u>\$45,300,625</u>	<u>\$4,713,025</u>
Current levy collection percentage			<u>99.35%</u>	<u>99.28%</u>	<u>100.00%</u>

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,757,891	\$ 548,667	\$ 353	\$ 2,306,911
Sales taxes receivable	29,874	13,531	-	43,405
Accounts receivable	243,880	-	-	243,880
Due from other funds	-	-	1,129,145	1,129,145
Restricted cash	-	30,581	-	30,581
Total assets	<u>\$ 2,031,645</u>	<u>\$ 592,779</u>	<u>\$ 1,129,498</u>	<u>\$ 3,753,922</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 100,947	\$ 3,683	\$ -	\$ 104,630
Due to other funds	86,675	-	728,308	814,983
Total liabilities	<u>187,622</u>	<u>3,683</u>	<u>728,308</u>	<u>919,613</u>
Deferred inflows of resources:				
Tax receivable	29,871	-	-	29,871
Total deferred inflows of resources	<u>29,871</u>	<u>-</u>	<u>-</u>	<u>29,871</u>
Fund balances:				
Restricted				
Stabilization by state statue	243,880	-	-	243,880
Public safety	1,157,593	31,127	-	1,188,720
General government	-	527,388	-	527,388
Economic and physical development	562,169	-	-	562,169
Education, schools	-	30,581	401,190	431,771
Unassigned	(149,490)	-	-	(149,490)
Total fund balances	<u>1,814,152</u>	<u>589,096</u>	<u>401,190</u>	<u>2,804,438</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,031,645</u>	<u>\$ 592,779</u>	<u>\$ 1,129,498</u>	<u>\$ 3,753,922</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	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	Stream Debris Removal Project	CDBG-DR Active Disaster Grants Fund	Flood Hazard Mitigation Assist 2016-006	Flood Hazard Mitigation Assist 2016-014	Totals
ASSETS											
Cash and cash equivalents	\$ 723,355	\$ 434,466	\$ 562,169	\$ -	\$ -	\$ -	\$ 37,901	\$ -	\$ -	\$ -	\$ 1,757,891
Taxes receivable	29,874	-	-	-	-	-	-	-	-	-	29,874
Accounts receivable	233,617	10,263	-	-	-	-	-	-	-	-	243,880
Total assets	\$ 986,846	\$ 444,729	\$ 562,169	\$ -	\$ -	\$ -	\$ 37,901	\$ -	\$ -	\$ -	\$ 2,031,645
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ 231	\$ -	\$ -	\$ -	\$ -	\$ 100,716	\$ -	\$ -	\$ -	\$ 100,947
Due to other funds	-	-	-	-	-	58,013	-	1,152	14,435	13,075	86,675
Total liabilities	-	231	-	-	-	58,013	100,716	1,152	14,435	13,075	187,622
Deferred inflows of resources:											
Tax receivable	29,871	-	-	-	-	-	-	-	-	-	29,871
Total deferred inflows of resources	29,871	-	-	-	-	-	-	-	-	-	29,871
Fund balances:											
Restricted											
Stabilization by state statute	233,617	10,263	-	-	-	-	-	-	-	-	243,880
Public safety	723,358	434,235	-	-	-	-	-	-	-	-	1,157,593
Economic and physical development	-	-	562,169	-	-	-	-	-	-	-	562,169
Unassigned	-	-	-	-	-	(58,013)	(62,815)	(1,152)	(14,435)	(13,075)	(149,490)
Total fund balances	956,975	444,498	562,169	-	-	(58,013)	(62,815)	(1,152)	(14,435)	(13,075)	1,814,152
Total liabilities, deferred inflows of resources and fund balances	\$ 986,846	\$ 444,729	\$ 562,169	\$ -	\$ -	\$ -	\$ 37,901	\$ -	\$ -	\$ -	\$ 2,031,645

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2018**

	School Capital Fund	Animal Shelter Project Fund	Executive Parkway Extension	ERP Software Replace Phase One	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ 18,091	\$ -	\$ 530,576	\$ 548,667
Restricted cash	30,581	-	-	-	30,581
Sales tax receivable	-	13,531	-	-	13,531
Total assets	<u>\$ 30,581</u>	<u>\$ 31,622</u>	<u>\$ -</u>	<u>\$ 530,576</u>	<u>\$ 592,779</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 495	-	\$ 3,188	\$ 3,683
Total liabilities	<u>-</u>	<u>495</u>	<u>-</u>	<u>3,188</u>	<u>3,683</u>
Fund Balances:					
Restricted					
Education, schools	30,581	-	-	-	30,581
Public safety	-	31,127	-	-	31,127
General government	-	-	-	527,388	527,388
Economic and physical development	-	-	-	-	-
	<u>30,581</u>	<u>31,127</u>	<u>-</u>	<u>527,388</u>	<u>589,096</u>
Total liabilities and fund balances	<u>\$ 30,581</u>	<u>\$ 31,622</u>	<u>\$ -</u>	<u>\$ 530,576</u>	<u>\$ 592,779</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, 2018**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 4,220,833	\$ -	\$ -	\$ 4,220,833
Intergovernmental	709,016	515,000	944,399	2,168,415
Miscellaneous	33,112	-	-	33,112
Interest	1,055	199	15	1,269
Total revenues	<u>4,964,016</u>	<u>515,199</u>	<u>944,414</u>	<u>6,423,629</u>
EXPENDITURES				
Current:				
General government	-	1,484,186	-	1,484,186
Public safety	3,254,499	476,523	-	3,731,022
Economic and physical development	819,496	-	-	819,496
Education	-	494,445	-	494,445
Debt service:				
Principal	-	-	4,181,450	4,181,450
Interest	-	-	749,781	749,781
Total expenditures	<u>4,073,995</u>	<u>2,455,154</u>	<u>4,931,231</u>	<u>11,460,380</u>
Excess of revenues over (under) expenditures	<u>890,021</u>	<u>(1,939,955)</u>	<u>(3,986,817)</u>	<u>(5,036,751)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	129,987	1,864,075	4,232,015	6,226,077
Transfers out	(792,304)	-	-	(792,304)
Total other financing sources (uses)	<u>(662,317)</u>	<u>1,864,075</u>	<u>4,232,015</u>	<u>5,433,773</u>
Net change in fund balances	227,704	(75,880)	245,198	397,022
FUND BALANCES:				
Beginning	<u>1,586,448</u>	<u>664,976</u>	<u>155,992</u>	<u>2,407,416</u>
Ending	<u>\$ 1,814,152</u>	<u>\$ 589,096</u>	<u>\$ 401,190</u>	<u>\$ 2,804,438</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, 2018**

	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	Stream Debris Removal Project	CDBG-DR Active Disaster Grants Fund	Flood Mitigation Assist 2016-006	Flood Mitigation Assist 2016-014	Totals
REVENUES											
Taxes	\$ 3,145,547	\$ -	\$ 1,075,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,220,833
Intergovernmental	-	123,151	-	35,856	192,400	357,609	-	-	-	-	709,016
Miscellaneous	-	-	-	-	-	33,112	-	-	-	-	33,112
Interest	-	793	262	-	-	-	-	-	-	-	1,055
Total revenues	<u>3,145,547</u>	<u>123,944</u>	<u>1,075,548</u>	<u>35,856</u>	<u>192,400</u>	<u>390,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,964,016</u>
EXPENDITURES											
Current:											
Public safety	3,090,567	163,932	-	-	-	-	-	-	-	-	3,254,499
Economic and physical development	-	-	137,410	29,990	74,555	435,834	113,045	1,152	14,435	13,075	819,496
Total expenditures	<u>3,090,567</u>	<u>163,932</u>	<u>137,410</u>	<u>29,990</u>	<u>74,555</u>	<u>435,834</u>	<u>113,045</u>	<u>1,152</u>	<u>14,435</u>	<u>13,075</u>	<u>4,073,995</u>
Excess of revenues over (under) expenditures	<u>54,980</u>	<u>(39,988)</u>	<u>938,138</u>	<u>5,866</u>	<u>117,845</u>	<u>(45,113)</u>	<u>(113,045)</u>	<u>(1,152)</u>	<u>(14,435)</u>	<u>(13,075)</u>	<u>890,021</u>
OTHER FINANCING SOURCES (USES)											
Transfers in (out):											
To General Fund	-	-	(792,304)	-	-	-	-	-	-	-	(792,304)
From County Reserve Fund	-	-	-	-	-	-	50,230	-	-	-	50,230
From General Fund	79,757	-	-	-	-	-	-	-	-	-	79,757
Total other financing sources (uses)	<u>79,757</u>	<u>-</u>	<u>(792,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(662,317)</u>
Net change in fund balances	134,737	(39,988)	145,834	5,866	117,845	(45,113)	(62,815)	(1,152)	(14,435)	(13,075)	227,704
FUND BALANCES:											
Beginning	<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,448</u>
Ending	<u>\$ 956,975</u>	<u>\$ 444,498</u>	<u>\$ 562,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,013)</u>	<u>\$ (62,815)</u>	<u>\$ (1,152)</u>	<u>\$ (14,435)</u>	<u>\$ (13,075)</u>	<u>\$ 1,814,152</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2018**

	School Capital Fund	Animal Shelter Project Fund	Executive Parkway Extension	ERP Software Replace Phase One	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 515,000	\$ -	\$ 515,000
Interest income	127	-	-	72	199
Total revenue	127	-	515,000	72	515,199
EXPENDITURES					
Economic and physical development	-	-	699,145	785,041	1,484,186
Public Safety	-	476,523	-	-	476,523
Education	494,445	-	-	-	494,445
Total expenditures	494,445	476,523	699,145	785,041	2,455,154
Excess of revenues under expenditures	(494,318)	(476,523)	(184,145)	(784,969)	(1,939,955)
OTHER FINANCING SOURCES					
Transfers in	520,000	-	31,718	1,312,357	1,864,075
Transfers out	-	-	-	-	-
Total other financing sources	520,000	-	31,718	1,312,357	1,864,075
Net change in fund balances	25,682	(476,523)	(152,427)	527,388	(75,880)
FUND BALANCES					
Beginning	4,899	507,650	152,427	-	664,976
Ending	\$ 30,581	\$ 31,127	\$ -	\$ 527,388	\$ 589,096

SPECIAL REVENUE FUNDS

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

The following comprise the County's Special Revenue Funds:

- **Fire District Funds** – The Fire District Funds are used to account for the County's collection of tax revenues and related expenditures for each of the 11 fire districts.
- **Emergency Telephone System Fund** – The Emergency Telephone System E-911 Fund is used to account for the revenues and expenditures related to the emergency 911 system.
- **Occupancy Tax Fund** – The Occupancy Tax Fund is used to account for the receipt of occupancy tax legally restricted to be used for a convention center in New Bern, NC and a tourist center in Havelock, NC.
- **Flood Mitigation Assistance Grant 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.
- **Stream Debris Removal Project Fund** – These funds are allocated for the cutting and removing woody and non-woody debris from the targeted stream channels, which impede or potentially impedes water flow during rain events. This program has helped alleviate the severity and duration of flooding caused by upstream discharge.
- **Community Development Block Grant Disaster Recovery (CDBG-DR)** – As a result of Hurricane Matthew, the State of North Carolina made funds available to help low to moderate-income households recover from the storm. These funds will help six to seven household rehabilitate and/or elevate their homes.
- **Flood Mitigation Assistance Grant 2016 – 006** – As part of the County's ongoing hazard mitigation activities, the County applied for and received Federal Emergency Management Agency funds to elevate 3 residential structures to help reduce future flood losses to these properties.
- **Flood Mitigation Assistance Grant 2016 – 014** – As part of the County's ongoing hazard mitigation activities, the County applied for and received Federal Emergency Management Agency funds to elevate 2 residential structures to help reduce future flood losses to these properties.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2018**

	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	\$ 55,697	\$ 77,079	\$ 224,915	\$ 30,243	\$ 28,508	\$ 39,199	\$ 105,764	\$ 41,576	\$ 85,495	\$ 31,881	\$ 2,998	\$ 723,355
Taxes receivable	1,738	3,413	4,798	2,220	3,406	4,979	1,857	3,029	918	3,060	456	29,874
Accounts receivable	19,502	18,190	38,421	11,891	19,126	25,970	23,338	30,241	29,353	16,828	757	233,617
Total assets	\$ 76,937	\$ 98,682	\$ 268,134	\$ 44,354	\$ 51,040	\$ 70,148	\$ 130,959	\$ 74,846	\$ 115,766	\$ 51,769	\$ 4,211	\$ 986,846
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES												
Deferred inflows of resources:												
Unavailable revenue - taxes	\$ 1,739	\$ 3,412	\$ 4,798	\$ 2,219	\$ 3,406	\$ 4,978	\$ 1,856	\$ 3,029	\$ 918	\$ 3,060	\$ 456	\$ 29,871
Total deferred inflows of resources	1,739	3,412	4,798	2,219	3,406	4,978	1,856	3,029	918	3,060	456	29,871
Fund Balances:												
Restricted:												
Stabilization by state statute	19,502	18,190	38,421	11,891	19,126	25,970	23,338	30,241	29,353	16,828	757	233,617
Public safety	55,696	77,080	224,915	30,244	28,508	39,200	105,765	41,576	85,495	31,881	2,998	723,358
Total fund balances	75,198	95,270	263,336	42,135	47,634	65,170	129,103	71,817	114,848	48,709	3,755	956,975
Total liabilities, deferred inflows of resources and fund balances	\$ 76,937	\$ 98,682	\$ 268,134	\$ 44,354	\$ 51,040	\$ 70,148	\$ 130,959	\$ 74,846	\$ 115,766	\$ 51,769	\$ 4,211	\$ 986,846

GRAVEN COUNTY, NORTH CAROLINA

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL FIRE DISTRICT FUNDS
For the Fiscal Year Ended June 30, 2018**

