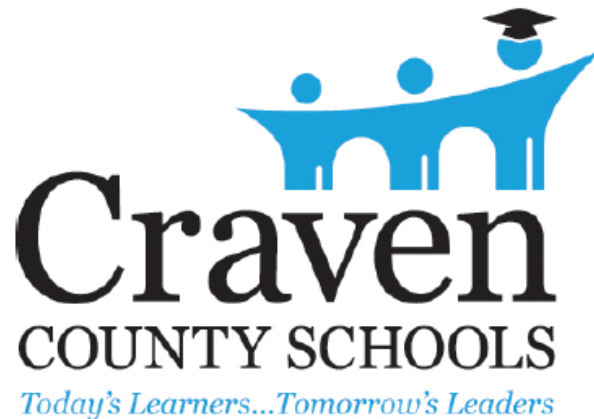


**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CRAVEN COUNTY BOARD OF EDUCATION
NEW BERN, NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CRAVEN COUNTY BOARD OF EDUCATION

David E. Hale, Chairman
Kimberly R. Smith, Vice Chairperson
Frances H. Boomer
Carroll G. Ipock, II
Stefanie A. King
Beatrice R. Smith
Joseph L. Walton



SUPERINTENDENT
Dr. Meghan S. Doyle

ASSISTANT SUPERINTENDENTS
Mr. Wayne Beasley
Dr. Wendy A. Miller
Mrs. Deborah Langhans
Mr. Stacy Lee

Prepared by:
Finance Department
Denise Altman, Finance Officer

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Table of Contents

Exhibit

Page

Introductory Section
Unaudited

Letter of Transmittal	i
Listing of Principal Officials	x
Organizational Chart.....	xi
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association.....	xii
Certificate of Excellence in Financial Reporting – Association of School Business Officials.....	xiii

Financial Section

Independent Auditors’ Report.....	1
Management’s Discussion and Analysis.....	4

Basic Financial Statements:

Government-wide Financial Statements:

A	Statement of Net Position	14
B	Statement of Activities.....	15

Fund Financial Statements:

C	Balance Sheet – Governmental Funds.....	17
D	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
E	Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds.....	22
F	Statement of Net Position – Proprietary Fund.....	26
G	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	27
H	Statement of Cash Flows – Proprietary Fund.....	29
I	Statement of Net Position – Fiduciary Fund	31
J	Statement of Changes Net Position – Fiduciary Fund	32
	Notes to the Financial Statements	33

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension Liability – Teacher’s & State Employees’ Retirement System.....	74
Schedule of Contributions – Teacher’s & State Employees’ Retirement System.....	75
Schedule of the Proportionate Share of the Net OPEB Liability – Retire Health Benefit Fund.....	76
Schedule of Contributions – Retire Health Benefit Fund.....	77
Schedule of the Proportionate Share of the Net OPEB Asset – Disability Income Plan of NC	78
Schedule of Contributions – Disability Income Plan of NC	79

Schedule

Individual Fund Schedules:

1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	80
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State Public School Fund	84
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Federal Grants Fund	87
4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Local Current Expense Fund.....	90
5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Outlay Fund	94
6	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – School Food Service Fund	95

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Table of Contents

<u>Table</u>	Statistical Section Unaudited	<u>Page</u>
	Financial Trends:	
1	Net Position by Component	99
2	Net Position by Component for Craven County, NC	100
3	Changes in Net Position	101
4	Changes in Net Position for Craven County, NC	103
5	Fund Balances – Governmental Funds	105
6	Fund Balances – Governmental Funds for Craven County, NC	106
7	Changes in Fund Balances – Governmental Funds	107
8	Changes in Fund Balances – Governmental Funds for Craven County, NC	108
	Revenue Capacity:	
9	Governmental Fund Revenues and Other Financing Sources	109
10	Governmental and Proprietary Funds Expenditures by Function	110
11	Revenue Sources for Governmental and Proprietary Funds Expenditures	111
12	Assessed Value and Actual Value of Taxable Property for Craven County, NC	112
13	Direct and Overlapping Property Tax Rates for Craven County, NC	113
14	Principal Property Tax Payers for Craven County, NC	114
15	Property Tax Levies and Collections for Craven County, NC	115
	Debt Capacity:	
16	Ratios of Outstanding Debt by Type for Craven County, NC	116
17	NC Ratios of Net General Bonded Debt Outstanding for Craven County, NC	117
18	NC Legal Debt Margin Information for Craven County, NC	118
	Demographic and Economic Information:	
19	Pupils in Membership by Ethnic Origin and Sex	119
20	Dropouts by Grades and Reasons	120
21	Personnel Summary (Full Time Personnel Only)	121
22	Teacher Salaries	122
23	Demographic and Economic Statistics for Craven County, NC	123

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Table of Contents

<u>Table</u>		<u>Page</u>
24	Principal Employers for Craven County, NC	124
25	Full-time Equivalent County Government Employees by Function for Craven County, NC	125
	Operating Information:	
26	Operating Statistics	126
27	Operating Indicators by Function for Craven County, NC	127
28	Capital Asset Information	128
29	Capital Asset Statistics by Function for Craven County, NC	129
30	Installment Purchase Agreements with Future Minimum Payments	130
	Compliance Section	
	Independent Auditors' 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.....	131
	Independent Auditors' Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance in Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act	133
	Independent Auditors' Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance in Accordance With Applicable Sections Of OMB Uniform Guidance And The State Single Audit Implementation Act	135
	Schedule of Findings and Questioned Costs.....	137
	Corrective Action Plan.....	140
	Summary Schedule of Prior Year Audit Findings	141
	Schedule of Expenditures of Federal and State Awards	142
	Notes to the Schedule of Expenditures of Federal and State Awards.....	148

INTRODUCTORY SECTION

Unaudited

This page left blank intentionally.

CRAVEN COUNTY BOARD OF EDUCATION

3600 TRENT ROAD
NEW BERN, NC 28562
(252) 514-6300

Letter of Transmittal

January 17, 2019

Members of the Craven County Board of Education and Citizens of Craven County, North Carolina...

The Comprehensive Annual Financial Report of the Craven County Board of Education for the fiscal year ended June 30, 2018, is hereby submitted in compliance with the Public School Laws of North Carolina. The Superintendent and the Finance Officer are responsible for the accuracy, completeness, and clarity of this report which has been prepared in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and is presented in a manner that reflects fairly the financial position and results of the operations of the Board and may help the reader better understand operations and financial position of the local educational agency. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activity have been included.

District Profile

The Craven County Board of Education is a Local Education Agency empowered by State law (Chapter 115C of the North Carolina General Statutes) and is the lowest level of government having financial accountability and control over all activities related to the public school education in Craven County, North Carolina.

The Craven County Board of Education, whose members are elected by the citizens of Craven County, has the authority to designate management, make binding decisions, and significantly influence operations. The Board has final approval over the budget and primary accountability for fiscal matters (including any deficits). Accordingly, the Craven County Board of Education is not included in any other reporting entity as defined in GASB pronouncements.