	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	\$ 208,016	\$ 184,335	\$ 341,423	\$ 129,084	\$ 197,016	\$ 262,453	\$ 233,154	\$ 372,598	\$ 287,431	\$ 169,562	\$ 6,883	\$ 2,391,955
Sales and use tax	64,053	58,793	129,607	38,441	61,241	84,270	74,045	95,139	94,072	51,592	2,339	753,592
Total revenues	<u>272,069</u>	<u>243,128</u>	<u>471,030</u>	<u>167,525</u>	<u>258,257</u>	<u>346,723</u>	<u>307,199</u>	<u>467,737</u>	<u>381,503</u>	<u>221,154</u>	<u>9,222</u>	<u>3,145,547</u>
EXPENDITURES												
Remittances to fire districts	209,268	203,677	468,934	193,991	251,635	346,725	270,000	456,074	382,851	205,886	-	2,989,041
Workers' compensation	3,170	4,030	3,640	2,795	5,801	2,665	2,340	8,385	3,835	3,640	-	40,301
Capital outlay	-	-	-	-	48,974	-	-	-	-	-	-	48,974
Miscellaneous	1,223	975	976	976	2,607	1,221	1,220	1,299	976	778	-	12,251
Total expenditures	<u>213,661</u>	<u>208,682</u>	<u>473,550</u>	<u>197,762</u>	<u>309,017</u>	<u>350,611</u>	<u>273,560</u>	<u>465,758</u>	<u>387,662</u>	<u>210,304</u>	<u>-</u>	<u>3,090,567</u>
Excess of revenues over (under) expenditures	58,408	34,446	(2,520)	(30,237)	(50,760)	(3,888)	33,639	1,979	(6,159)	10,850	9,222	54,980
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	-	-	-	24,834	48,972	5,951	-	-	-	-	-	79,757
Between fire districts	(38,484)	(13,627)	7,380	13,627	3,000	3,045	(3,045)	-	38,484	(3,000)	(7,380)	-
Total other financing sources (uses)	<u>(38,484)</u>	<u>(13,627)</u>	<u>7,380</u>	<u>38,461</u>	<u>51,972</u>	<u>8,996</u>	<u>(3,045)</u>	<u>-</u>	<u>38,484</u>	<u>(3,000)</u>	<u>(7,380)</u>	<u>79,757</u>
Net change in fund balances	19,924	20,819	4,860	8,224	1,212	5,108	30,594	1,979	32,325	7,850	1,842	134,737
FUND BALANCES												
Beginning	55,274	74,451	258,476	33,911	46,422	60,062	98,509	69,838	82,523	40,859	1,913	822,238
Ending	<u>\$ 75,198</u>	<u>\$ 95,270</u>	<u>\$ 263,336</u>	<u>\$ 42,135</u>	<u>\$ 47,634</u>	<u>\$ 65,170</u>	<u>\$ 129,103</u>	<u>\$ 71,817</u>	<u>\$ 114,848</u>	<u>\$ 48,709</u>	<u>\$ 3,755</u>	<u>\$ 956,975</u>

**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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 200,459	\$ 208,016	\$ 7,557
Sales and use tax	62,010	64,053	2,043
Total revenues	<u>262,469</u>	<u>272,069</u>	<u>9,600</u>
EXPENDITURES			
Remittances to fire districts	209,268	209,268	-
Workers' compensation	3,170	3,170	-
Capital outlay	10,674	-	10,674
Miscellaneous	1,222	1,223	(1)
Total expenditures	<u>224,334</u>	<u>213,661</u>	<u>10,673</u>
Excess of revenue over expenditures	<u>38,135</u>	<u>58,408</u>	<u>20,273</u>
OTHER FINANCING USES			
Transfers out:			
To West New Bern Fire District	(38,484)	(38,484)	-
Total other financing uses	<u>(38,484)</u>	<u>(38,484)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(349)	19,924	20,273
Appropriated fund balance	<u>349</u>	<u>-</u>	<u>(349)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>19,924</u>	<u>\$ 19,924</u>
FUND BALANCE			
Beginning		<u>55,274</u>	
Ending		<u>\$ 75,198</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 182,865	\$ 184,335	\$ 1,470
Sales and use tax	56,707	58,793	2,086
Total revenues	<u>239,572</u>	<u>243,128</u>	<u>3,556</u>
EXPENDITURES			
Remittances to fire districts	203,677	203,677	-
Workers' compensation	4,225	4,030	195
Capital outlay	17,097	-	17,097
Miscellaneous	976	975	1
Total expenditures	<u>225,975</u>	<u>208,682</u>	<u>17,293</u>
Excess of revenue over expenditures	<u>13,597</u>	<u>34,446</u>	<u>20,849</u>
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(13,627)	(13,627)	-
Total other financing uses	<u>(13,627)</u>	<u>(13,627)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(30)	20,819	20,849
Appropriated fund balance	<u>30</u>	<u>-</u>	<u>(30)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,819</u>	<u>\$ 20,819</u>
FUND BALANCE			
Beginning		<u>74,451</u>	
Ending		<u>\$ 95,270</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 341,485	\$ 341,423	\$ (62)
Sales and use tax	126,061	129,607	3,546
Total revenues	<u>467,546</u>	<u>471,030</u>	<u>3,484</u>
EXPENDITURES			
Remittances to fire districts	468,933	468,934	(1)
Workers' compensation	4,745	3,640	1,105
Capital outlay	302	-	302
Miscellaneous	976	976	-
Total expenditures	<u>474,956</u>	<u>473,550</u>	<u>1,406</u>
Excess of revenue over (under) expenditures	<u>(7,410)</u>	<u>(2,520)</u>	<u>4,890</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	(30)	4,860	4,890
Appropriated fund balance	<u>30</u>	<u>-</u>	<u>(30)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>4,860</u>	<u>\$ 4,860</u>
FUND BALANCE			
Beginning		<u>258,476</u>	
Ending		<u>\$ 263,336</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 129,905	\$ 129,084	\$ (821)
Sales and use tax	38,249	38,441	192
Total revenues	<u>168,154</u>	<u>167,525</u>	<u>(629)</u>
EXPENDITURES			
Remittances to fire districts	194,152	193,991	161
Workers' compensation	3,055	2,795	260
Capital outlay	8,623	-	8,623
Miscellaneous	976	976	-
Total expenditures	<u>206,806</u>	<u>197,762</u>	<u>9,044</u>
Excess of revenue over (under) expenditures	<u>(38,652)</u>	<u>(30,237)</u>	<u>8,415</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	24,995	24,834	(161)
From Township No. 1 Fire District Fund	13,627	13,627	-
Total other financing sources	<u>38,622</u>	<u>38,461</u>	<u>(161)</u>
Excess of revenues and other financing sources over (under) expenditures	(30)	8,224	8,254
Appropriated fund balance	<u>30</u>	<u>-</u>	<u>(30)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,224</u>	<u>\$ 8,224</u>
FUND BALANCE			
Beginning		<u>33,911</u>	
Ending		<u>\$ 42,135</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 198,234	\$ 197,016	\$ (1,218)
Sales and use tax	59,463	61,241	1,778
Total revenues	<u>257,697</u>	<u>258,257</u>	<u>560</u>
EXPENDITURES			
Remittances to fire districts	251,830	251,635	195
Workers' compensation	6,955	5,801	1,154
Capital outlay	48,972	48,974	(2)
Miscellaneous	2,608	2,607	1
Total expenditures	<u>310,365</u>	<u>309,017</u>	<u>1,348</u>
Excess of revenue over (under) expenditures	<u>(52,668)</u>	<u>(50,760)</u>	<u>1,908</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	48,972	48,972	-
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>51,972</u>	<u>51,972</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(696)	1,212	1,908
Appropriated fund balance	<u>696</u>	<u>-</u>	<u>(696)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>1,212</u>	<u>\$ 1,212</u>
FUND BALANCE			
Beginning		<u>46,422</u>	
Ending		<u>\$ 47,634</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 260,511	\$ 262,453	\$ 1,942
Sales and use tax	81,067	84,270	3,203
Total revenues	<u>341,578</u>	<u>346,723</u>	<u>5,145</u>
EXPENDITURES			
Remittances to fire districts	346,726	346,725	1
Workers' compensation	2,665	2,665	-
Capital outlay	-	-	-
Miscellaneous	1,222	1,221	1
Total expenditures	<u>350,613</u>	<u>350,611</u>	<u>2</u>
Excess of revenue over (under) expenditures	<u>(9,035)</u>	<u>(3,888)</u>	<u>5,147</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	5,951	5,951	-
From Township No. 6	3,045	3,045	-
Total other financing sources	<u>8,996</u>	<u>8,996</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(39)	5,108	5,147
Appropriated fund balance	<u>39</u>	<u>-</u>	<u>(39)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>5,108</u>	<u>\$ 5,108</u>
FUND BALANCE			
Beginning		<u>60,062</u>	
Ending		<u>\$ 65,170</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 233,782	\$ 233,154	\$ (628)
Sales and use tax	71,315	74,045	2,730
Total revenues	<u>305,097</u>	<u>307,199</u>	<u>2,102</u>
EXPENDITURES			
Remittances to fire districts	270,000	270,000	-
Workers' compensation	3,900	2,340	1,560
Capital outlay	26,969	-	26,969
Miscellaneous	1,222	1,220	2
Total expenditures	<u>302,091</u>	<u>273,560</u>	<u>28,531</u>
Excess of revenue over expenditures	<u>3,006</u>	<u>33,639</u>	<u>30,633</u>
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(3,045)	(3,045)	-
Total other financing uses	<u>(3,045)</u>	<u>(3,045)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(39)	30,594	30,633
Appropriated fund balance	<u>39</u>	<u>-</u>	<u>(39)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>30,594</u>	<u>\$ 30,594</u>
FUND BALANCE			
Beginning		<u>98,509</u>	
Ending		<u>\$ 129,103</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 372,507	\$ 372,598	\$ 91
Sales and use tax	91,519	95,139	3,620
Total revenues	<u>464,026</u>	<u>467,737</u>	<u>3,711</u>
EXPENDITURES			
Remittances to fire districts	456,074	456,074	-
Workers' compensation	8,385	8,385	-
Miscellaneous	1,298	1,299	(1)
Total expenditures	<u>465,757</u>	<u>465,758</u>	<u>(1)</u>
Excess of revenue over (under) expenditures	<u>(1,731)</u>	<u>1,979</u>	<u>3,710</u>
Appropriated fund balance	<u>1,731</u>	<u>-</u>	<u>(1,731)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>1,979</u>	<u>\$ 1,979</u>
FUND BALANCE			
Beginning		<u>69,838</u>	
Ending		<u>\$ 71,817</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 289,081	\$ 287,431	\$ (1,650)
Sales and use tax	90,303	94,072	3,769
Total revenues	<u>379,384</u>	<u>381,503</u>	<u>2,119</u>
EXPENDITURES			
Remittances to fire districts	382,851	382,851	-
Workers' compensation	4,095	3,835	260
Capital outlay	29,976	-	29,976
Miscellaneous	976	976	-
Total expenditures	<u>417,898</u>	<u>387,662</u>	<u>30,236</u>
Excess of revenue over (under) expenditures	<u>(38,514)</u>	<u>(6,159)</u>	<u>32,355</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Rhems	38,484	38,484	-
Total other financing sources	<u>38,484</u>	<u>38,484</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	(30)	32,325	32,355
Appropriated fund balance	<u>30</u>	<u>-</u>	<u>(30)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>32,325</u>	<u>\$ 32,325</u>
FUND BALANCE			
Beginning		<u>82,523</u>	
Ending		<u>\$ 114,848</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 168,055	\$ 169,562	\$ 1,507
Sales and use tax	49,271	51,592	2,321
Total revenues	<u>217,326</u>	<u>221,154</u>	<u>3,828</u>
EXPENDITURES			
Remittances to fire districts	205,885	205,886	(1)
Workers' compensation	4,225	3,640	585
Capital outlay	3,463	-	3,463
Miscellaneous	778	778	-
Total expenditures	<u>214,351</u>	<u>210,304</u>	<u>4,047</u>
Excess of revenue over (under) expenditures	<u>2,975</u>	<u>10,850</u>	<u>7,875</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	(25)	7,850	7,875
Appropriated fund balance	<u>25</u>	<u>-</u>	<u>(25)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>7,850</u>	<u>\$ 7,850</u>
FUND BALANCE			
Beginning		<u>40,859</u>	
Ending		<u>\$ 48,709</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 7,002	\$ 6,883	\$ (119)
Sales and use tax	2,230	2,339	109
Total revenues	<u>9,232</u>	<u>9,222</u>	<u>(10)</u>
EXPENDITURES			
Capital outlay	<u>1,852</u>	-	1,852
Excess of revenues over (under) expenditures	<u>7,380</u>	9,222	<u>(1,862)</u>
OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	<u>(7,380)</u>	<u>(7,380)</u>	-
Total other financing uses	<u>(7,380)</u>	<u>(7,380)</u>	-
Excess of revenues under expenditures and other financing sources (uses)	<u>\$ -</u>	1,842	<u>\$ 1,842</u>
FUND BALANCE			
Beginning		<u>1,913</u>	
Ending		<u>\$ 3,755</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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 123,151	\$ 123,151	\$ -
Interest	1,000	793	(207)
Total revenues	<u>124,151</u>	<u>123,944</u>	<u>(207)</u>
EXPENDITURES			
Public safety	296,797	163,932	132,865
Total expenditures	<u>296,797</u>	<u>163,932</u>	<u>132,865</u>
Excess of revenue over (under) expenditures	(172,646)	(39,988)	132,658
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)	(172,646)	(39,988)	132,658
Appropriated fund balance	<u>172,646</u>	<u>-</u>	<u>(172,646)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(39,988)</u>	<u>\$ (39,988)</u>
FUND BALANCE			
Beginning		<u>484,486</u>	
Ending		<u><u>\$ 444,498</u></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, 2018**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 942,354	\$ 1,075,286	\$ 132,932
Interest	-	262	262
Total revenues	<u>942,354</u>	<u>1,075,548</u>	<u>133,194</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	150,000	137,383	(12,617)
Professional services	50	27	(23)
Total expenditures	<u>150,050</u>	<u>137,410</u>	<u>12,640</u>
Excess of revenue over expenditures	<u>792,304</u>	<u>938,138</u>	<u>145,834</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	(792,304)	(792,304)	-
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>145,834</u>	<u>\$ 145,834</u>
FUND BALANCE			
Beginning		<u>416,335</u>	
Ending		<u>\$ 562,169</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, 2018

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 1,852,299	\$ 1,816,443	\$ 35,856	\$ 1,852,299
Total revenue	<u>1,852,299</u>	<u>1,816,443</u>	<u>35,856</u>	<u>1,852,299</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	1,852,299	1,822,309	29,990	1,852,299
Total expenditures	<u>1,852,299</u>	<u>1,822,309</u>	<u>29,990</u>	<u>1,852,299</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (5,866)</u>	<u>5,866</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>(5,866)</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
FLOOD 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, 2018

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 716,863	\$ 380,494	\$ 192,400	\$ 572,894
Total revenue	<u>716,863</u>	<u>380,494</u>	<u>192,400</u>	<u>572,894</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	716,863	498,339	74,555	572,894
Total expenditures	<u>716,863</u>	<u>498,339</u>	<u>74,555</u>	<u>572,894</u>
Excess of revenues under expenditures	\$ -	\$ (117,845)	117,845	\$ -
FUND BALANCE				
Beginning			(117,845)	
Ending			<u>\$ -</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2018

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 815,721	\$ -	\$ 357,609	\$ 357,609
Owner Contributions		8,330	33,112	41,442
Total revenue	<u>815,721</u>	<u>8,330</u>	<u>390,721</u>	<u>399,051</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	815,721	21,230	435,834	457,064
Total expenditures	<u>815,721</u>	<u>21,230</u>	<u>435,834</u>	<u>457,064</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (12,900)</u>	<u>(45,113)</u>	<u>\$ (58,013)</u>
FUND BALANCE				
Beginning			<u>(12,900)</u>	
Ending			<u>\$ (58,013)</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2018

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 1,327,899	\$ -	\$ -	\$ -
Total revenue	<u>1,327,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	1,378,129	-	113,045	113,045
Total expenditures	<u>1,378,129</u>	<u>-</u>	<u>113,045</u>	<u>113,045</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Reserve fund	50,230		50,230	50,230
	<u>50,230</u>	<u>-</u>	<u>50,230</u>	<u>50,230</u>
Excess of revenues over (under) expenditures and other financing uses	\$ -	\$ -	(62,815)	\$ (62,815)
FUND BALANCE				
Beginning			-	
Ending			<u>\$ (62,815)</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2018

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

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2018**

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

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 348,099	\$ -	\$ -	\$ -
Total revenue	<u>348,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic and physical development:				
Expenditures	348,099	-	13,075	13,075
Total expenditures	<u>348,099</u>	<u>-</u>	<u>13,075</u>	<u>13,075</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(13,075)</u>	<u>\$ (13,075)</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ (13,075)</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, 2018**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 936,765	\$ 944,399	\$ 7,634
Interest	500	15	(485)
Total revenues	<u>937,265</u>	<u>944,414</u>	<u>7,149</u>
EXPENDITURES			
Principal	4,181,450	4,181,450	-
Interest and fiscal charges	751,636	749,781	1,855
Total expenditures	<u>4,933,086</u>	<u>4,931,231</u>	<u>1,855</u>
Excess of revenue under expenditures	<u>(3,995,821)</u>	<u>(3,986,817)</u>	<u>9,004</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	3,995,821	4,232,015	236,194
Total other financing sources	<u>3,995,821</u>	<u>4,232,015</u>	<u>236,194</u>
Excess of revenues over (under) expenditures and other financing sources	-	245,198	245,198
Appropriated fund balance	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>245,198</u>	<u>\$ 245,198</u>
FUND BALANCE			
Beginning		<u>155,992</u>	
Ending		<u>\$ 401,190</u>	

Craven County



CAPITAL PROJECT FUNDS

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

The following comprise the County's Capital Project Funds:

Major Fund:

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

Non-major Funds:

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

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

Craven County



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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ -	\$ 1,133,256	\$ 124,295	\$ 1,257,551
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	-	26,645,745	1,797,796	28,443,541
To General Fund	(1,732,730)	(173,685)	(158,331)	(332,016)
To Executive Parkway Extension	-	(173,242)	-	(173,242)
To Animal Shelter Project	-	(1,276,518)	-	(1,276,518)
To ERP Software Replace Phase 1	(859,135)	-	(859,135)	(859,135)
To Stream Debris Removal	(50,230)	-	(50,230)	(50,230)
Between closed projects	-	(15,786,345)	-	(15,786,345)
Total other financing sources (uses)	(2,642,095)	9,235,955	730,100	9,966,055
Excess of revenues over (under) other financing sources (uses)	(2,642,095)	10,369,211	854,395	11,223,606
Appropriated fund balance	2,642,095	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures	\$ -	\$ 10,369,211	854,395	\$ 11,223,606
FUND BALANCE				
Beginning			10,369,211	
Ending			\$ 11,223,606	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Budget	Actual	Variance Positive
REVENUES			
Interest	\$ -	\$ 127	\$ 127
Total revenues	<u>-</u>	<u>127</u>	<u>127</u>
EXPENDITURES			
Capital outlay:			
Public schools	520,000	494,445	25,555
Total expenditures	<u>520,000</u>	<u>494,445</u>	<u>25,555</u>
Excess of revenue under expenditures	<u>(520,000)</u>	<u>(494,318)</u>	<u>25,682</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	520,000	520,000	-
Total other financing sources	<u>520,000</u>	<u>520,000</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>25,682</u>	<u>\$ 25,682</u>
FUND BALANCE			
Beginning		<u>4,899</u>	
Ending		<u>\$ 30,581</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2018

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 1,276,518	\$ 768,868	\$ 476,523	\$ 1,245,391
Total expenditures	<u>1,276,518</u>	<u>768,868</u>	<u>476,523</u>	<u>1,245,391</u>
OTHER FINANCING SOURCES				
Transfers in:				
From Capital Reserve Fund	<u>1,276,518</u>	<u>1,276,518</u>	-	<u>1,276,518</u>
Total other financing sources	<u>1,276,518</u>	<u>1,276,518</u>	-	<u>1,276,518</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 507,650</u>	<u>(476,523)</u>	<u>\$ 31,127</u>
FUND BALANCE				
Beginning			<u>507,650</u>	
Ending			<u>\$ 31,127</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, 2018**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 515,000	\$ -	\$ 515,000	\$ 515,000
Total revenues	<u>515,000</u>	<u>-</u>	<u>515,000</u>	<u>515,000</u>
EXPENDITURES				
Capital outlay:				
Project construction	719,960	20,815	699,145	719,960
Total expenditures	<u>719,960</u>	<u>20,815</u>	<u>699,145</u>	<u>719,960</u>
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	31,718	-	31,718	31,718
From Capital Reserve Fund	173,242	173,242	-	173,242
Total other financing sources	<u>204,960</u>	<u>173,242</u>	<u>31,718</u>	<u>204,960</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 152,427</u>	<u>(152,427)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>152,427</u>	
Ending			<u>\$ -</u>	

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

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

From Inception and for the Fiscal Year Ended June 30, 2018

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ -	\$ -	\$ 72	\$ 72
Total revenues	-	-	72	72
EXPENDITURES				
Capital outlay:				
Project construction	1,312,357	-	785,041	785,041
Total expenditures	1,312,357	-	785,041	785,041
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	270,000	-	270,000	270,000
From Capital Reserve Fund	859,135	-	859,135	859,135
From Water Operating Fund	183,222	-	183,222	183,222
Total other financing sources	1,312,357	-	1,312,357	1,312,357
Excess of other financing sources over (under) expenditures	\$ -	\$ -	527,388	\$ 527,388
FUND BALANCE				
Beginning			-	
Ending			\$ 527,388	

ENTERPRISE FUNDS

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

The following comprise the County's Enterprise Funds:

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

- Craven County Water Fund (Major Fund)

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

- Northwest Craven Water and Sewer District

CRAVEN COUNTY, NORTH CAROLINA

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

June 30, 2018

	Craven County Water Operating Fund
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,104,993
Short-term investments	4,917,989
Accounts receivable, net of allowance for doubtful accounts	748,444
Prepays	<u>43,462</u>
Total current assets	<u>12,814,888</u>
Noncurrent assets:	
Restricted net pension asset	-
Capital assets:	
Land	947,354
Improvements other than buildings	30,026,555
Buildings	30,695,648
Machinery and equipment	434,625
Construction in progress	-
Accumulated depreciation	<u>(18,533,386)</u>
Total capital assets, net of accumulated depreciation	<u>43,570,796</u>
Total noncurrent assets	<u>43,570,796</u>
Total assets	<u>56,385,684</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>114,504</u>
LIABILITIES	
Current liabilities:	
Accounts payable	138,538
Due to other funds	-
Accrued salaries and benefits	33,896
Customer deposits payable	301,352
Compensated absences liability - current	33,102
Debt payable - current	808,950
Obligations under capital lease - current	<u>82,600</u>
Total current liabilities	<u>1,398,438</u>
Noncurrent liabilities	
Compensated absences liability	2,110
Net pension liability	128,865
Other postemployment benefit liability	179,730
Debt payable	14,561,095
Obligations under capital lease	<u>480,685</u>
Total noncurrent liabilities	<u>15,352,485</u>
Total liabilities	<u>16,750,923</u>
DEFERRED INFLOWS OF RESOURCES	<u>10,485</u>
NET POSITION	
Net investment in capital assets	27,637,466
Unrestricted	<u>12,101,314</u>
Total net position	<u>\$ 39,738,780</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, 2018**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,945,311	\$ -	\$ 3,945,311
Miscellaneous	112,402	-	112,402
Total operating revenues	<u>4,057,713</u>	<u>-</u>	<u>4,057,713</u>
OPERATING EXPENSES			
Cost of services	2,268,073	63,169	2,331,242
Depreciation	990,779	-	990,779
Total operating expenses	<u>3,258,852</u>	<u>63,169</u>	<u>3,322,021</u>
Operating income	<u>798,861</u>	<u>(63,169)</u>	<u>735,692</u>
NONOPERATING REVENUES & EXPENSES			
Interest income	55,344	3,308	58,652
Interest expense	(16,693)	-	(16,693)
Total nonoperating	<u>38,651</u>	<u>3,308</u>	<u>41,959</u>
Income before transfers	<u>837,512</u>	<u>(59,861)</u>	<u>777,651</u>
TRANSFERS IN (OUT):			
Between Water and Sewer funds	16,014,339	(16,014,339)	-
From General Fund	18,000	-	18,000
To Capital project fund-ERP Software Replace	(183,222)	-	(183,222)
To General Fund	(148,000)	-	(148,000)
Total transfers in (out)	<u>15,701,117</u>	<u>(16,014,339)</u>	<u>(313,222)</u>
Change in net position	<u>16,538,629</u>	<u>(16,074,200)</u>	<u>464,429</u>
Net position, beginning, previously reported	23,312,429	16,074,200	39,386,629
Restatement	(112,278)	-	(112,278)
	<u>23,200,151</u>	<u>16,074,200</u>	<u>39,274,351</u>
Net position, ending	<u>\$ 39,738,780</u>	<u>\$ -</u>	<u>\$ 39,738,780</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2018
(Page 1 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,600,000	\$ 3,776,898	\$ 176,898
Tap and permit fees	155,100	168,413	13,313
Miscellaneous	89,700	112,402	22,702
Total operating revenues	3,844,800	4,057,713	212,913
OPERATING EXPENDITURES			
Personnel services:			
Salaries	632,627	587,449	45,178
Employee benefits	220,468	201,344	19,124
Retirement	49,041	45,661	3,380
Professional services:			
Audit and accounting fees	2,283	1,538	745
Legal fees	1,650	1,635	15
Engineering fees	36,217	36,217	-
Contractual services	80,439	74,790	5,649
Operating supplies	26,000	23,302	2,698
Utilities	195,999	190,682	5,317
Maintenance and repairs:			
Systems	196,618	271,741	(75,123)
Building and grounds	85,326	85,325	1
Vehicle expense	65,568	65,566	2
Equipment	5,129	1,708	3,421
Insurance	59,231	59,230	1
Tap outlays	42,914	42,914	-
Telephone and postage	19,700	17,464	2,236
Lockbox	90,235	90,234	1
Chemical and lab work	185,000	152,752	32,248
Supplies	31,226	31,225	1
Capital outlay	525,491	100,523	424,968
Bad Debt Expenses	104,408	104,408	-
Miscellaneous	165,574	182,888	(17,314)
Total operating expenditures	2,821,144	2,368,596	452,548
Excess of operating revenues over operating expenditures	1,023,656	1,689,117	665,461
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	15,300	55,344	40,044
Interest paid	(19,891)	(16,693)	3,198
Principal payments	(889,065)	(889,064)	1
Total nonoperating revenues (expenditures)	(893,656)	(850,413)	43,243
Excess of revenues over expenditures	130,000	838,704	708,704

Continued

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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2018
(Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 18,000	\$ 18,000	\$ -
From Capital project fund-Castle Hayne Aquifer	-	16,014,339	16,014,339
To Capital project fund-ERP Software Replace	-	(183,222)	(183,222)
To General Fund	(148,000)	(148,000)	-
Total other financing sources (uses)	<u>(130,000)</u>	<u>15,701,117</u>	<u>15,831,117</u>
 Excess of revenues over (under) expenditures and other financing sources (uses)	 \$ -	 \$ 16,539,821	 \$ 16,539,821
 Appropriated fund balance	 -	 -	 -
 Revenues, other sources, and appropriated fund balance over (under) expenditures	 \$ -	 \$ 16,539,821	 \$ 16,539,821

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

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 16,539,821
Capital outlay	100,523
Payment on obligation under capital lease payable	889,064
Depreciation	<u>(990,779)</u>
 Change in net position, full accrual basis	 <u>\$ 16,538,629</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest revenue	\$ 34,418	\$ 31,108	\$ 3,308	\$ 34,416
Miscellaneous income	35,285	35,283	-	35,283
Total revenues	<u>69,703</u>	<u>66,391</u>	<u>3,308</u>	<u>69,699</u>
EXPENDITURES				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	25,408,423	25,252,890	155,531	25,408,421
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	1,151,018	1,187,847	(36,830)	1,151,017
Engineering	4,370,991	4,243,872	127,117	4,370,989
Total expenditures	<u>30,944,580</u>	<u>30,698,757</u>	<u>245,818</u>	<u>30,944,575</u>
Excess of revenues under expenditures	<u>(30,874,877)</u>	<u>(30,632,366)</u>	<u>(242,510)</u>	<u>(30,874,876)</u>
OTHER FINANCING SOURCES				
Installment loan proceeds	16,178,995	16,178,995	-	16,178,995
Transfers in (out):				
From Craven County Water Operating Fund	16,007,809	16,007,809	-	16,007,809
To Water Operating Fund	<u>(1,311,927)</u>	<u>-</u>	<u>(16,014,339)</u>	<u>(16,014,339)</u>
Total other financing sources	<u>30,874,877</u>	<u>32,186,804</u>	<u>(16,014,339)</u>	<u>16,172,465</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,554,438</u>	<u>\$ (16,256,849)</u>	<u>\$ (14,702,411)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (16,256,849)	
Capital outlay			182,649	
Issuance of installment loan			-	
Change in net position, full accrual basis			<u>\$ (16,074,200)</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, 2018**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 19,891	\$ 16,693	\$ (3,198)
Interest paid	(19,891)	(16,693)	3,198
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, 2018**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 6,750,500	\$ 5,606,064	\$ (1,144,436)
Miscellaneous	140,000.00	192,759	52,759
Total revenues	<u>6,890,500</u>	<u>5,798,823</u>	<u>(1,091,677)</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>6,898,500</u>	<u>6,515,997</u>	<u>382,503</u>
Excess of operating revenues under operating expenditures	(8,000)	(717,174)	(709,174)
NONOPERATING REVENUES			
Interest income	<u>8,000</u>	<u>4,926</u>	<u>(3,074)</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>\$ (712,248)</u>	<u>\$ (712,248)</u>