The system for FY 2017-2018 had 15 elementary schools, 5 middle schools, and 5 high schools and ranked as the 26th largest school system in North Carolina with a final ADM of 13,665 students. The system employed a total of 1,262 full time personnel, with licensed personnel comprising 84.87% of that total. One of our high schools is partnered with the High School Innovation Project (HSIP) as a Learn and Earn early college high school. This program has been highly successful and continues to spark a lot of interest in the community. This type of collaboration enhances the overall educational setting in Craven County. Craven County Schools is also proud to have Early College East in the Havelock area to focus on Science, Technology, Engineering, and Mathematics. The system partners with Craven Community College and NAV Air aboard Cherry Point Marine Air Station to allow for this awesome educational experience, merging real-time project based learning and technology. This is a five-year program which will enable students to graduate with a high school diploma and up to two years of college credit toward a bachelors or associates degree. The instructional services for the students include general education, special education, JROTC, and CTE programs.

Craven County

continues to operate a Craven Evening Education Center at New Bern High School, Havelock High School and West Craven High School. These three locations are spread out to allow our system to effectively reach more students to offer them alternative avenues for education. Also, Craven County Schools continues to operate Aspire school which is located on the Grover C. Fields Middle School site location. This school is designed to target those students with extreme behavior type issues that may be a barrier to learning in the regular classroom environment. The school is staffed with specially trained educators to assist these students with strategies that will enhance their learning potential, as well as a coordinator for the school. The majority of the funding for the setup of this school came from the state remediation at risk category; however, the teachers are actually paid from Exceptional Children's funds. Currently, the district is serving 17 students at this school site. However, this enrollment number does fluctuate to accommodate changing student needs.

Each school has a principal that is responsible for the total school operations. Appropriate instructional and support personnel, based on student enrollment, staff the schools. Instructional specialists and central administrative staff work with the school principal and other faculty in developing, implementing, and enhancing effective instructional programs to serve the students of Craven County.

Craven County's facilities range in age from the mid 1950's to the most recent new construction in 2006. Craven County has maintained the older buildings over the years by replacing roofs, installing updated HVAC systems, HVAC control systems for efficiency, window and door replacements and restroom renovations.

Accounting System and Budgetary Control

The Board provides a variety of services in order to meet its educational responsibilities and goals. The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. From an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functions that operate independently. Each entity is a separate 'fund' with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

In developing and improving the Board's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Board's internal control structure adequately protects assets and provides reasonable assurance of proper recording of financial transactions.

North Carolina General Statutes require an annual balanced budget to be adopted for all funds, except for the individual school funds, before July 1 of each year and can be amended through June 30. The Board's annual budget Resolution authorizes expenditures by fund, function, and project on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budget as amended for the fiscal year. The Board also uses a purchase order

encumbrance system that records and shows encumbrances outstanding against each line item. All appropriations lapse at the fiscal year-end and outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are re-appropriated by budget amendment in the new fiscal year.

Management's Discussion and Analysis

GAAP 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 discussion is included in this report. This letter of transmittal is designed to complement the MD&A and should be read in connection with it.

Health Insurance Update

The Board participates in the State Health Plan for teachers and state employees. The Plan provides health care coverage for eligible teachers, state employees, retirees and others identified under the COBRA law. It is a self-insured plan and exempt from the Employee Retirement Income Security Act as a government –sponsored plan. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits through one of two preferred provider organization (PPO) plans. PPO plans are able to extend the freedom of choice among in-network providers and lower out-of-pocket costs. For active employees, the State Health Plan will continue to offer 2 plans which include the enhanced 80/20 plan, and the traditional 70/30 plan. These plans allow individuals the flexibility to receive benefits for visits to any provider, whether they are in or out of network. Active employees must pay a \$25 monthly premium for the Traditional 70/30 plan, previously termed the Basic Plan. This plan has higher copays and deductibles in exchange for reduced premiums. The second Enhanced 80/20 plan includes enhanced benefits with a strong emphasis on preventive health and comes with a monthly premium cost of \$50 for the employee. The extended monthly premium is a tradeoff for lower copays, coinsurance, and deductibles. All tobacco users have the option to attend a CVS Minute Clinic to aid in the cessation of tobacco usage to avoid the additional \$60 charge. Previously, there was a third option labeled as Consumer-Directed Health Plan (CDHP), which involved high deductibles, a Health Reimbursement Account (HRA), and healthy incentives; however, this option is no longer available.

Independent Audit

The General Statutes of North Carolina require an annual independent audit of all local boards of education. Rives & Associates LLP, a firm of independent certified public accountants, has examined the financial statements, and their opinion is included in this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 US Code of Federal Regulations Part 200 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the North Carolina Single Audit Implementation Act. This audit was performed using 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 auditor's report on the management's discussion and analysis, the basic financial statements, and the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

Economic Profile

A host of treats lie in store for visitors where history and tradition exists with the modern. Craven County finds its place nestled in the heart of North Carolina's coastal shores with its picturesque location on the banks of two major rivers, about 40 miles from the ocean. The county is filled with an abundance of natural resources. The Craven County region encompasses New Bern, Havelock, and Vanceboro where they collectively create an environment where the citizens are actively engaged with where they live, work, play and learn. This unique widespread county is a special place with a multitude of opportunities. The region's atmosphere allows businesses to thrive and residents to live comfortably. Craven County has a strong manufacturing history which has allowed our economy to grow and diversify. This county has a mild climate and tranquil countryside along with well-maintained greens that are spread over acreage of approximately 712 square miles. Craven County's population in 2018 came in at 103,800. The county tax rate remained stable at \$0.5394 per \$100 of assessed value. It is home to the Croatan National Forest and Marine Corps Air Station Cherry Point. The county seat, New Bern, was settled in 1710 and was the first capital of North Carolina. The Economic Development Commission which was founded in 1975 to increase the competitiveness of business attraction to Craven County was disbanded in May 2012. Since this action, Craven County continues to fund a position for an Economic Director. The role of this position is to aid with implementing economic development initiatives, recruit new businesses, and work to expand existing businesses. The previous director resigned over the summer; however, Craven County is currently in the final stages of hiring a new Economic Director and is anxious to bring them aboard.

It was in 1712 that Craven County was founded and named for William, Earl of Craven who lived from 1608 to 1697. He was one of the eight original Lords Proprietor of the Colony of Carolina which King Charles II of England granted in 1663. Tuscarora Tribe's Native Americans originally inhabited the region, and was later settled by German, Swiss and English colonists. At the confluence of the Neuse and Trent Rivers, sits New Bern which is the county seat of Craven County. New Bern's rich history and beautiful location have made this city appreciated across the state. Significant towns within Craven County include Havelock, Fort Barnwell, Tuscarora, Bridgeton, Vanceboro, Trent Woods, Jasper and Dover. The county has a total of seven districts while each one is distinct with its own rich heritage. This county was once known primarily for farming and agriculture; however, tourism has emerged over time and continues to be a key component in this historic southern city.