Craven County



AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

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

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

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

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS**

June 30, 2018

	<u>Social Services Trust Fund</u>
ASSETS	
Cash	<u>\$ 82,112</u>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 82,112</u>

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Social Services Trust Fund:				
Assets, cash and investments	\$ 73,287	\$ 8,825	\$ -	\$ 82,112
Liabilities, accounts payable and accrued liabilities	\$ 73,287	\$ 8,825	\$ -	\$ 82,112
Deed of Trust Fund:				
Assets, cash and investments	\$ -	\$ 71,901	\$ 66,203	\$ 5,698
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 71,901	\$ 66,203	\$ 5,698
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 19,982,913	\$ 19,982,913	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 19,982,913	\$ 19,982,913	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 73,287	\$ 20,063,639	\$ 20,049,116	\$ 87,810
Liabilities, accounts payable and accrued liabilities	\$ 73,287	\$ 20,063,639	\$ 20,049,116	\$ 87,810

**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, 2018**

ASSETS

Cash and cash equivalents	\$ 193,169
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LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$ 912
Total liabilities	<u>912</u>

Net position:

Unrestricted	\$ 192,257
Total net position	<u>192,257</u>

Total liabilities and net position	<u>\$ 193,169</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, 2018**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 578,000	\$ 569,582	\$ (8,418)
Interest	450	397	(53)
Miscellaneous	9,700	148	(9,552)
Total revenues	<u>588,150</u>	<u>570,127</u>	<u>(18,023)</u>
EXPENDITURES			
Economic development	<u>588,150</u>	<u>587,520</u>	630
Excess of revenues over (under) expenditures	-	(17,393)	(17,393)
Fund balance appropriated	<u>9,700</u>	-	9,700
Net change in net position	9,700	(17,393)	(7,693)
NET POSITION			
Beginning	<u>160,000</u>	<u>209,650</u>	49,650
Ending	<u>\$ 169,700</u>	<u>\$ 192,257</u>	<u>\$ 22,557</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over expenditures, modified accrual basis, above		<u>\$ (17,393)</u>	
Change in net position, full accrual basis		<u>\$ (17,393)</u>	

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

**COMBINING STATEMENT OF NET POSITION
June 30, 2018**

	Airport Authority Operating Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements Project Fund	Airport Reserve Fund	Totals
ASSETS								
Cash and cash equivalents	\$ 2,705,201	\$ 4,355	\$ 40,441	\$ 22,633	\$ -	\$ 653,162	\$ 609,745	\$ 4,035,537
Accounts receivable	269,548	7,328	-	118,461	-	-	9,000	404,337
Prepays	395	-	-	-	-	-	-	395
	<u>2,975,144</u>	<u>11,683</u>	<u>40,441</u>	<u>141,094</u>	<u>-</u>	<u>653,162</u>	<u>618,745</u>	<u>4,440,269</u>
Capital assets:								
Land	9,649,508	1,155,319	-	2,466,854	346,365	-	-	13,618,046
Buildings	9,450,092	-	-	-	-	-	-	9,450,092
Improvements other than buildings	29,741,453	-	-	-	-	-	-	29,741,453
Machinery and equipment	2,207,237	-	-	-	-	-	-	2,207,237
Accumulated depreciation	(19,574,294)	-	-	-	-	-	-	(19,574,294)
Capital assets, net of accumulated depreciation	<u>31,473,996</u>	<u>1,155,319</u>	<u>-</u>	<u>2,466,854</u>	<u>346,365</u>	<u>-</u>	<u>-</u>	<u>35,442,534</u>
Total assets	<u>34,449,140</u>	<u>1,167,002</u>	<u>40,441</u>	<u>2,607,948</u>	<u>346,365</u>	<u>653,162</u>	<u>618,745</u>	<u>39,882,803</u>
DEFERRED OUTFLOWS OF RESOURCES	96,214	-	-	-	-	-	-	96,214
LIABILITIES								
Accounts payable	92,543	4,322	-	131,246	17,289	-	-	245,400
Accrued salaries and benefits	77,375	-	-	-	-	-	-	77,375
Net pension liability	72,567	-	-	-	-	-	-	72,567
Other postemployment benefit obligation	193,555	-	-	-	-	-	-	193,555
Total liabilities	<u>436,040</u>	<u>4,322</u>	<u>-</u>	<u>131,246</u>	<u>17,289</u>	<u>-</u>	<u>-</u>	<u>588,897</u>
DEFERRED INFLOWS OF RESOURCES	10,616	-	-	-	-	-	-	10,616
NET POSITION								
Net investment in capital assets	31,473,996	1,150,997	-	2,335,608	329,076	-	-	35,289,677
Unrestricted	2,624,702	11,683	40,441	141,094	-	653,162	618,745	4,089,827
Total net position	<u>\$ 34,098,698</u>	<u>\$ 1,162,680</u>	<u>\$ 40,441</u>	<u>\$ 2,476,702</u>	<u>\$ 329,076</u>	<u>\$ 653,162</u>	<u>\$ 618,745</u>	<u>\$ 39,379,504</u>
Total liabilities and net position	<u>\$ 34,545,354</u>	<u>\$ 1,167,002</u>	<u>40,441</u>	<u>2,607,948</u>	<u>346,365</u>	<u>653,162</u>	<u>\$ 618,745</u>	<u>\$ 39,979,017</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, 2018**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES									
Charges for services	\$ 1,890,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,890,763
Passenger facility fee	475,274	-	-	-	-	-	-	-	475,274
Total revenues	<u>2,366,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,366,037</u>
OPERATING EXPENSES									
Cost of sales and services	2,138,042	-	-	-	-	-	-	-	2,138,042
Depreciation and amortization	1,131,947	-	-	-	-	-	-	-	1,131,947
Total operating expenses	<u>3,269,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,269,989</u>
Operating loss	(903,952)	-	-	-	-	-	-	-	(903,952)
NONOPERATING REVENUES (EXPENSES)									
Interest income	6,451	-	-	-	-	-	-	1,486	7,937
Total nonoperating revenues	<u>6,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486</u>	<u>7,937</u>
Income (Loss) before transfers	(897,501)	-	-	-	-	-	-	1,486	(896,015)
Transfers in (out) Airport Funds	483,939	(853,609)	63,696	40,441	256,533	-	-	9,000	-
Capital contributions - federal and state grants	110,490	-	200,605	-	2,220,169	329,076	653,162	-	3,513,502
Change in net position	<u>(303,072)</u>	<u>(853,609)</u>	<u>264,301</u>	<u>40,441</u>	<u>2,476,702</u>	<u>329,076</u>	<u>653,162</u>	<u>10,486</u>	<u>2,617,487</u>
Net position, beginning, previously reported	34,543,530	853,609	898,379	-	-	-	-	608,259	36,903,777
Restatement	(141,760)	-	-	-	-	-	-	-	(141,760)
Net position, beginning	<u>34,401,770</u>	<u>853,609</u>	<u>898,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,259</u>	<u>36,762,017</u>
Net position, ending	<u>\$ 34,098,698</u>	<u>\$ -</u>	<u>1,162,680</u>	<u>\$ 40,441</u>	<u>2,476,702</u>	<u>329,076</u>	<u>653,162</u>	<u>618,745</u>	<u>\$ 39,379,504</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, 2018
(Page 1 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES									
Receipts from customers and users	\$ 1,848,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,848,746
Receipts from passenger facility fees	475,274	-	-	-	-	-	-	-	475,274
Payments to suppliers	(1,081,063)	-	-	-	-	-	-	-	(1,081,063)
Payments to employees	(1,013,244)	-	-	-	-	-	-	-	(1,013,244)
Net cash provided by (used in) operating activities	229,713	-	-	-	-	-	-	-	229,713
CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition & construction of capital assets	(274,260)	2,442	(188,957)	-	(2,338,996)	(329,076)	-	(9,000)	(3,137,847)
Receipts from capital grants	110,490	-	200,605	-	2,220,169	329,076	653,162	-	3,513,502
Net cash provided by (used in) capital and related financing activities	(163,770)	2,442	11,648	-	(118,827)	-	653,162	(9,000)	375,655
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES									
Transfers in	(21,649)	-	-	40,441	256,533	-	-	9,000	284,325
Transfers out	(305,975)	(37,110)	-	-	-	-	-	-	(343,085)
Net cash provided by (used in) noncapital financing activities	(327,624)	(37,110)	-	40,441	256,533	-	-	9,000	(58,760)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on cash and investments	6,451	-	-	-	-	-	-	1,486	7,937
Net cash provided by investing activities	6,451	-	-	-	-	-	-	1,486	7,937
Net increase (decrease) in cash and cash equivalents	(255,230)	(34,668)	11,648	40,441	137,706	-	653,162	1,486	554,545
CASH AND CASH EQUIVALENTS									
Beginning	2,960,431	34,668	-	-	-	-	-	608,259	3,603,358
Ending	\$ 2,705,201	\$ -	\$ 11,648	\$ 40,441	\$ 137,706	\$ -	\$ 653,162	\$ 609,745	\$ 4,157,903

Continued

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

**COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018
(Page 2 of 2)**

	Airport Authority Operating Fund	Airport Improvement Program No. 38 Project Fund	Airport Improvement Program No. 39 Project Fund	Airport Improvement Program No. 40 Project Fund	Airport Improvement Program No. 41 Project Fund	Runway Pavement Rehabilitation Project Fund	Airfield Improvements Project Fund	Airport Reserve Fund	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:									
Operating loss	\$ (903,952)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (903,952)
Adjustments to reconcile operating loss to net cash provided by operating activities:									
Depreciation and amortization	1,131,947	-	-	-	-	-	-	-	1,131,947
Change in assets and liabilities, and deferred outflows and inflows of resources:									
Accounts receivable	(42,017)	-	-	-	-	-	-	-	(42,017)
Prepays	(120)	-	-	-	-	-	-	-	(120)
Decrease in deferred outflows of resources-pension	7,108	-	-	-	-	-	-	-	7,108
Decrease in net pension liability	(20,180)	-	-	-	-	-	-	-	(20,180)
Increase in deferred inflow of resources-pension	7,366	-	-	-	-	-	-	-	7,366
Accounts payable and accrued expenses	49,561	-	-	-	-	-	-	-	49,561
Net cash provided by (used in) operating activities	\$ 229,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,713

**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, 2018
(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,372,003	\$ 1,890,763	\$ (481,240)
Passenger Facility Fee	475,276	475,274	(2)
Total operating revenue	<u>2,847,279</u>	<u>2,366,037</u>	<u>(481,242)</u>
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	922,483	831,953	90,530
Employee benefits	149,912	134,994	14,918
Retirement	54,213	48,286	5,927
Professional Services:			
Audit and accounting fees	2,500	1,131	1,369
Legal fees	47,702	45,101	2,601
Contractual services	496,153	463,836	32,317
Operating supplies	68,000	38,701	29,299
Utilities	169,215	169,211	4
Maintenance and repairs:			
Building and grounds	120,365	81,161	39,204
Vehicle expense	29,500	26,126	3,374
Insurance	115,500	107,801	7,699
Telephone and postage	13,000	11,220	1,780
Capital outlay	426,166	274,260	151,906
Board Member fees	14,460	11,463	2,997
Miscellaneous	72,793	62,965	9,828
Travel/Training	36,500	21,858	14,642
Advertising	84,000	71,101	12,899
Dues and subscriptions	12,110	11,134	976
Total operating expenditures	<u>2,834,572</u>	<u>2,412,302</u>	<u>422,270</u>
Excess of operating revenues over (under) operating expenditures	<u>12,707</u>	<u>(46,265)</u>	<u>(903,512)</u>
NONOPERATING REVENUES			
Interest income	3,875	6,451	2,576
Capital Contributions - intergovernmental grants	99,000	110,490	11,490
Total nonoperating revenues	<u>102,875</u>	<u>116,941</u>	<u>14,066</u>
Excess of revenues over expenditures	<u>115,582</u>	<u>70,676</u>	<u>(44,906)</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, 2018
(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 650,392	\$ 789,914	\$ 139,522
To airport project funds	(765,974)	(305,975)	459,999
Total other financing sources (uses)	<u>(115,582)</u>	<u>483,939</u>	<u>599,521</u>
Excess revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 554,615</u>	<u>\$ 554,615</u>

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

Excess revenues over expenditures and other financing sources, modified accrual basis, above	\$ 554,615
Capital outlay	274,260
Depreciation	<u>(1,131,947)</u>
Change in net position, full accrual basis	<u><u>\$ (303,072)</u></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, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 924,212	\$ 924,210	\$ -	\$ 924,210
Total revenues	924,212	924,210	-	924,210
EXPENDITURES				
Capital outlay:				
Administrative	849	87	762	849
Vehicle	32,000	32,000	-	32,000
Land	179,521	179,521	-	179,521
Construction	814,532	814,530	-	814,530
Total expenditures	1,026,902	1,026,138	762	1,026,900
Excess of revenues over (under) expenditures	(102,690)	(101,928)	(762)	(102,690)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	139,800	139,800	-	139,800
To Airport Operating Fund	(37,110)	(210,400)	(853,609)	(1,064,009)
Total other financing sources	102,690	(70,600)	(853,609)	(924,209)
Excess of other financing sources (uses) under expenditures	\$ -	\$ (172,528)	\$ (854,371)	\$ (1,026,899)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ (854,371)	
Capital outlay			762	
Change in net position, full accrual basis			\$ (853,609)	

**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, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,106,036	\$ 839,182	\$ 200,605	\$ 1,039,787
Total revenues	<u>1,106,036</u>	<u>839,182</u>	<u>200,605</u>	<u>1,039,787</u>
EXPENDITURES				
Capital outlay:				
Administrative	1,000	34	501	535
Construction	1,227,929	845,829	308,955	1,154,784
Total expenditures	<u>1,228,929</u>	<u>845,863</u>	<u>309,456</u>	<u>1,155,319</u>
Excess of revenues over (under) expenditures	<u>(122,893)</u>	<u>(6,681)</u>	<u>(108,851)</u>	<u>(115,532)</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>59,197</u>	<u>63,696</u>	<u>122,893</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ 52,516</u>	<u>\$ (45,155)</u>	<u>\$ 7,361</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (45,155)	
Capital outlay			<u>309,456</u>	
Change in net position, full accrual basis			<u>\$ 264,301</u>	