Of the 161,000 acres of land that comprise the Croatan National Forest, 63,068 of them are located within Craven County. It offers pocosins, Longleaf and Loblolly pine, bottomland and upland hardwood ecosystems, well-developed hiking trails, campgrounds, a long sandy swimming beach, and paddle trails for canoeists. The fishing is plentiful with a wide variety of fish from catfish to largemouth bass, bluegills to flounder, perch or croakers. Some very unusual plants such as Venus' flytraps, sundews and pitcher-plants are scattered throughout the Forest. A percentage of money received from production of goods and services on national forest lands is distributed to school systems. For FY 2018, our system received \$40,478.

The latest study reveals North Carolina as home to the 3rd largest military population in the US. This includes approximately 59,000 school age children that are connected to active duty military, Guard and Reserve. North Carolina has adopted the Interstate Compact on Educational Opportunity for Military Children. This Compact addresses many areas of need for the military student who deals with many transitions during their lifetime. On average, the military child moves 6-9 times between kindergarten and twelfth grade. At least one military child is represented at every school in our county. Marine Corps Air Station Cherry Point was authorized by Congress on July 9, 1941 with an initial appropriation of \$14,990,000 for construction. Originally, this was an 8,000-acre tract of swamps, farms, and timberland. One of the best all weather jet bases in the world is claimed by Cherry Point. Cherry Point has grown to occupy more than 29,000 acres which includes the air station as well as its associated support locations. This air station continues to pursue quality of life initiatives and community outreach efforts. It is their guiding principle to foster these positive

relationships with the local communities to further mutual interests and commitments. Cherry Point continues to increase in number for military and civilian, which in turn increases the number of new students served by Craven County Schools. The Armed Forces see STEM education as a golden opportunity for future employment as there is a rapidly growing need for employers in fields that utilize science, technology, engineering and mathematics. During FY 2015, salaries came in at approximately \$1.214 billion. This included all active and retired military as well as current and retired civilian workers. Despite the challenges of accomplishing more with less funding, MCAS Cherry Point still managed to yield an overall economic impact of \$2.01 billion dollars for FY 15. Craven County School District received \$1.037 million from the Department of Education for Impact Aid directly related to Cherry Point in fiscal year 2018.

International Paper Company, formerly Weyerhaeuser Company, continues to be the largest taxpayer in Craven County. Its 2018 assessed valuation was \$181.6 million. It is 1.95% of the total assessed valuation. BSH Home Appliances Corp. is second with an assessed valuation of \$125 million and rose to 1.34% of the total assessed valuation. BSH employs 1,200 personnel. The Department of Defense remains the largest employer in terms of numbers of employees with a count of 5,159 civilian employees; Carolina East Health Systems is second with 2,622 employees and third is Craven County Schools with 1,784.

The annual average unemployment rate for Craven County is 4.73%, which dropped from the 5.26% for the previous year. This rate is above the seasonally adjusted state rate of 3.6% concluded at October 2018 for North Carolina. The state with the lowest percentage for October 2018 is Hawaii standing at a 2.3% unemployment rate.

Columbia Development Group LLC, a South Carolina based company, is coming close to completing the new shopping center on approximately 30 acres off of Martin Luther King Blvd near Glenburnie Road to be named as New Bern Marketplace. The large multi-tenant building backs up to Trent Road and involves a 100,000 square foot Harris Teeter with a fuel station along with a pharmacy drive-thru window. Harris Teeter opened its doors on December 5, 2018. Retail stores that have opened over the past year include an Academy Sports + Outdoors, a sporting goods store, as well as a 55,000 square foot Hobby Lobby, a craft and art supplies seller. Other active tenants of this center include Ross, Ulta, West Marine, and a teen centered retailer named Five and Below.

McGuckin & Pyle manufacturer has released information that they will be opening a new manufacturing plant in Craven County with an investment of \$2.25 million that will yield 33 new job opportunities. This will be a manufacturer of custom lamination and processing equipment. This privately owned corporation will be bringing its services to Craven County Industrial Park and will afford salaries for the new jobs at an average of \$44,304. McGuckin & Pyle is expected to receive a performance based grant of \$70,000 from the One North Carolina Fund to help launch the opening. They are firmly committed to assist Craven County as they help to play a part in recovery efforts for residents to bounce back post Hurricane Florence.

Craven County was hit hard with the devastating effects of Hurricane Florence in September 2018. Within the borders of Craven County, there were approximately 301 commercial buildings damaged or destroyed at an estimated cost of \$30,100,000. The residential impact involved roughly 4,658 buildings damaged or destroyed at a cost of \$165,946,600. These were all a result of wind, rain, and storm surge. In summary, our county incurred an approximate \$195 million in structural damage after the destruction of Hurricane Florence. Many of the county business and administrative buildings were impacted and included the New Bern Riverfront Convention Center which sustained a tremendous level of damage. Due to this damage, the center will be closed at least one year for repairs. Along with storm damage, they hope to address long standing floor settlement issues. The loss of the usage of the Convention Center for a year will definitely impact incoming revenue for the County. The Tourism Development Authority will be working with clients to assist with finding alternate business functions. Recovery efforts are visible and felt throughout our community with abounding positivity. The citizens are committed to coming back stronger than ever.

Financial Planning

The Craven County Board of Education is a financially dependent organization. By state statute the Board has no taxing authority or other means of generating revenues. The Board is dependent upon the State of North Carolina, the Federal Government, and the Craven County Commissioners.

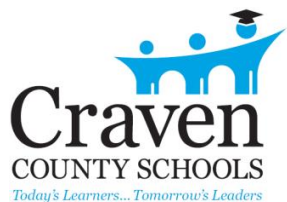
North Carolina began lottery ticket sales in March of 2006. The lottery distribution for FY 2018 yielded \$957,540 for Craven County Schools. It is estimated that thirty percent of lottery revenue gets funneled to the education system.

With the passing of the State budget for FY 2019, licensed teachers include a Bachelor schedule starting at an annual salary of \$35,000 and capping at \$52,000. The increase with the step for Bachelor level teachers who present with less than 25 years of experience will range from 0% to 14.8% increase in pay. Veteran teachers who present with 25 years of teaching and above will earn a \$385 bonus if employed as of October 1, 2018 and did not receive an increase in state funded salary. The schedule for principal salaries includes a 6.9 % increase effective July 1, 2018 with a range from \$66,010 to \$95,054. Principal bonuses will be designated for the top 50% in the State. The measuring component will be the growth of the school supervised. The bonus may be doubled if the principal is at a school with a D or F letter grade of performance. Noncertified and central office staff will be granted a 2% increase in salary but are not included in the state provision for 5 days of annual leave nor in the required minimum pay of \$31,200.