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2018**

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

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 2,308,798	\$ -	\$ 2,220,169	\$ 2,220,169
Total revenues	2,308,798	-	2,220,169	2,220,169
EXPENDITURES				
Capital outlay:				
Administrative	1,000	-	-	-
Construction	2,564,331	-	2,536,894	2,536,894
Total expenditures	2,565,331	-	2,536,894	2,536,894
Excess of revenues over (under) expenditures	(256,533)	-	(316,725)	(316,725)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	256,533	-	256,533	256,533
Total other financing sources (uses)	256,533	-	256,533	256,533
Excess of other financing sources (uses) under expenditures	\$ -	\$ -	\$ (60,192)	\$ (60,192)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (60,192)	
Capital outlay			2,536,894	
Change in net position, full accrual basis			\$ 2,476,702	

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

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2018**

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

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRFIELD IMPROVEMENTS 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, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 653,162	\$ -	\$ 653,162	\$ 653,162
Total revenues	<u>653,162</u>	<u>-</u>	<u>653,162</u>	<u>653,162</u>
EXPENDITURES				
Capital outlay:				
Administrative	-	-	-	-
Construction	653,162	-	-	-
Total expenditures	<u>653,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>653,162</u>	<u>653,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	-	-	-	-
To Airport Operating Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,162</u>	<u>\$ 653,162</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 653,162	
Capital outlay			<u>-</u>	
Change in net position, full accrual basis			<u>\$ 653,162</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, 2018**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 41,345	\$ 1,486	\$ 42,831
Total revenues	-	41,345	1,486	42,831
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	(642,287)	-	(642,287)
From Airport Operating Fund	-	1,209,201	9,000	1,218,201
Total other financing sources (uses)	-	566,914	9,000	575,914
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 608,259	\$ 10,486	\$ 618,745
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 10,486	
Change in net position, full accrual basis			\$ 10,486	

**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, 2018**

	<u>2018</u>		<u>2017</u>
Governmental funds capital assets:			
Land	\$ 9,904,609	\$	9,872,264
Buildings	67,242,332		67,242,332
Other Improvements	17,174,341		15,946,525
Equipment & Vehicles	13,488,856		12,580,876
Construction in Progress	2,011,837		736,744
	<hr/>		<hr/>
Total governmental funds capital assets	\$ 109,821,975	\$	106,378,741
	<hr/> <hr/>		<hr/> <hr/>
Investment in governmental funds capital assets by source:			
General Fund	\$ 20,185,380	\$	17,462,106
Capital Projects	79,465,661		78,745,701
Prior to June, 1992*	10,170,934		10,170,934
	<hr/>		<hr/>
Total invest.in governmental funds capital assets	\$ 109,821,975	\$	106,378,741
	<hr/> <hr/>		<hr/> <hr/>

*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, 2018**

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
General Government:					
0101 Commissioners				10,726	\$ 10,726
0201 Administration				-	-
0301 Personnel				-	-
0401 Information Technology			2,623,099	1,042,753	3,665,852
0404 GIS			89,304	24,072	113,376
0501 Finance				23,313	23,313
0560 Non Department				23,855	23,855
0601 Elections				275,346	275,346
0801 Tax Assessor				5,635	5,635
0804 Tax Assessor -Mapping				-	-
0805 Tax Assessor -Appraisal				321,877	321,877
0901 Tax Collections				17,841	17,841
0904 Tax Assessor -GIS				-	-
1001 Register of Deeds				38,139	38,139
1201 Public Buildings	4,693,687	9,066,226	768,386	257,794	14,786,093
1212 Housekeeping				23,962	23,962
1301 Court Facilities	126,790	4,604,270	1,614,721	175,602	6,521,383
1401 Maintenance		57,000	500	192,532	250,032
1501 Central Maintenance				33,204	33,204
Total General Government	\$ 4,820,477	\$ 13,727,496	\$ 5,096,010	\$ 2,466,651	\$ 26,110,634
Public Safety:					
2001 Sheriff			\$ 727,327	2,601,583	\$ 3,328,910
2008 Jail	1,718,426	30,856,746	25,000	190,566	32,790,738
2315 Communications			14,000	321,404	335,404
2301 Emergency Services				569,711	569,711
2401 Inspections				75,249	75,249
2501 E 911			1,342,796	970,224	2,313,020
2601 Animal Control		401,288	2,997	215,447	619,732
Total Public Safety	\$ 1,718,426	\$ 31,258,034	\$ 2,112,120	\$ 4,944,184	\$ 40,032,764
Environmental Protection:					
3101 Environmental Health		\$ 26,948		325,966	\$ 352,914
3201 Solid Waste	80,564		1,246	617,270	699,080
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	\$ 1,005,379	\$ 2,003,548.00
Economic and Physical Development:					
4001 Planning				52,025	\$ 52,025
4401 Economic Development	115,463		1,522,320	26,052	\$ 1,663,834.71
8201 Convention Center	1,192,410	10,752,459	991,966	435,870	\$ 13,372,705.29
Total Economic and Physical Development	\$ 1,307,873	\$ 10,752,459	\$ 2,514,286	\$ 513,947	\$ 15,088,565.00
Health					
5001 Health	\$ -	\$ 5,070,283	\$ 978,328	1,353,455	\$ 7,402,066
Total Health	\$ -	\$ 5,070,283	\$ 978,328	\$ 1,353,455	7,402,066
Social Services:					
7001 CARTS				1,722,147	\$ 1,722,147
7201 DSS		5,324,840	876,249	1,125,563	7,326,652
Total Social Services	\$ -	\$ 5,324,840	\$ 876,249	\$ 2,847,710	9,048,799
Recreation:					
8001 Recreation	\$ 1,977,269	\$ 307,335	\$ 5,471,217	358,132	\$ 8,113,953
Library- Havelock		9,809		-	9,809
Total Recreation	\$ 1,977,269	\$ 317,143	\$ 5,471,217	\$ 358,132	\$ 8,123,761.00
Total	\$ 9,904,609	\$ 67,242,332	\$ 17,173,738	\$ 13,489,458	\$ 107,810,137.00
			Construction in Progress		2,011,838
			Total Government Funds Capital Assets		\$ 109,821,975

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

Function and Activity	Governmental Funds Capital Assets July 1, 2017	Additions	Deductions	Governmental Funds Capital Assets June 30, 2018
General Government:				
0101 Commissioners	10,727			10,727
0201 Administration	-			-
0301 Personnel	-			-
0401 Information Technology	3,420,283	245,570		3,665,853
0404 GIS	121,297		7,921	113,376
0501 Finance	23,313			23,313
0560 Non Department	99,100		66,242	32,858
0601 Elections	275,346			275,346
0801 Tax Assessor	5,635			5,635
0805 Tax Assessor -Appraisal	269,505	52,373		321,878
0901 Tax Collections	17,841			17,841
1001 Register of Deeds	38,139			38,139
1201 Public Buildings	14,389,788	448,338	60,204	14,777,922
1212 Housekeeping	36,406		12,444	23,962
1301 Court Facilities	6,386,086	135,296		6,521,382
1401 Maintenance	250,031			250,031
1501 Central Maintenance	33,203			33,203
Total General Government	\$ 25,376,700	\$ 881,576	\$ 146,811	\$ 26,111,466
Public Safety:				
2001 Sheriff	\$ 3,246,954	\$ 311,060	\$ 229,106	\$ 3,328,908
2008 Jail	32,779,546	11,192		32,790,738
2315 Communications	335,403			335,403
2301 Emergency Services	564,711	5,000	96,000	473,711
2401 Inspections	75,249			75,249
2501 E 911	2,409,021			2,409,021
2601 Animal Control	587,043	47,064	14,375	619,732
Total Public Safety	\$ 39,997,927	\$ 374,316	\$ 339,481	\$ 40,032,762
Environmental Protection:				
3101 Environmental Health	\$ 313,936	\$ 35,167	\$ 50,391	\$ 298,712
3201 Solid Waste	\$ 649,693	\$ 103,589		\$ 753,282
4101 Soil Conservation	\$ 28,980			\$ 28,980
4201 Cooperative Extension	\$ 922,574.00			\$ 922,574
Total Environmental Protection	\$ 1,915,183	\$ 138,756	\$ 50,391	\$ 2,003,548
Economic and Physical Development:				
4001 Planning	\$ 113,444		\$ 61,418	52,026
4401 Economic Development	943,874	719,960		1,663,834
8201 Convention Center	13,216,272	156,432		13,372,704
Total Economic and Physical Development	\$ 14,273,590	\$ 876,392	\$ 61,418	\$ 15,088,564
Health				
5001 Health	\$ 7,351,420	\$ 111,602	\$ 60,957	\$ 7,402,065
Total Health	\$ 7,351,420	\$ 111,602	\$ 60,957	\$ 7,402,065
Social Services:				
7001 CARTS	\$ 1,555,126	\$ 412,341	\$ 245,320	\$ 1,722,147
7201 DSS	7,121,936	221,234	16,519	7,326,651
Total Social Services	\$ 8,677,062	\$ 633,575	\$ 261,839	\$ 9,048,798
Recreation:				
8001 Recreation	\$ 8,040,305	\$ 74,446	\$ 800	\$ 8,113,951
Library- Havelock	9,809			9,809
Total Recreation	\$ 8,050,114	\$ 74,446	\$ 800	\$ 8,123,760
Construction in Progress	\$ 736,744	\$ 1,995,053	\$ (719,960)	\$ 2,011,837
Total governmental funds capital assets	\$ 106,378,740	\$ 5,085,716	\$ 201,737	\$ 109,821,975

Craven County



STATISTICAL SECTION (Unaudited)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Craven County



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

	<u>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>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 44,781,813
Restricted	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	10,796,574
Unrestricted (deficit)	<u>(17,350,746)</u>	<u>(13,245,067)</u>	<u>(14,757,288)</u>	<u>(13,148,958)</u>	<u>(11,378,791)</u>	<u>(8,377,381)</u>	<u>(4,408,502)</u>	<u>(1,596,184)</u>	<u>5,346,096</u>	<u>1,530,331</u>
Total governmental activities net position	<u>\$ 20,674,091</u>	<u>\$ 25,038,663</u>	<u>\$ 31,217,952</u>	<u>\$ 32,967,353</u>	<u>\$ 36,457,663</u>	<u>\$ 41,894,137</u>	<u>\$ 45,982,686</u>	<u>\$ 51,796,771</u>	<u>\$ 58,498,856</u>	<u>\$ 57,108,718</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 27,637,466
Unrestricted	<u>9,909,504</u>	<u>11,522,108</u>	<u>13,198,583</u>	<u>14,546,045</u>	<u>14,736,630</u>	<u>18,968,230</u>	<u>15,100,037</u>	<u>11,950,188</u>	<u>11,911,171</u>	<u>12,101,314</u>
Total business-type activities net position	<u>\$ 28,240,159</u>	<u>\$ 29,802,607</u>	<u>\$ 30,995,716</u>	<u>\$ 32,297,280</u>	<u>\$ 33,680,776</u>	<u>\$ 35,031,807</u>	<u>\$ 36,406,354</u>	<u>\$ 38,083,328</u>	<u>\$ 39,386,629</u>	<u>\$ 39,738,780</u>
Primary government										
Net investment in capital assets	\$ 52,006,410	\$ 52,534,903	\$ 55,471,855	\$ 54,808,617	\$ 57,463,662	\$ 57,463,662	\$ 61,993,343	\$ 67,239,663	\$ 69,511,309	\$ 72,419,279
Restricted	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938	9,316,938	9,704,162	12,286,432	11,116,909	10,796,574
Unrestricted (deficit)	<u>(7,441,242)</u>	<u>(1,722,959)</u>	<u>(1,558,705)</u>	<u>1,397,087</u>	<u>3,357,839</u>	<u>10,590,849</u>	<u>10,691,535</u>	<u>10,354,004</u>	<u>17,257,267</u>	<u>13,631,645</u>
Total primary government net position	<u>\$ 48,914,250</u>	<u>\$ 54,841,270</u>	<u>\$ 62,213,668</u>	<u>\$ 65,264,633</u>	<u>\$ 70,138,439</u>	<u>\$ 77,371,449</u>	<u>\$ 82,389,040</u>	<u>\$ 89,880,099</u>	<u>\$ 97,885,485</u>	<u>\$ 96,847,498</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>(as reclassified)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 11,077,893
Public safety	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	21,947,336
Social services	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	19,157,572
Economic and physical development	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	2,958,118
Environmental protection	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	4,950,380
Health	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	9,404,146
Cultural and recreation	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	2,675,892
Education	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	27,018,838
Interest on long term debt	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	1,550,637
Total governmental activities	<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>	<u>100,740,812</u>
Business-type activities:										
Water	2,814,711	2,259,291	2,533,584	2,504,781	2,428,976	2,559,429	2,510,634	2,489,876	2,667,016	3,338,714
Total primary government expenses	<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>	<u>\$ 104,079,526</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 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	\$ 3,836,181
Public safety	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	3,057,836
Social services	905,238	895,360	705,484	746,897	920,099	597,505	572,655	630,752	559,026	595,252
Economic and physical development	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	1,159,464
Environmental protection	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	2,670,966
Health	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	5,663,594
Cultural and recreation	58,393	70,223	72,418	75,810	80,782	89,512	69,062	66,145	61,401	59,372
Operating grants and contributions:										
General government	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	1,929,566
Public safety	551,977	858,361	928,821	845,729	824,904	645,226	430,833	651,546	678,254	489,762
Social services	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	11,768,753
Economic and physical development	24,755	44,816	0	32,998	34,034	0	1,453,613	1,252,208	1,346,255	630,177
Environmental protection	169,132	196,072	130,108	143,389	143,267	253,420	158,894	158,994	158,668	202,131
Health	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	2,858,004
Cultural and recreation	45,000	18,000	61,500	49,500	37,500	51,500	61,000	563,280	313,000	0
Education	0	0	0	0	0	0	0	0	0	944,400
Capital grants and contributions:										
General government	104,129	43,609	0	0	0	0	0	0	0	0
Public safety	0	99,999	10,696	4,472	0	0	0	0	0	0
Social services	193,612	103,938	109,337	117,377	134,820	255,086	181,004	120,012	0	138,417
Economic and physical development	106,721	184,344	950,510	580,782	452,809	204,085	0	0	0	515,000
Cultural and recreation	50,000	56,875	395,394	0	47,731	0	0	0	0	0
Education	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	0
Total governmental activities program revenues	<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>	<u>36,518,875</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (62,010,358)	\$ (56,603,315)	\$ (56,872,558)	\$ (57,056,902)	\$ (59,319,065)	\$ (60,095,582)	\$ (58,332,894)	\$ (60,153,678)	\$ (62,379,498)	\$ (64,221,937)
Business-type activities	794,958	1,429,272	1,423,540	1,204,295	1,304,515	1,269,377	1,299,186	1,313,767	1,269,291	606,597
Total primary government net (expense)/revenue	\$ (61,215,400)	\$ (55,174,043)	\$ (55,449,018)	\$ (55,852,607)	\$ (58,014,550)	\$ (58,826,205)	\$ (57,033,708)	\$ (58,839,911)	\$ (61,110,207)	\$ (63,615,340)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 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	\$ 52,594,856
Local option sales tax	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	16,897,507
Other taxes and licenses	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699	1,075,286
Investment earnings	1,375,589	544,629	282,690	231,554	228,358	156,285	163,783	154,860	305,406	634,968
Miscellaneous	1,582,642	2,406,773	2,091,064	1,128,570	1,519,890	1,006,261	658,262	471,964	564,447	454,249
Transfers	96,800	96,200	106,200	105,000	102,620	83,240	105,000	105,000	130,000	313,222
Special item	0	0	0	0	0	1,516,317	850,000	0	0	0
Total governmental activities:	64,432,747	60,967,887	63,236,191	62,510,539	63,776,328	65,532,056	65,309,363	65,967,763	69,958,168	71,970,088
Business-type activities:										
Investment earnings	239,026	127,572	72,310	67,396	70,659	57,122	42,829	19,192	23,151	58,652
Miscellaneous	108,576	101,804	114,098	134,873	110,942	107,772	204,818	449,015	140,859	112,402
Transfers	(96,800)	(96,200)	(106,200)	(105,000)	(102,620)	(83,240)	(105,000)	(105,000)	(130,000)	(313,222)
Total business-type activities	250,802	133,176	80,208	97,269	78,981	81,654	142,647	363,207	34,010	(142,168)
Total primary government	\$ 64,683,549	\$ 61,101,063	\$ 63,316,399	\$ 62,607,808	\$ 63,855,309	\$ 65,613,710	\$ 65,452,010	\$ 66,330,970	\$ 69,992,178	\$ 71,827,920
Change in Net Position										
Governmental activities	\$ 2,422,389	\$ 4,364,572	\$ 6,363,633	\$ 5,453,637	\$ 4,457,263	\$ 5,436,474	\$ 6,976,469	\$ 5,814,085	\$ 7,578,670	\$ 7,748,151
Business-type activities	1,045,760	1,562,448	1,503,748	1,301,564	1,383,496	1,351,031	1,441,833	1,676,974	1,303,301	464,429
Total primary government	\$ 3,468,149	\$ 5,927,020	\$ 7,867,381	\$ 6,755,201	\$ 5,840,759	\$ 6,787,505	\$ 8,418,302	\$ 7,491,059	\$ 8,881,971	\$ 8,212,580