It is important to note that there was yet again a decrease in the final average daily membership this past year from 13,860 to 13,665. As most of the Federal and State funding are based on the student population, this drop has a negative impact on our funding dollars. Due to the continued limited growth in our economy, the State and local funding entities have endured funding shortages which have impacted the Board of Education as well since they are a funding dependent government entity. Through all of this, Craven County Schools maintains their vision for academic success for all students and strives to monitor the budgeting needs.

Craven County School System also receives Federal Impact Aid funding which may be used at the district's discretion and in accordance with their local and state requirements. Most school districts utilize this funding for current expenditures such as teacher salaries, supplies, equipment, computers, tutoring, and enrichment programs. Craven County Schools are eligible for this funding since Craven County includes within their boundary parcels of land that are owned by the Federal Government or that have been removed from the local tax rolls. This leaves the county operating with less local revenue while still providing a quality education for these students living on the Indian and other Federal lands. The Impact Aid program was implemented by Congress to provide this financial assistance to the local school districts that are affected with this decreased local revenue. It was officially signed into law in 1950 by President Harry S. Truman. This assistance funding requires parent-pupil surveys to be filled out around the September time frame for each student enrolled in Craven County Schools.

On an annual basis, Craven County Schools' leadership team meets for an Organizational Review with its Board Members. This review covers curriculum changes and planning, updates on School-Family-Community Connections, long range planning for facilities, and sharing of data on our educators and potential future leaders for our system. After a full review of the needs for our facilities, a long range plan for capital improvements is projected out in order of priorities over a five-year time span. Our district has completed the Capital plan at this point other than a new gym floor at New Bern High School. However, some repairs are pending as Hurricane Florence has shifted some priorities and funding availability.



Board of Education

DAVID E. HALE, *Chairman* • FRANCES H. BOOMER, *Vice Chairman*

NAOMI E. CLARK • CARROLL G. IPOCK, II • STEFANIE KING • BEATRICE R. SMITH • KIMBERLY R. SMITH

MEGHAN S. DOYLE, EDD, *Superintendent*

Dear Craven County Schools Families, Partners, and Community Members:

The 2018-2019 school year marks a new beginning for Craven County Schools, for our educators, and for our students. During the last half of the past school year (2017-2018), the Craven County Board of Education convened a group of over 60 community representatives from parents to business leaders, elected officials to students, to decide what our community's collective vision is for public education. After six months of work together and seeking feedback from at least ten additional community members each, they created the Vision for Public Education in Craven County Schools. This vision is the product of conversations with over 600 citizens of Craven County. It will serve as our guiding light to an even better school system for your children to ensure that they are ready to contribute to our community and build successful lives. Our community's vision for public education is:

*We envision a public education system that challenges all students as learners and **prepares them to imagine and create a successful life**; values educators and empowers them to inspire and spark innovation in every student; leads in education and community engagement; and invites all students, their families, and all members of the community to work together to support public education to the benefit of our students, our community, our nation and our world.*

In order to achieve that vision, our district leadership team and strategic planning team created the mission to direct our work in achieving our community's vision. It states, *"Together with OUR families and community, Craven County Schools will educate all learners to personal, professional, and civic success through challenging and personalized instruction.* This mission and will guide the work of our school system as we work to help our students and their families imagine and create successful lives through their participation, engagement, and learning in our schools. This document of our financial statement should be a reflection of the work and the resources needed to achieve the goals we have for our school system. We want to work diligently to build the public's trust in what we are doing and the way in which we conduct our work. Our community wants not only for our students to be the highest possible achievers in their personal, professional and civic lives, but they want our system to be good stewards of the community's resources. It is our goal that our financial statements reflect that stewardship and increasingly align the work of our system towards the goals of our community for our learners and educators.

Sincerely,

Dr. Meghan S. Doyle, SPHR, SHRM-SCP
Superintendent

3600 Trent Road | New Bern | North Carolina 28562
Phone: 252-514-6300 | Fax: 252-514-6351
www.craven.k12.nc.us

CRAVEN COUNTY SCHOOLS

VISION

We envision a public education system that challenges all students as learners and prepares them to imagine and create a successful life: values educators and empowers them to inspire and spark innovation in every student; leads in education and community engagement; and invites all students, their families, and all members of the community to work together to support public education to the benefit of our students, our community, our nation and our world.

MISSION

Together with OUR families and community, Craven County Schools will educate all learners to personal, professional, and civic success through challenging and personalized instruction.

STRATEGIC PLAN GOALS

- The Learner
- The Educator
- Teaching and Learning
- Community Engagement and Leadership
- Operations and Resources

CORE VALUES

- Visionary Leadership
- Student-Centered Excellence
- Organizational Learning and Agility
- Valuing People
- Focus on Success
- Managing for Innovation
- Management by Fact

- Societal Responsibility
- Delivering Value and Results
- Ethics and Transparency

Financial Reporting Awards

Since 1990, our Comprehensive Annual Financial Report has earned the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) and since 1995 the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). These awards are made only to governmental units that publish comprehensive annual financial reports that are easily readable, efficiently organized, and conform to program standards as well as satisfy generally accepted accounting principles and applicable legal requirements. We believe that our accompanying report conforms to ASBO and GFOA requirements and we will again submit this report for award consideration. Also, the North Carolina State Board of Education Recognition of Achievement in Financial Resource Management Certificate has been received from FY 1996 through FY 2016 with the exception of FY 2009. Craven County Board of Education will continue to make every effort to receive all future awards.

Acknowledgements

The preparation of this report could not have been accomplished without our independent audit firm, Rives & Associates LLP and the efficient and dedicated services of the personnel in the business office. This report would not be possible without their dedicated efforts and commitment to this school system. We would like to express our appreciation to all of these people for their assistance and contributions in developing the final report.

As required by North Carolina General Statute 115C-44, copies of this report will be filed with the Secretary of the Local Government Commission, the Controller of the State Board of Education, and the Board of County Commissioners. Also, a copy will be made available for public inspection in the office of the Superintendent.

Respectfully submitted,

Dr. Meghan S. Doyle
Superintendent

Denise P. Altman
Finance Officer

Craven County Board of Education

List of Principal Officials

BOARD OF EDUCATION

David E. Hale
Chairman

Kimberly R. Smith
Vice Chairperson

Frances H. Boomer

Beatrice R. Smith

Stefanie A. King

Carroll G. Ipock, II

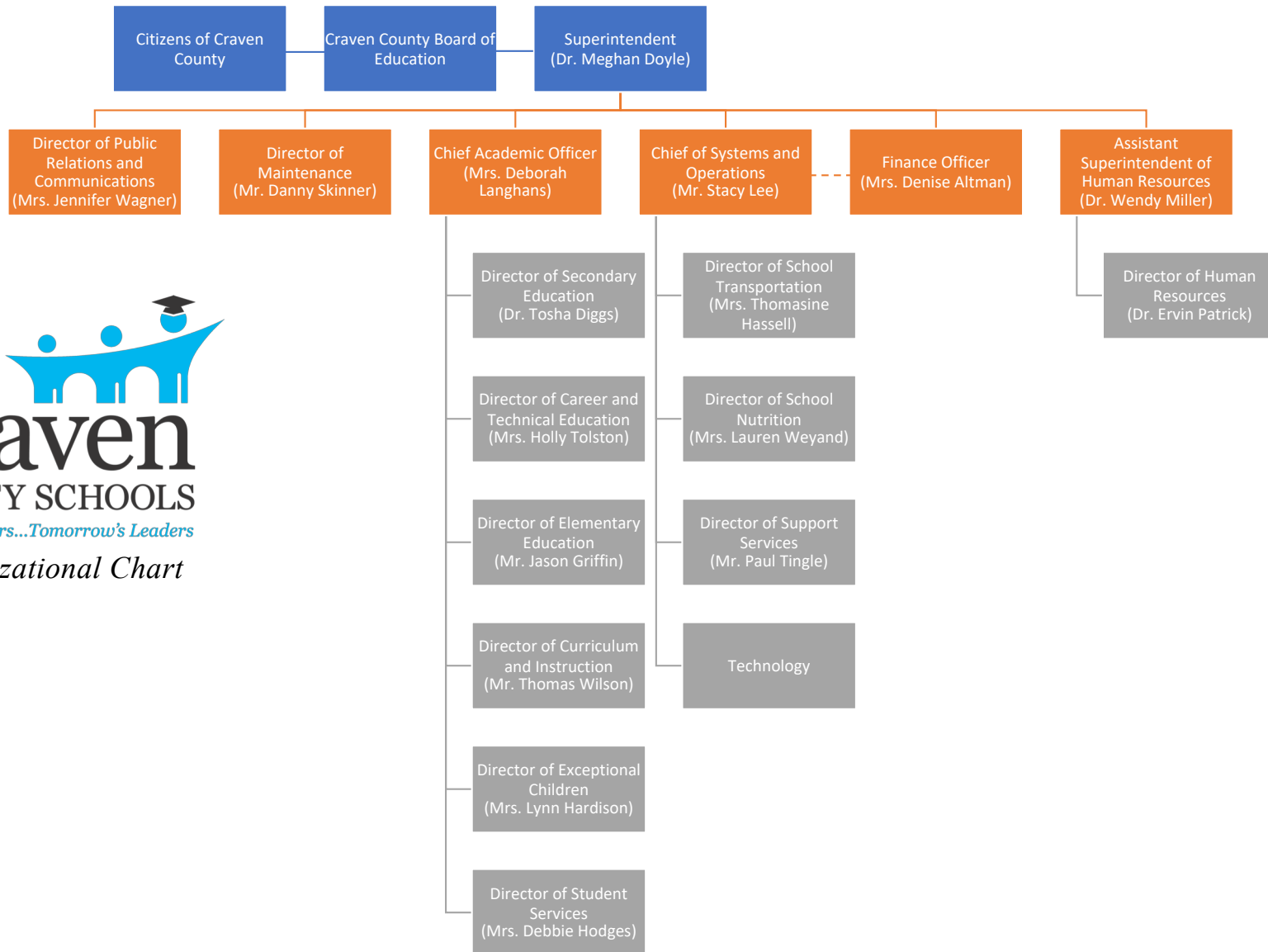
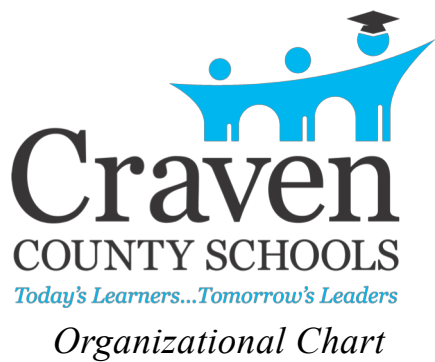
Joseph L. Walton

SUPERINTENDENT

Dr. Meghan S. Doyle

ASSISTANT SUPERINTENDENTS/CHIEF OFFICERS

Mr. Wayne Beasley
Dr. Wendy A. Miller
Mrs. Deborah Langhans
Mr. Stacy Lee





Government Finance Officers Association

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

Presented to

**Craven County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Craven County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.



Rives & Associates, LLP
Certified Public Accountants

www.rivescpa.com

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Craven County Board of Education, North Carolina
New Bern, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Craven County Board of Education, North Carolina, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Craven County Board of Education'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 statement 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 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 of material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Craven County Board of Education, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, Federal Grant Fund, and Other Local Current Expense Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standards

As discussed in Note V to the financial statements, for the year ended June 30, 2018 the Board adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 required supplementary information, as listed in the table of contents 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 an opinion on the financial statements that collectively comprise the Craven County Board of Education's basic financial statements. The individual fund schedules - budget and actual, introductory section, statistical section, as well as the schedule of expenditures of federal and State awards 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*, and the State Single Audit Implementation Act; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules - budget and actual, and the accompanying schedule of expenditures of federal and State awards 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. In our opinion, the individual fund schedules - budget and actual, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections 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 assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2019 on our consideration of Craven County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Craven County Board of Education's internal control over financial reporting and compliance.

Rives & Associates LLP

Lexington, North Carolina
January 17, 2019

This page left blank intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

As management of the Craven County Board of Education, we offer readers of the Craven County Board of Education's financial statements this narrative overview and analysis of the financial activities of the Craven County Board of Education for the fiscal year ended June 30, 2018. We encourage readers to read the information presented in conjunction with the audited financial statements included in this report.

Financial Highlights

- There was a decrease in the final student average daily membership (ADM) from 13,860 to 13,665. Most of the funding received from the Federal and State grants that flow through the State are based on the general and special groups of student population.
- The Board of Education reported an ending fund balance of \$7,547,719 in the General Fund, an decrease of \$102,479 in comparison with the prior year. Included in this total is \$168,899, the value of inventories which represents amounts that are non-spendable at year end. Also included in this total is \$226,818 restricted for Stabilization of State Statute, \$325,484 assigned for subsequent years expenditures, and \$3,500,000 hurricane damage appropriations. The remaining balance of \$3,326,518 is unassigned which is available for spending at the government's discretion.
- The ending fund balance of the Capital Outlay Fund was \$434,709, a decrease of \$108,602 from the June 30, 2017 balance of \$543,311. Capital Outlay projects completed during the year included HVAC replacements, ceiling and lighting repairs and replacement of yellow buses.
- The State Public School Fund and the Federal Grants Fund are restricted, and funds are received and expended at the same time. The State Public School Fund's funding remained fairly consistent with that of the previous year, with the exception of the increase in funding realized from higher ADM. The Federal Grants Fund revenues have increased this year as compared to previous years.
- The Major Funds include fund balances of \$959,465 for the Individual Schools Fund and \$3,406,376 for the Other Local Current Expense Fund. The Individual Schools Fund is maintained by individual schools and is not required to be budgeted by the Board of Education. The Other Local Current Expense Fund is maintained by the Board to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended).