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

<u>General Fund</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>	<u>2018</u>
Non Spendable										
Stabilization by state statute	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,500	\$ 34,582
Restricted:										
Stabilization by state statute	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	7,681,300
Public Safety	80,589	82,387	86,034	84,542	117,324	104,005	89,738	81,761	56,262	36,076
Register of Deeds	21,750	55,348	58,208	37,222	30,700	3,030	0	0	0	0
Assigned:										
Subsequent year's expenditures	979,722	1,562,592	0	416,953	0	186,332	131,509	79,872	0	0
Unassigned	<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>	<u>29,358,798</u>
 Total General Fund	 <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>\$ 37,110,756</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	523,712	163,699	288,406	326,340	194,002	161,598	183,592	1,102,191	350,482	246,658
General Government	0	0	0	0	0	0	0	0	0	527,388
Public Schools	3,317,971	2,773,462	3,868,232	1,318,370	377,273	1,097,060	647,407	448,646	160,891	431,771
Public Safety	742,288	954,430	1,237,435	1,670,825	2,045,351	595,537	567,449	759,385	1,463,892	1,188,720
Economic and Physical Development	0	0	0	0	46,975	1,475,800	1,596,963	1,204,220	1,218,642	1,212,049
Committed										
Capital projects	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	10,570,948
Unassigned	<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>	<u>(149,490)</u>
 Total all other governmental funds	 <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>	 <u>\$ 14,028,044</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes:										
Property	\$ 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	\$ 52,668,757
Sales	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	16,897,507
Other	766,861	790,980	857,817	1,003,991	827,554	862,997	934,214	1,065,391	1,077,699	1,075,286
Total taxes	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	70,641,550
Intergovernmental	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	19,476,210
Charges for Services	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	17,191,527
Interest	1,321,851	506,334	262,321	212,830	209,474	142,116	150,404	148,453	297,665	630,042
Miscellaneous	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	934,418
Total Revenues	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	108,873,747
Expenditures										
General Government	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	12,297,021
Public Safety	31,541,868	16,627,081	15,443,304	15,375,134	16,680,517	18,056,044	17,185,318	17,892,625	19,282,826	19,927,529
Environmental Protection	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	5,473,167
Economic Development	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	3,054,020
Health	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	9,009,776
Social Services	23,149,487	21,983,411	23,293,001	23,000,499	22,457,994	22,150,591	22,355,542	22,305,810	22,309,579	19,118,866
Culture and Recreation	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	2,688,417
Education	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	27,018,838
Debt Service:										
Principal	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	7,021,300
Interest	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	1,157,728
Bond issuance costs		490,800								
Total Expenditures	118,808,875	97,841,058	99,779,689	100,435,529	100,456,855	100,811,732	101,595,378	105,496,712	107,757,107	106,766,662
Excess of revenues over (under) expenditures	(21,822,253)	(4,382,543)	600,000	(799,984)	(65,720)	(324,328)	1,674,058	1,213,282	3,032,420	2,107,085
Other Financing Sources (Uses)										
Transfers in	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	9,122,508
Transfers out	(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)	(8,809,286)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	0	21,800,000	0	0	33,950,000	0	0	0	0	0
Refunding bond premium	0	1,037,279	0	0	0	0	0	0	0	0
Payment to refunding escrow agent	0	(22,346,479)	0	0	(33,890,117)	0	0	0	0	0
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	0	0	2,163,000	0	0	0	0	0	0	0
Special item	0	0	0	0	0	1,516,317	850,000	0	0	0
Total other financing sources (uses)	96,800	587,000	2,269,200	162,404	162,503	1,599,557	955,000	105,000	130,000	313,222
Net change in fund balances	\$ (21,725,453)	\$ (3,795,543)	\$ 2,869,200	\$ (637,580)	\$ 96,783	\$ 1,275,229	\$ 2,629,058	\$ 1,318,282	\$ 3,162,420	\$ 2,420,307
Debt service as a percentage of noncapital expenditures	11.02%	11.22%	10.62%	9.87%	9.57%	9.28%	8.84%	8.28%	7.98%	8.02%

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)					
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
2018	5,466,479,591	1,860,735,378	43,165,400	133,196,948	1,655,323,746	162,065,213	9,320,966,276	0.5394	9,563,889,058

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place in the calendar year ending during the fiscal year. (The 2018 figure is based on property sales which took place in calendar 2017 and the sales to assessment ratio was 97.46%.)
- (5) Reassessment was performed on January 1, 2016 and was the basis for fiscal 2017 taxes. Next reassessment will occur on January 1, 2020 and thereafter every four years.

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

	<u>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>	<u>2018</u>
Craven County Direct Rate	\$ 0.6100	\$ 0.6100	\$ 0.4728	\$ 0.4728	\$ 0.4700	\$ 0.4675	\$ 0.4675	\$ 0.4675	\$ 0.5394	0.5394
<u>Municipality Rates:</u>										
Bridgeton	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Cove City	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.2500	0.2678	0.2678
Dover	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3500	0.3500
Havelock	0.5300	0.5300	0.4650	0.4650	0.4650	0.4650	0.4850	0.5100	0.5900	0.5900
New Bern	0.5050	0.5050	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4600	0.4600
River Bend	0.2800	0.2800	0.2650	0.2650	0.2650	0.2650	0.2650	0.2650	0.3105	0.2900
Trent Woods	0.2700	0.2700	0.1900	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Vanceboro	0.4800	0.4800	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.5300	0.5300
<u>Fire Districts Rates:</u>										
West New Bern II (Rhems)	0.0425	0.0475	0.0314	0.0414	0.0414	0.0389	0.0389	0.0389	0.0457	0.0457
Township #1	0.0263	0.0263	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0269	0.0269
Tri Community	0.0350	0.0350	0.0277	0.0277	0.0277	0.0277	0.0377	0.0527	0.0658	0.0555
Little Swift Creek	0.0590	0.0590	0.0499	0.0549	0.0549	0.0549	0.0549	0.0549	0.0700	0.0700
Township #3	0.0781	0.0781	0.0624	0.0624	0.0624	0.0624	0.0624	0.0774	0.0861	0.0861
Township #5	0.0620	0.0620	0.0453	0.0453	0.0453	0.0453	0.0453	0.0553	0.0653	0.0653
Township #6	0.0600	0.0600	0.0516	0.0516	0.0516	0.0480	0.0480	0.0520	0.0586	0.0586
Township #7	0.0240	0.0240	0.0177	0.0177	0.0177	0.0177	0.0177	0.0190	0.0216	0.0272
West New Bern	0.0422	0.0422	0.0324	0.0324	0.0324	0.0324	0.0324	0.0349	0.0391	0.0457
Township #9	0.0713	0.0713	0.0582	0.0582	0.0582	0.0582	0.0682	0.0682	0.0746	0.0746
Sandy Point	0.0567	0.0567	0.0352	0.0352	0.0352	0.0352	0.0377	0.0527	0.0672	0.0672

Source: Craven County Tax Department

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

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

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Paper Company	Wood pulp manufacturer	\$ 181,614,855	1	1.95%	\$ 207,221,772	1	2.99%
BSH Home Appliances Corp	Home appliance manufacturer	125,046,486	2	1.34%	112,892,056	2	1.63%
Weyerhaeuser Company	Real estate investment trust	60,656,470	3	0.65%			
Duke Energy Progress Inc.	Electric utility	60,455,572	4	0.65%	39,337,736	4	0.57%
Atlantic Marine Corps Communities, LLC	Real estate development	28,571,725	5	0.31%	14,991,628	9	0.22%
Wal-Mart Real Estate Business Trust	Real estate development	26,542,720	6	0.28%			
New Bern Apartments LLC	Real estate development	24,409,267	7	0.26%			
Piedmont Natural Gas Co Inc	Natural gas utility	22,100,543	8	0.24%			
Craven Wood Energy LTD	Electricity manufacturer	21,430,399	9	0.23%	15,990,761	8	0.23%
Carolina Telephone & Telegraph Co.	Communications utility	20,624,054	10	0.22%			
Carolina Telephone & Telegraph Co.	Communications utility				42,434,296	3	0.61%
Hatteras Yachts	Yacht builder				27,413,848	5	0.40%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development				21,069,770	6	0.30%
New Bern Riverfront Development LLC	Real estate development				20,505,350	7	0.30%
DRA Woodland Crossing LP	Real estate development				13,118,400	10	0.19%
Totals		\$ 571,452,091		6.13%	\$ 514,975,617		7.42%

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		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	712,600	42,307,480	99.78%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	765,263	42,510,888	99.78%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	858,862	45,668,136	99.79%
2012	45,700,284	(204,780)	45,495,504	44,547,702	97.92%	819,611	45,367,313	99.72%
2013	45,937,323	(101,107)	45,836,216	44,932,857	98.03%	750,835	45,683,692	99.67%
2014	46,405,671	423,380	46,829,051	46,266,555	98.80%	442,719	46,709,274	99.74%
2015	46,074,580	354,529	46,429,109	46,059,154	99.20%	301,587	46,360,741	99.85%
2016	46,661,088	287,113	46,948,201	46,591,996	99.24%	265,595	46,857,591	99.81%
2017	49,281,078	264,724	49,545,802	49,229,371	99.36%	166,461	49,395,832	99.70%
2018	50,133,887	208,230	50,342,117	50,013,650	99.35%	-	50,013,650	99.35%

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			
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	691	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	680	1.68%
2017	13,808,847	33,427,050	0	0	16,819,909	64,055,806	617	1.48%
2018	11,109,056	29,025,750	0	0	15,930,845	56,065,651	540	*

*Information not yet available

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the County's outstanding debt can be found in Note 4 to the financial statements.

(1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year ended during the fiscal year. Calendar 2016 personal income not available to calculate fiscal year 2018.

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

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			
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%	154
2017	13,808,847	155,992	13,652,855	0.31%	0.15%	132
2018	11,109,056	401,190	10,707,866	*	0.11%	103

*Information not yet available.

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the County's outstanding debt can be found in Note 4 to the financial statements.

(1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2017 personal income not available to calculate fiscal year 2018.

(2) See schedule 5 for estimated actual taxable value data.

Schedule 11
Craven County
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 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	\$ 9,320,966
Debt Limit, 8% of Assessed Value (Statutory Limitation)	554,973	558,220	766,570	769,023	779,044	800,455	792,332	801,898	736,417	745,677
Amount of Debt Applicable to Limit										
Gross debt	94,420	90,233	85,351	78,785	78,213	72,090	66,919	70,590	64,056	56,066
Less: Amount available for repayment of g.o.bonds	3,318	2,773	1,791	745	377	1,097	647	449	156	401
Debt outstanding for water and sewer purposes	1,618	1,456	1,293	1,136	2,866	3,761	5,606	16,280	16,820	15,931
Revenue bonds	<u>0</u>									
Total net debt applicable to limit	89,484	86,004	82,267	76,904	74,970	67,232	60,666	53,861	47,080	39,734
Legal Debt Margin	<u>\$ 465,489</u>	<u>\$ 472,216</u>	<u>\$ 684,303</u>	<u>\$ 692,119</u>	<u>\$ 704,074</u>	<u>\$ 733,223</u>	<u>\$ 731,666</u>	<u>\$ 748,037</u>	<u>\$ 689,337</u>	<u>\$ 705,943</u>
Total net debt applicable to the limit as a % of debt limit	16.12%	15.41%	10.73%	10.00%	9.62%	8.40%	7.66%	6.72%	6.39%	5.33%

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

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2009	102,381	3,665,246	36,865	14,597	6.00%	7,123
2010	104,182	3,761,100	36,901	14,513	10.50%	7,262
2011	104,704	3,816,083	36,732	14,817	11.00%	9,537
2012	105,227	3,910,918	37,420	14,749	11.00%	9,498
2013	104,393	4,094,203	39,078	14,606	9.70%	8,530
2014	104,393	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	103,737	4,195,496	40,555	14,120	6.12%	8,918
2017	103,735	4,340,800	41,962	14,002	5.26%	9,688
2018	103,800	*	*	13,778	4.73%	8,942

* 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	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,159	1	13.12%	5,300	1	13.27%
CarolinaEast Health Systems	2,622	2	6.67%	1,900	3	4.76%
Craven County Schools	1,784	3	4.54%	1,956	2	4.90%
BSH Home Appliances	1,200	4	3.05%	901	5	2.26%
Moen Incorporated	820	5	2.08%	851	6	2.13%
State of North Carolina	773	6	1.97%	983	4	2.46%
Wal-Mart	585	7	1.49%	500	9	1.25%
Craven County	702	8	1.78%	634	7	1.59%
Craven Community College	580	9	1.47%	493	10	1.23%
City of New Bern	431	10	1.10%	514	8	1.29%
	<u>14,656</u>		<u>37.27%</u>	<u>14,032</u>		<u>35.14%</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 Clinic, 2nd MAW, and MCAS Cherry Point.

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

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of June 30</u>									
	<u>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>	<u>2018</u>
General government	81	79	75	72	77	80	78	77	78	78
Public safety	141	148	148	151	142	158	154	157	162	164
Social services	213	213	213	208	191	197	188	195	204	207
Economic and physical development	20	21	23	18	22	21	20	23	23	20
Environmental protection	33	30	32	30	29	30	31	29	28	30
Health	116	117	106	104	102	97	90	93	99	98
Cultural and recreation	16	16	16	12	11	11	14	13	13	9
Water/Sewer (Business activity)	14	11	13	12	13	13	13	14	15	18
Total	<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>	<u>624</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Fire/Rescue calls to County E911 (A)	8,002	8,399	9,629	9,216	9,294	8,587	9,457	9,453	9,823	9,483
Average daily population in jail (B)	198	186	236	302	259	277	261	276	275	287
Health Services (C)										
Food and lodging inspections	1,388	1,013	1,280	1,364	1,354	1,322	1,312	1,299	1,374	1,190
Visits to health department	27,901	28,422	26,372	27,085	27,268	28,774	30,576	30,014	29,298	27,262
Transportation Services (D)										
Number of miles driven	796,036	783,197	810,130	857,716	794,110	772,009	708,841	673,929	599,621	594,277
Number of trips provided	98,738	101,664	106,118	108,026	105,965	91,554	86,927	74,346	69,359	64,167
Tax/Real Estate Services (E)										
Deed transfers processed	3,944	2,795	2,770	2,728	3,449	3,953	3,970	4,136	4,567	4,484
Number of real estate parcels	55,739	56,112	56,358	56,505	56,774	56,898	57,097	57,354	57,438	57,571
Number of tax bills generated (3)	152,424	151,915	148,943	149,366	150,381	114,148	65,112	67,034	67,398	67,425
Economic and Physical Development										
County tourism revenues (1)(2) (G)	105	99	108	116	119	121	127	131	137	142
Economic impact of convention center (2) (G)	10	9	10	9	9	9	9	9	9	9
Number of registered voters (H)	65,274	66,624	67,073	68,318	68,770	69,455	66,478	69,459	66,615	68,827
Number of enplanements at airport (I)	120,224	134,863	132,035	134,631	129,529	128,157	114,373	111,909	111,962	116,647
Water Services										
Number of service connections (J)	12,857	13,091	13,027	13,199	13,378	13,459	13,495	13,693	14,064	15,329

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Public Safety (A)											
Correction facility rated capacities	161	292	292	292	292	292	292	292	292	292	292
Parks and Land Use (B)											
Number of county parks	3	4	4	4	4	4	4	4	4	4	4
Boat ramps operated (1)	2	2	2	2	2	2	2	0	0	0	0
Water Service (C)											
Miles of water main	660	667	668	668	668	668	668	668	668	668	668
Number of elevated water tanks	9	9	9	9	9	9	9	9	9	9	9
Number of system wells	10	10	10	10	10	10	10	10	10	10	10
Water Treatment Plant											1
Transportation Services (D)											
Number of CARTS vehicles	32	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	1
Number of acres remaining at Industrial Park (E)	220	220	219	219	213	213	183	161	161	161	161
Airport (F)											
Number of runways	2	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***

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon February 20, 2019. 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*. Our report includes an emphasis of matter paragraph because of the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, and 2018-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

County's Response to Findings

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

Purpose of this Report

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

RSM US LLP

New Bern, North Carolina
February 20, 2019

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

Independent Auditor's Report

To the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

We have audited Craven County, North Carolina's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2018. 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, 2018.

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, material weaknesses may exist that have not been identified.

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
February 20, 2019

Craven County



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

Independent Auditor's Report

To the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major State Program

We have audited Craven County, North Carolina's (the County) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2018. 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is 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 is described in the accompanying Schedule of Findings and Questioned Costs as finding 2018-004. Our opinion on each major State program is not modified with respect to this matter.

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

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 a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as finding 2018-004, that we consider to be a significant deficiency.

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

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

RSM US LLP

New Bern, North Carolina
February 20, 2019

**CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes		<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes		<u> X </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> </u>	Yes		<u> X </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> </u>	Yes		<u> X </u>	No
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Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Airport Improvement Program	20.106
Supplemental Nutrition Assistance Program Cluster	10.561
Medical Assistance	93.778
Temporary Assistance for Needy Families	93.558
Low Income Energy Assistance	93.568
IV-D Child Support	93.563
Children's Health Insurance Program	93.767

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ </u>		<u> 750,000 </u>		
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Auditee qualified as low-risk auditee?	<u> X </u>	Yes		<u> </u>	No
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(Continued)

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2018

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

State Awards

Internal control over major State programs:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified?	X	Yes	_____		None Reported

Type of auditor's report issued on compliance for major State programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	_____	X	Yes	_____	No
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Identification of major State programs:

<u>Program Name</u>	<u>Grant Number</u>
Public School Building Capital Fund	N/A
State Aid to Airport	N/A
Industrial Development Utility Account Grant	U-463

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

1571 Administrative Costs - Crosscutting Requirements:	
Medical Assistance Program (State Portion)	93.778
Temporary Assistance for Needy Families - State	93.558
Children's Health Insurance Program	93.767

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2018

Section II. Financial Statement Finding

Finding: 2018-001

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

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

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

Effect: For the purpose of preparing and reporting Federal and State award expenditures as required by the Uniform Guidance and the Act, certain amounts reported as expenditures pursuant to Federal and State awards for the fiscal year ended June 30, 2018, required material adjustments. Total adjustments of \$96,335, (\$3,325,556), and \$2,306,632 were required to Federal, State and Local expenditures, respectively.

Cause: Administrative oversight during the review of the SEFSA preparation.

Recommendation: We recommend the County provide training to appropriate staff related to (1) revenue recognition and expenditure reporting requirements for governmental entities receiving Federal and State awards, and (2) preparation of the SEFSA; and review with the County's auditors the processes and techniques applied by the auditor for the current year preparation and reconciliation of the SEFSA in order to successfully complete the SEFSA in the future.

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

Finding: 2018-002

Material Weakness in Internal Control – Improper Recording of Transfers in Operating and Capital Project Funds

Criteria: Accounting Principles Generally Accepted in the United States require total transfers in and transfers out between operating funds and their related capital project sub-funds to balance to zero.

Condition and Context: Items recorded as transfers in from the capital project funds in the operating fund should have been recorded as a reduction in expenditures in lieu of a transfer in. Reclassifications were not appropriately made to balance transfers in and out between enterprise operating funds and their capital project sub-funds.

Effect: Transfers between the enterprise operating and capital project sub-funds were out of balance by \$133,736.

Cause: Administrative oversight during the review of the journal entries recorded to reclassify expenditures from the operating fund to the capital projects sub-funds.

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2018

Recommendation: We recommend that management evaluate the County's control processes surrounding recording of transfers and reclassifications of expenses between operating and capital project sub-funds.

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

Finding: 2018-003

Material Weakness in Internal Control – Improper Recording of Grant Revenues

Criteria: Accounting Principles Generally Accepted in the United States require revenues from voluntary non-exchange grant programs operated on a reimbursement basis to be recognized when all eligibility requirements are met.

Condition and Context: Certain reimbursable grant programs at the Coastal Carolina Regional Airport and other grant programs in the non-major capital project funds had met the appropriate eligibility requirements for recognition, however the revenues were not appropriately recognized.

Effect: Intergovernmental revenues, accounts receivable and net position were understated by \$122,366. Intergovernmental revenues, accounts receivable and fund balance in the non-major capital project funds are understated by \$113,045.

Cause: Administrative oversight during the review of eligible grant programs at year-end.

Recommendation: We recommend the County provide training to appropriate staff related to revenue recognition and closely monitor and review reimbursement grant programs at year-end to ensure appropriate revenue recognition in the appropriate reporting period in accordance with GAAP.

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

Section III. Federal Award Findings and Questioned Costs

No matters to report.

Section IV. State Award Findings and Questioned Costs

Finding: 2018-004

Significant Deficiency and Noncompliance – DSS-1571, EPICS

Department of Social Services

DSS Crosscutting Requirements – DSS 1571, Part I

CFDA #: Not applicable

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.

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2018

Condition and Context: Of the twenty-four cases sampled, we noted six instances in which the EPICS claim case was not established within 180 days of discovery. Total population of fraud cases established during the fiscal year was 240. This is a repeat of finding 2017-011.

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: Management concurs with the finding. See Corrective Action Plan.

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

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



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**Craven County
Corrective Action Plan
For the Fiscal Year Ended June 30, 2018**

Section II. Financial Statement Findings

Name of contact person: Craig Warren, Finance Officer

Proposed Completion Date: June 30, 2019

Finding 2018-001:

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

Finding 2018-002:

Corrective Action: Procedures will be implemented to review all transfers (including capital project funds) ensuring reconciliation between all funds at year-end.

Finding 2018-003

Corrective Action: Procedures will be implemented to include additional monitoring and review of grant and capital project expenditures to ensure all eligible reimbursements at year-end are reported in the appropriate period in accordance with GAAP.

Section III. Federal Award Findings and Questioned Costs

None noted.

Section IV. State Award Findings and Questioned Costs

Finding 2018-004:

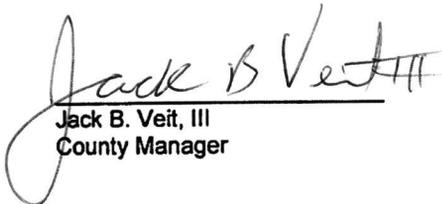
Corrective Action: The Income Maintenance Administrator who supervises the Program Integrity unit who is responsible for ensuring the cases are established within 180 days monitors the timeliness report on a weekly basis and is meeting with the unit to ensure that cases are being established within the 180-day timeframe. Barriers to establishing cases within the 180 day timeframe could still exist if the case is referred to the District Attorney for prosecution as this case will not be considered established until a legal judgement has been secured. There are currently no program integrity cases that have not been established outside of the 180-day timeframe.



Craig Warren
Finance Director



Kent G. Flowers, Jr.
Social Services Director



Jack B. Veit, III
County Manager

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Craven County, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018

Finding: 2017-001 (Financial Statement)

Status: Corrected.

Finding 2017-002 – MA Eligibility:

Status: The SSI Exparte recertifications are being logged by a clerical 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. SSI Exparte training has been completed and we continue to complete 2nd party reviews at a level higher than required by the state. Considered corrected.

Finding 2017-003 – MA Eligibility:

Corrective Action: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding: 2017-004 (MA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Craven County, North Carolina
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2018

Finding: 2017-005 (MA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding: 2017-006 (MA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding 2017-007 – MA Eligibility:

Status: The SSI Exparte recertifications are being logged by a clerical 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. SSI Exparte training has been completed and we continue to complete 2nd party reviews at a level higher than required by the state. Considered corrected.

Finding: 2017-008 (MA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

**Craven County, North Carolina
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2018**

Finding 2017-009 – (MA Eligibility)

Status: We have implemented that either handwritten or electronic signatures are on every 2nd party review that is completed. Supervisors have been instructed and sign off on all training logs verifying all persons that were in attendance for said training. The Quarterly compliance report has been submitted timely with proper preparation, review, approval and compliance with DHB (formerly DMA). Considered corrected.

Finding 2017-010 – (DSS 1571, Part I)

Status: Training regarding day sheet program coding and time management was conducted with staff. Supervisors continue to review staff daysheets regarding program coding and time management training instructions. Considered corrected.

Finding 2017-011 – (DSS 1571, EPICS)

Status: Repeated as finding 2018-004

Finding 2017-012 – (SA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding 2017-013 – (SA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding 2017-014 – (SA Eligibility)

Status: Supervisors completed 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. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker

**Craven County, North Carolina
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2018**

will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding 2017-015 – (SA Eligibility)

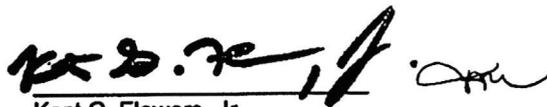
Status: Supervisors completed refresher trainings for staff at their scheduled monthly team meetings. Random second party reviews are being completed monthly by lead workers in excess of the states mandated number. If corrections are warranted, they are required to be completed and submitted to the lead worker for review of the corrections. After the worker has received the corrections in need of completing they will then meet with their Supervisor to review the errors, the worker will then make all the corrections were addressed and completed, and then the lead worker will review the corrections to ensure accuracy. Please also note that the Income Maintenance division has been re-organized where lead workers are under the supervision of the program supervisor for specialization of programs rather than the universal approach to promote timeliness, accuracy and staff retention. Considered corrected.

Finding 2017-016 – (SA Eligibility)

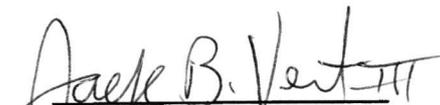
Status: Supervisors and lead workers have been instructed to sign all second party reviews and have caseworkers sign them once corrections have been completed and they will need to be scanned to the server. Considered corrected.