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Overview of the Financial Statements

The audited financial statements of the Craven County Board of Education consist of four components:

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for enterprise funds.

The *Basic Financial Statements* include two types of statements that present different views of the Board of Education's finances. The first is the *government-wide financial statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board of Education's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board of Education's investment in assets, deferred outflows of resources, obligations to creditors, and deferred inflows of resources. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board of Education's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board of Education's governmental funds, proprietary fund, and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board of Education's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financials statements to the government-wide statements is required. The government-wide statements provide information about the Board of Education as an economic unit while the fund financial statements provide information on the financial resources of each of the Board of Education's major funds.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Government-wide Financial Statements

The government-wide financial statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board of Education's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board of Education's net position and how they have changed. Net Position - the difference between the Board's assets, deferred outflows of resources and the total of liabilities and deferred inflows of resources – is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board of Education's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board of Education's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

The Board's activities are divided into two categories in the government-wide statements:

- *Governmental Activities.* Most of the Board of Education's basic services are included here, such as regular and special education, transportation, and administration. County funding and federal and State aid finance most of these activities.
- *Business-Type Activities.* The Board of Education charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are shown as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board of Education's funds, focusing on its most significant or "major" funds – not the unit as a whole. Funds are accounting devices the Board of Education uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board of Education has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Craven County Board of Education has three fund types:

Governmental Funds. Most of the Board of Education's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board of Education's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements.

The Board of Education has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Federal Grants Fund, and the Other Local Current Expense Fund.

The governmental fund statements are show as Exhibits C, D, and E of this report.

Proprietary Fund.: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Craven County Board of Education has one proprietary fund – the School Food Service Fund.

The proprietary fund statements are show as Exhibits F, G, and H.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The Board of Education has one fiduciary fund – the Administrative Fund, which is a loan/scholarship fund under the control of the administrative unit. This is accounted for as a private-purpose trust fund.

The fiduciary fund statements are show as Exhibits I and J of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board of Education. Government-wide liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$122,068,992 as of June 30, 2018. The largest component of net position is net investment in capital assets of \$80,469,320. Also, note that the Board of Education carries capital assets for which Craven County carries the offsetting debt.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

The following table is a summary of the Statement of Net Position:

Table 1
Condensed Statements of Net Position
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 17,573,218	\$ 16,788,757	\$ 3,387,984	\$ 3,766,735	\$ 20,961,202	\$ 20,555,492
Capital assets, net	79,811,931	81,942,166	1,464,509	1,734,439	81,276,440	83,676,605
Total assets	97,385,149	98,730,923	4,852,493	5,501,174	102,237,642	104,232,097
Deferred outflows of resources	23,478,085	29,536,677	545,027	716,411	24,023,112	30,253,088
Liabilities:						
Current liabilities	4,971,399	4,330,202	128,830	154,230	5,100,229	4,484,432
Long-term liabilities	185,001,001	52,435,833	4,271,898	1,235,931	189,272,899	53,671,764
Total liabilities	189,972,400	56,766,035	4,400,728	1,390,161	194,373,128	58,156,196
Deferred inflows of resources	52,732,469	3,116,341	1,224,149	59,571	53,956,618	3,175,912
Net position:						
Net investment in capital assets	78,096,960	80,470,279	1,464,509	1,734,439	79,561,469	82,204,718
Restricted	2,463,948	4,089,163	11,237	-	2,475,185	4,089,163
Unrestricted	(202,402,543)	(16,174,218)	(1,703,103)	3,033,414	(204,105,646)	(13,140,804)
Total net position	\$ (121,841,635)	\$ 68,385,224	\$ (227,357)	\$ 4,767,853	\$ (122,068,992)	\$ 73,153,077

During the year ended June 30, 2018, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires the Board to recognize its proportionate share of the net pension asset or liability, deferred outflows and deferred inflows of resources, and related expenses from its participation in the North Carolina Retiree Health Benefit Fund and Disability Income Plan. The results of this statement include recognizing a net pension liability or asset for the plans and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this before restatement resulted in to an adjustment of beginning net position for the governmental activities and business-type activities of \$183,251,264 and \$4,254,053 respectively.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

The following table shows the revenues and expenses of the Board of Education for the current fiscal year.

Table 2 Condensed Statements of Activities For the Fiscal Years Ended June 30, 2018 and 2017						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges from services	\$ 3,485,295	\$ 3,482,861	\$ 1,342,329	\$ 1,283,273	\$ 4,827,624	\$ 4,766,134
Operating grants and contributions	91,895,932	88,792,744	4,900,670	5,247,089	96,796,602	94,039,833
Capital grants and contributions	1,101,722	1,160,786	-	-	1,101,722	1,160,786
General revenues:						
County appropriations	22,888,525	22,923,666	-	-	22,888,525	22,923,666
Other revenues	3,533,759	3,913,138	53,763	73,162	3,587,522	3,986,300
Total revenues	<u>122,905,233</u>	<u>120,273,195</u>	<u>6,296,762</u>	<u>6,603,524</u>	<u>129,201,995</u>	<u>126,876,719</u>
Expenses:						
Governmental activities:						
Instructional programs	100,957,478	94,217,033	-	-	100,957,478	94,217,033
Supporting services	24,488,205	21,970,529	-	-	24,488,205	21,970,529
Ancillary services	240,360	245,612	-	-	240,360	245,612
Non-programmed changes	597,677	338,416	-	-	597,677	338,416
Unallocated depreciation	3,540,884	3,317,895	-	-	3,540,884	3,317,895
Business-type activities:						
School food services	-	-	7,094,143	7,161,120	7,094,143	7,161,120
Total expenses	<u>129,824,604</u>	<u>120,089,485</u>	<u>7,094,143</u>	<u>7,161,120</u>	<u>136,918,747</u>	<u>127,250,605</u>
Excess (deficiency) before transfers	(6,919,371)	183,710	(797,381)	(557,596)	(7,716,752)	(373,886)
Transfers in (out)	<u>(56,224)</u>	<u>(49,638)</u>	<u>56,224</u>	<u>49,638</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(6,975,595)	134,072	(741,157)	(507,958)	(7,716,752)	(373,886)
Net Position:						
Beginning of year	68,385,224	68,251,152	4,767,853	5,275,811	73,153,077	73,526,963
Restatement to net position	<u>(183,251,264)</u>	<u>-</u>	<u>(4,254,053)</u>	<u>-</u>	<u>(187,505,317)</u>	<u>-</u>
End of year - June 30	<u>\$ (121,841,635)</u>	<u>\$ 68,385,224</u>	<u>\$ (227,357)</u>	<u>\$ 4,767,853</u>	<u>\$ (122,068,992)</u>	<u>\$ 73,153,077</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Total governmental activities generated revenues of \$122.9 million while expenses in this category totaled \$129.8 million for the year ended June 30, 2018. Comparatively, revenues were \$120.3 million and expenses totaled \$120.1 million for the year ended June 30, 2017. After transfers to the business-type activities, the decrease in net position was \$6,975,595 at June 30, 2018, compared to an increase of \$134,072 in 2017. Much of the decrease in net position is associated with the implementation of GASB 75. Instructional services expenses comprised 77.8% of total governmental-type expenses while system-wide support services made up 18.9% of those expenses for 2018. County funding comprised 18.6% of total governmental revenue in 2018 and 18.9% in 2017. Much of the remaining 81.4% of total governmental revenue for 2018 consists of restricted State and federal money. This revenue represented 81.1% of total revenue in 2017. Business-type activities generated revenues of \$6.3 million and had expenses of \$7.1 million. Comparatively, revenues were \$6.6 million and expenses totaled \$7.2 million for the year ended June 30, 2017. After transfers in from the governmental activities, the decrease in net position for business-type activities stands at \$741,157 at June 30, 2018, compared to a decrease of \$507,958 in 2017. Nearly all of the operating grants and contributions are Federal and State money, and consist of both restricted and non-restricted. Total net position decreased by \$7,716,752 at June 30, 2018.