Craig Warren
Finance Director



Kent G. Flowers, Jr.
Social Services Director



Jack B. Veit, III
County Manager

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
(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		\$ 553,575	\$ -	\$ -	\$ (5,487)
			<u>553,575</u>	<u>-</u>	<u>-</u>	<u>(5,487)</u>
Passed through the NC Department of Health and Human Services:						
Division of Social Services:						
Administered by County Department of Social Services:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program:						
	10.561		1,133,760	-	-	1,133,760
	10.561		16,048	-	-	16,048
	10.561		23,714	-	-	-
			<u>1,173,522</u>	<u>-</u>	<u>-</u>	<u>1,149,808</u>
			<u>1,727,097</u>	<u>-</u>	<u>-</u>	<u>1,144,321</u>
Total US Department of Agriculture						
US Department of Justice:						
Bureau of Justice Assistance						
Passed through NC Department of Public Safety						
Administered by Craven County Sheriff						
	16.606		3,117	-	-	-
	16.922		10,809	-	-	-
			<u>13,926</u>	<u>-</u>	<u>-</u>	<u>-</u>

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
(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	-	-	-	762
Airport Improvement Project No. 39	20.106	3-37-0050-39	221,184	-	-	30,946
Airport Improvement Project No. 41	20.106	3-37-0050-41	2,220,169	-	-	239,681
Runway Pavement Rehabilitation Project	n/a		-	346,364	-	-
			2,441,353	346,364	-	271,389
Passed through NC Department of Transportation:						
Administered by Craven Area Rural Transportation System:						
Capital Maintenance	20.507	NC-90-X598-00	161,820	-	-	40,455
ADA Comp Paratransit	20.507	NC-90-X598-00	5,974	-	-	1,494
ADA	20.507	NC-2017-005-00	7,582	-	-	1,896
Operating Assistance	20.507	NC-2017-005-00	2,374	-	-	2,374
Metro Planning	20.507	NC-2017-005-00	207	-	-	52
Camera System	20.507	NC-2017-005-00	22,908	-	-	5,727
Tablet Lease	20.507	NC-2017-043-00	9,707	-	-	2,427
Preventative Maintenance	20.507	NC-2017-043-00	24,674	-	-	6,169
Operating Assistance	20.507	NC-2017-043-00	212,332	-	-	212,332
Total Federal Transit Clusters			447,578	-	-	272,926
Administered by Craven Area Rural Transportation System:						
Administration	20.509	36233.31.13.0	237,398	14,837	-	44,512
Operations	20.509	NC-90-X598-00	-	13,326	-	-
Section 5339 Capital	20.509		88,677	11,084	-	-
Section 18 Capital	20.509		123,037	15,380	-	13,841
			449,112	54,627	-	58,353
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	2,000	-	-	-
Total US Department of Transportation			3,340,043	400,991	-	602,668

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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, 2018
(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:						
Homeland Security Grant	97.067	EMW-2017-SS-00085-S01-17-16	14,720	-	-	-
Emergency Management Performance Grant	97.042	EMPG-2016-37049	52,132	-	-	-
			66,852	-	-	-
Administered by Craven County Planning:						
Flood Mitigation Assistance Grant-Elevation of 11 Structures	97.029	FMA-PJ-04-NC-2013-006	29,989	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2014-005	74,555	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2015-010	435,834	-	-	-
Stream Debris Removal Project	97.029		113,045	-	-	-
CDBG DR 17 3011	97.029		1,152	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2016-006	14,435	-	-	-
Flood Mitigation Assistance Grant-Elevation	97.029	FMA-PJ-04-NC-2016-014	13,075	-	-	-
			682,085	-	-	-
Direct Program:						
Transportation Security Administration:						
Administered by Craven Regional Airport:						
Law Enforcement Officer Reimbursement Program	N/A	HSTS0213HSLR730	110,490	-	-	-
Total US Department of Homeland Security			859,427	-	-	-
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
NC Division of Aging and Adult Services						
Passed through Eastern Carolina Council of Governments Aging Cluster:						
Passed through Craven County Department of Social Services:						
Administered by Craven Area Rural Transportation						
HCCBG Transport	93.044		44,543	2,620	-	5,240
Administered by Coastal Community Action:						
HCCBG Senior Companion Program	93.045		19,204	3,389	-	2,510
Administered by Craven County Department of Social Services:						
HCCBG - Access	93.044		69,845	4,109	-	8,217
Congregate Meals	93.045		47,354	2,786	-	5,571
Home Delivered Meals	93.045		82,347	4,844	-	9,688
NSIP - Nutrition	93.053		35,953	-	-	-
Total Aging Cluster			299,246	17,748	-	31,226
Adult Protective Services	93.667		40,188	-	-	13,396
Passed through NC Department of Health and Human Services:						
NC Division of Aging and Adult Services - Eastern Carolina Council:						
Social Services Block Grant (SSBG)	93.667		12,768	365	-	1,459

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
(Page 4 of 9)

	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						
Division of Social Services:						
Administered by Craven County Department of Social Services:						
Work First/TANF Benefit Payments	93.558		-	-	-	236
Work First Administration	93.558		227,394	-	-	239,471
Work First Service Administration	93.558		1,281,600	-	-	745,871
Special Children Adoption Incentive	93.558		36,000	7,200	-	-
AFDC Payments & Penalties	93.560		(215)	(59)	-	(59)
			1,544,779	7,141	-	985,519
 Refugee and Entrant Assistance Administration	 93.566		 3,775	 -	 -	 -
IV-D Child Support Enforcement:						
Administration	93.563		743,843	-	-	383,192
IV-D Offset Fees-ESC	93.563		84	(3)	-	47
IV-D Offset Fees - Federal	93.563		3,886	-	-	2,002
			747,813	(3)	-	385,241
Low-Income Home Energy Assistance:						
Administration	93.568		58,850	-	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		360,100	-	-	-
Crisis Intervention Payments	93.568		355,706	-	-	-
			774,656	-	-	-
Administered by Craven County Health:						
Child Welfare Services:						
Permanency Planning:						
Permanency Planning - Special	93.645		25,223	-	-	8,408
State Child Welfare/CPS/CS LD	N/A		-	98,482	-	-
Adoption Subsidy - Direct Benefits	N/A		-	-	-	84,085
			25,223	98,482	-	92,493

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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, 2018
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Social Services:						
Administered by Craven County Department of Social Services:						
Title IV-E Foster Care:						
IV-E Foster Care Administration	93.658		11,388	-	-	11,388
IV-E Foster Care TRN	93.658		4,896	-	-	1,632
IV-E Foster Care/Off TRN	93.658		279,640	-	-	279,640
IV-E CPS	93.658		142,651	100,440	-	42,211
IV-E Admin County Paid	93.658		31,521	15,761	-	15,761
IV-E Family Foster Max	93.658		74	-	-	36
IV-E FC & Extended Max	93.658		219	105	-	-
IV-E FC & Extended Reg	93.658		137,414	34,537	-	31,603
IV-E Max Level III	93.658		916	-	-	439
IV-E Adoption Training	93.659		-	-	-	789
IV-E Adoption/Off TRN	93.659		9,075	-	-	9,075
IV-E Optional Adopt TRN 5	93.659		5,419	-	-	5,419
Title IV-E Adoption Subsidy Foster Care	93.659		-	-	-	107,132
		n/a	55,214	-	-	-
Total Foster Care and Adoption Cluster (Note 5)			678,427	150,843	-	505,125
Division of Child Development and Early Education:						
Subsidized Child Care						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care & Development Fund - Administration	93.596		182,164	-	-	-
Division of Child Development:						
Child Care & Development Fund - Discretionary	93.575		145,755	-	-	-
Child Care & Development Fund - Mandatory	93.596		18,969	-	-	-
Child Care & Development Fund - Match	93.596		119,441	60,009	-	-
Total Child Care Development Fund Cluster			466,329	60,009	-	-
Temporary Assistance for Needy Families	93.558		15,529	-	-	-
State Appropriation	N/A		-	46,809	-	-
TANF - MOE	N/A		-	(16,861)	-	-
Total Subsidized Child Care (Note 5)			481,858	89,957	-	-
Administered by County Department of Social Services:						
Social Services Block Grant:						
Family Planning:						
CPS TANF 2 SSBG	93.667		\$ 135,273	\$ -	\$ -	\$ -
In-Home Services	93.667		45,153	-	-	6,450
In-Home Services over 60	93.667		11,903	-	-	1,700
Other Services and Training	93.667		406,005	-	-	135,335
			598,334	-	-	143,485
Passed through NC Department of Health and Human Services:						
Administered by County Department of Social Services:						
Independent Living - Foster Care	93.674		19,198	3,486	-	-

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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, 2018
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
FEDERAL AWARDS:						
US Department of Health and Human Services						
Passed through NC Department of Health and Human Services:						
Division of Medical Assistance:						
Administration:						
Medical Assistance Program	93.778		2,613,288	-	-	871,096
State County Special Assistance	93.778		-	-	-	35,818
Medical Transportation Administration	93.778		146,553	-	-	146,553
Medical Transportation Reimbursements	93.778		158,149			
Division of Social Services:						
Administration:						
MAC Cord/Transportation	93.778		21,900	-	-	21,900
Other:						
Adult Care Home Case Management	93.778		33,908	7,070	-	26,838
NC Health Choice	93.767		85,734	25	-	-
			3,059,532	7,095	-	1,102,205
Passed through NC Department of Health and Human Services:						
Division of Public Health:						
Family Planning	93.217		58,578	-	-	580,640
Immunization Grant	93.268		37,858	-	-	(14,576)
Centers for Disease Control And Prevention						
Emergency Preparedness	93.069		39,524	-	-	(5,422)
Coop Agreement for Breast and Cervical Cancer	93.919		2,295	-	-	780
Comprehensive HIV Prevention Project/Jail	93.940		103,999	-	-	(2,670)
Temporary Assistance for Needy Families	93.558		16,489	-	-	-
Refugee	93.576		7,695	-	-	2,360
Healthy Communities Activity	93.758		39,984	-	-	(11,080)
Cancer Prevention and Control Programs	93.898		8,160	-	-	-
Diabetes Regional Consultants	93.945		26,428	-	-	-
Maternal and Child Health Services Block Grant:						
Maternal Health	93.994		29,160	21,873	-	1,018,424
Womens Preventive Health	93.994		33,738	25,306	-	-
Child Health	93.994		22,088	16,568	-	620,432
Project Grants and Cooperative Agreements for						
Tuberculosis Control Programs	93.116		50	-	-	-
HIV/STD Prevention Grant	93.977		692	-	-	-
			426,738	63,747	-	2,188,888
Direct Program:						
Grants for New And Expanded Services Under the						
Health Services Program	93.527		1,300,000	-	-	-
			10,012,535	438,861	-	5,449,037

GRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
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Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
STATE AWARDS:					
NC Department of Health and Human Services					
Division of Social Services:					
Administered by County Department of Social Services:					
					456,803
					2,099,407
					152,668
					14,697
			425		-
			32,222		-
			9,771		-
			16,811		-
			549		106
			7,982		-
			17,700		17,700
			28,900		29,631
			72,373		72,372
			<u>186,733</u>		<u>2,843,384</u>
Division of Aging and Adult Services:					
Passed through Eastern Carolina Council of Government					
Administered by County Department of Social Services:					
In-house Services - 100% State Funds:					
			43,435		-
			82,526		-
			193,862		-
			<u>319,823</u>		<u>-</u>
Health Divisions:					
Administered by County Health Department:					
			131,720		-
			33,198		1,056,951
			1,102		-
			25,643		-
			19,217		-
			71,428		-
			14,102		-
			2,000		-
			3,260		-
			90,000		-
			6,343		75,675
			31,587		37,945
			12,899		25,655
			2,023		-
			22,950		-
			26,453		-
			<u>493,925</u>		<u>1,196,226</u>
			<u>1,000,481</u>		<u>4,039,610</u>

Total NC Department of Health and Human Services

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
(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 Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Passed through County Finance Department:					
Committee for Children	825000	-	1,000	-	-
Celebrate Families		-	23,805	-	-
Structured Day Reporting	825006	-	107,136	107,136	-
Juvenile Restitution	825053	-	59,418	59,418	-
Teen Court	825032	-	63,211	63,211	-
Total NC Department of Juvenile Justice and Delinquency Prevention		-	254,570	229,765	-
NC Department of Environmental Quality					
Division of Soil and Water Conservation					
Administered by County Soil Conservation Department:					
Technical Assistance Funds		-	26,550	-	-
State Matching Funds		-	3,600	-	-
Total Division of Soil and Water Conservation		-	30,150	-	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program		-	8,280	-	-
Total NC Department of Environmental Quality		-	38,430	-	-
NC Department of Transportation:					
Administered by County Soil Conservation Department:					
Rural Operating Assistance Program (ROAP) Cluster:					
Elderly Handicap	EHTAP	-	63,079	-	-
General Public Transportation Craven	GPT	-	51,303	-	-
General Public Transportation Jones	GPT	-	10,891	-	-
General Public Transportation Pamlico	GPT	-	12,306	-	-
Work First Jones County	Work First	-	2,410	-	-
Work First Pamlico County	Work First	-	1,886	-	-
Work First Craven County	Work First	-	11,603	-	-
Total NC Department of Transportation		-	153,478	-	-

GRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018
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	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-Through Expenditures	State Expenditures	Passed Through to Subrecipients	Local
STATE AWARDS						
NC Department of Commerce:						
Executive Parkway Extension		U-463	-	515,000	-	-
Total NC Department of Commerce			-	515,000	-	-
NC Department Public Instruction:						
Public School Building Capital Fund - Lottery Proceeds			-	944,400	-	-
Total NC Department of Public Instruction			-	944,400	-	-
NC Department of Administration:						
Division of Veterans Affairs:						
Administered by Craven County Department of Veterans Services:						
Veterans Services			\$ -	2,175	-	-
Total Federal Expenditures			\$ 15,953,028			
Total State Expenditures				\$ 3,748,386		
Total Expenditures Passed Through to Subrecipients					\$ 229,765	
Total Local Expenditures						\$ 11,235,636

Passenger Facility Charges

	Application Number	Current Year Expenditures
Passenger Facility Charges	96-01-C-00-EWN	\$ 443,630

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, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State Single Audit Implementation Act, and the Passenger Facility Charges Audit Guide for Public Agencies issued by the Federal Aviation Administration. Because the Schedule presents only a selected portion of the operations of Craven County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Craven County.

Note 2. Summary of Significant Accounting Policies

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

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

In accordance with guidance issued by the United States Department of Agriculture (USDA), Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$17,471,201 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.

Note 3. Relationship to Fund Financial Statements

Substantially all federal and State financial assistance programs (other than direct benefit payments - see Note 11 to the financial statements) are accounted for in the County's governmental and proprietary funds.

Note 4. Passenger Facility Charges

Beginning February 1, 1997, and including subsequent revisions, Craven County Regional Airport Authority was authorized to impose a passenger facility charge to a maximum of \$11,200,275. Current year expenditures from these funds are \$443,630 and are included on the schedule of expenditures of federal and State awards and passenger facility charges. Revenue from passenger facility charges for the year ended June 30, 2018 consists of \$469,855 for passenger facility charges plus \$95 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, 2018

Note 5. Program Clusters

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

Note 6. Loan Outstanding

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

Grantor/Program Title	Federal CFDA Number	Loan Balance July 1, 2017	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2018
NC Clean Water Revolving Loan & Grant Program	66.468	\$ 16,178,995	\$ -	\$ 808,950	\$ 15,370,045
NC Drinking Water Revolving Loan	N/A	640,914	-	80,114	560,800
		<u>\$ 16,819,909</u>	<u>\$ -</u>	<u>\$ 889,064</u>	<u>\$ 15,930,845</u>

Craven County



Craven County