Financial Analysis of the Board's Funds

Governmental Funds. The focus of the Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is useful in assessing the Board of Education's financing requirements.

The Board of Education's governmental funds reported a combined fund balance of \$12,348,269, a increase of \$550,025 over last year's \$11,798,244. The majority of the increase is associated with State funding and other revenues which will be used to offset decreases in federal monies, projected increases in costs and to maintain services provided with other funds in prior years. State funding increased in 2018 by approximately \$2.3 million from 2017, which was a result of increases in employee wage bases.

For the General Fund, the expenditures in excess of revenues was \$102,479. Most of this is attributed to an decrease in the local appropriations. The Other Local Current Expense Fund had a increase in revenues of approximately \$792,000. The Individual Schools Fund balance increased \$3,162 from the prior year mainly due to annual fluctuations relating to participation in extra curricular activities at the individual schools.

The revenues for the State Public School Fund and the Federal Grants Fund are generated based on the amount needed to cover allocated expenditures; therefore, there are no revenues over or under expenditures.

Proprietary Fund.

The Board of Education's business-type fund, the School Food Service Fund had a decrease in net position of \$741,157, and the fund ended the year with total net position of a \$227,357 deficit. The School Food Service Fund has net cash resources in excess of three months operating expenditures and has received approval by the North Carolina Department of Public Instruction to carry a cash reserve for the purchase of major food production, storage, delivery and service equipment.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

General Fund Budgetary Highlights

During the fiscal year, the Board 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. The State Public School Fund budget reflected a final budget of \$85,395,997 and actual expenditures of \$81,428,506 for a variance of approximately 4.6% between budget and actual at year-end. The General Fund's final budget included \$2,215,364 of appropriated fund balance, of which \$102,479 was used during the fiscal year-ended June 30, 2018.

Amendments were made necessary by all three categories. Amendments were in all fund operations of the Board of Education.

Capital Assets

Capital assets decreased by \$2,400,165 (or 2.87%) from the previous year. This was largely due to depreciation expense exceeding capital expenditures.

The following is a summary of the capital assets, net of depreciation at year-end.

Table 3
Summary of Capital Assets
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,074,671	\$ 3,074,671	\$ -	\$ -	\$ 3,074,671	\$ 3,074,671
Building and improvements	139,610,488	139,610,488	-	-	139,610,488	139,610,488
Equipment and furniture	4,239,289	3,948,864	5,974,910	5,971,904	10,214,199	9,920,768
Vehicles	15,667,348	14,275,133	177,796	177,796	15,845,144	14,452,929
Total	162,591,796	160,909,156	6,152,706	6,149,700	168,744,502	167,058,856
Accumulated depreciation	(82,779,865)	(78,966,990)	(4,688,197)	(4,415,261)	(87,468,062)	(83,382,251)
Capital assets, net	<u>\$ 79,811,931</u>	<u>\$ 81,942,166</u>	<u>\$ 1,464,509</u>	<u>\$ 1,734,439</u>	<u>\$ 81,276,440</u>	<u>\$ 83,676,605</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Capital projects for the fiscal year ended included the following:

Lighting and Ceiling Repairs
HVAC Replacements
Buses

Vehicles
Department Equipment Replacement

Additional information related to capital assets can be found at note III.A. Capital Assets to the financial statements.

Debt Outstanding

The Board of Education is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. Craven County holds virtually all debt issued for school capital construction.

Other Long-Term Liabilities

The Board of Education follows the State's policy which allows employees to accumulate up to thirty (30) days earned vacation leave which is fully vested when earned. At year June 30, 2018, the Board of Education's compensated absences were \$6,015,929. The Board also entered into multiple three year installment purchase agreements to finance school buses. At year June 30, 2018, the Board's obligation under the installment purchases was \$1,714,971. Refer to Note III.B. Long-Term Obligation Activity for additional information.

Economic Factors

Craven County Schools experienced an increase in average daily membership of students from 13,860 students at 2017 year end to 13,665 at 2018 year end. For every fluctuation of 100 students, our state allotments are adjusted for these. The Craven County Board of Education is dependent upon state, federal and local funding to operate.

Administrators within the district continue to meet multiple times each school year to analyze funding available and make best use of those funds. Many positions have not been filled when vacancies arise as a means to reduce spending.

Craven County had a decrease in the annual unemployment rate from 5.26% for calendar year 2017 to 4.73% for 2018, and the per capita personal income increased from \$40,555 in 2016 to \$41,962 in 2017. These numbers indicate some improvement in our local economy. Building inspections decreased from 9,688 in FY 2017 to 8,942 in FY 2018.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2018

Requests for Information

This report is intended to provide a summary of the financial condition of the Craven County Board of Education. Questions or requests for additional information should be addressed to:

Denise P. Altman, CPA, Finance Officer
Craven County Board of Education
3600 Trent Road
New Bern, North Carolina 28562



BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Net Position
June 30, 2018

	Governmental	Primary Government	
	Activities	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 12,356,446	\$ 2,872,705	\$ 15,229,151
Accounts receivable	41,407	386	41,793
Due from other governments	4,341,849	139,643	4,481,492
Internal balances	32,977	(32,977)	-
Net OPEB asset	253,550	5,886	259,436
Inventories	546,989	402,341	949,330
	<u>17,573,218</u>	<u>3,387,984</u>	<u>20,961,202</u>
Capital assets:			
Land	3,074,671	-	3,074,671
Other capital assets, net of depreciation	76,737,260	1,464,509	78,201,769
Total capital assets	<u>79,811,931</u>	<u>1,464,509</u>	<u>81,276,440</u>
Total assets	<u>97,385,149</u>	<u>4,852,493</u>	<u>102,237,642</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>23,478,085</u>	<u>545,027</u>	<u>24,023,112</u>
LIABILITIES			
Accounts payable	299,889	2,819	302,708
Accrued salaries and wages payable	4,081,412	86,438	4,167,850
Unearned revenue	590,098	39,573	629,671
Long-term liabilities:			
Net pension liability	37,204,966	863,688	38,068,654
Net OPEB liability	140,218,488	3,255,077	143,473,565
Due within one year	5,622,450	108,000	5,730,450
Due in more than one year	1,955,097	45,133	2,000,230
Total liabilities	<u>189,972,400</u>	<u>4,400,728</u>	<u>194,373,128</u>
DEFERRED INFLOWS OF RESOURCES	<u>52,732,469</u>	<u>1,224,149</u>	<u>53,956,618</u>
NET POSITION			
Net investment in capital assets	78,096,960	1,464,509	79,561,469
Restricted for:			
Stabilization by State statute	606,706	-	606,706
Capital outlay	431,246	-	431,246
Individual schools	941,946	-	941,946
DIPNC OPEB plan	484,050	11,237	495,287
Unrestricted (deficit)	(202,402,543)	(1,703,103)	(204,105,646)
Total net position	<u>\$ (121,841,635)</u>	<u>\$ (227,357)</u>	<u>\$ (122,068,992)</u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 60,974,727	\$ 11,509	\$ 51,039,021	\$ -	\$ (9,924,197)	\$ -	\$ (9,924,197)
Special populations	13,418,182	-	12,740,543	-	(677,639)	-	(677,639)
Alternative programs	7,307,736	-	6,548,474	-	(759,262)	-	(759,262)
School leadership	7,942,002	-	4,341,338	-	(3,600,664)	-	(3,600,664)
Co-curricular	657,240	-	-	-	(657,240)	-	(657,240)
School-based support	10,657,591	3,072,053	6,619,939	-	(965,599)	-	(965,599)
System-wide support services:							
Support and development	1,429,474	-	828,700	-	(600,774)	-	(600,774)
Special population support and development	688,522	-	514,108	-	(174,414)	-	(174,414)
Alternative programs and services support and development	584,543	-	871,742	-	287,199	-	287,199
Technology support	1,651,206	-	370,511	-	(1,280,695)	-	(1,280,695)
Operational support	16,735,382	401,733	6,577,265	1,101,722	(8,654,662)	-	(8,654,662)
Financial and human resource	1,501,355	-	307,492	-	(1,193,863)	-	(1,193,863)
Accountability	134,196	-	119,571	-	(14,625)	-	(14,625)
System-wide pupil support	100,944	-	-	-	(100,944)	-	(100,944)
Policy, leadership and public relations	1,662,583	-	809,123	-	(853,460)	-	(853,460)
Ancillary services	240,360	-	56,224	-	(184,136)	-	(184,136)
Non-programmed charges	597,677	-	151,881	-	(445,796)	-	(445,796)
Unallocated depreciation expense*	3,540,884	-	-	-	(3,540,884)	-	(3,540,884)
Total governmental activities	<u>129,824,604</u>	<u>3,485,295</u>	<u>91,895,932</u>	<u>1,101,722</u>	<u>(33,341,655)</u>	<u>-</u>	<u>(33,341,655)</u>
Business-type activities:							
School food service	7,094,143	1,342,329	4,900,670	-	-	(851,144)	(851,144)
Total business-type activities	<u>7,094,143</u>	<u>1,342,329</u>	<u>4,900,670</u>	<u>-</u>	<u>-</u>	<u>(851,144)</u>	<u>(851,144)</u>
Total primary government	<u>\$ 136,918,747</u>	<u>\$ 4,827,624</u>	<u>\$ 96,796,602</u>	<u>\$ 1,101,722</u>	<u>(33,341,655)</u>	<u>(851,144)</u>	<u>(34,192,799)</u>

* - This amount excludes the depreciation that is included in the direct expenses of various programs.

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2018

	Net (Expenses) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Unrestricted County appropriations - operating	\$ 20,930,469	\$ -	\$ 20,930,469
Unrestricted County appropriations - capital	1,958,056	-	1,958,056
Unrestricted federal grants	1,037,876	-	1,037,876
Unrestricted State grants	1,206,935	-	1,206,935
Investment earnings, unrestricted	82,859	34,038	116,897
Miscellaneous, unrestricted	1,206,089	19,725	1,225,814
Transfers	(56,224)	56,224	-
Total general revenues and transfers	26,366,060	109,987	26,476,047
Change in net position	(6,975,595)	(741,157)	(7,716,752)
Beginning net position	68,385,224	4,767,853	73,153,077
Restatement to net position	(183,251,264)	(4,254,053)	(187,505,317)
Ending net position	<u><u>\$(121,841,635)</u></u>	<u><u>\$ (227,357)</u></u>	<u><u>\$(122,068,992)</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2018

Major Funds

	General	State Public School	Federal Grants Fund	Individual Schools	Other Local Current Expense Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 7,834,810	\$ -	\$ -	\$ 959,465	\$ 3,127,462	\$ 434,709	\$ 12,356,446
Accounts receivable	17,111	-	-	-	24,296	-	41,407
Due from other governments	169,273	3,573,745	260,758	-	334,610	3,463	4,341,849
Due from other funds	40,434	-	-	17,519	-	-	57,953
Inventories	168,899	378,090	-	-	-	-	546,989
Total assets	<u>\$ 8,230,527</u>	<u>\$ 3,951,835</u>	<u>\$ 260,758</u>	<u>\$ 976,984</u>	<u>\$ 3,486,368</u>	<u>\$ 438,172</u>	<u>\$ 17,344,644</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 292,955	\$ -	\$ -	\$ -	\$ 6,934	\$ -	\$ 299,889
Due to other funds	24,976	-	-	-	-	-	24,976
Unearned revenue	126,180	381,205	21,632	17,519	40,099	3,463	590,098
Accrued salaries and wages payable	238,697	3,570,630	239,126	-	32,959	-	4,081,412
Total liabilities	<u>682,808</u>	<u>3,951,835</u>	<u>260,758</u>	<u>17,519</u>	<u>79,992</u>	<u>3,463</u>	<u>4,996,375</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable:							
Inventories	168,899	-	-	-	-	-	168,899
Restricted:							
Stabilization by State statute	226,818	-	-	17,519	358,906	3,463	606,706
Individual schools	-	-	-	941,946	-	-	941,946
Capital outlay	-	-	-	-	-	431,246	431,246
Other local current expense	-	-	-	-	3,047,470	-	3,047,470
Assigned:							
Subsequent years expenditures	325,484	-	-	-	-	-	325,484
Hurricane damage appropriations	3,500,000	-	-	-	-	-	3,500,000
Unassigned	<u>3,326,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,326,518</u>
Total fund balances	<u>7,547,719</u>	<u>-</u>	<u>-</u>	<u>959,465</u>	<u>3,406,376</u>	<u>434,709</u>	<u>12,348,269</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,230,527</u>	<u>\$ 3,951,835</u>	<u>\$ 260,758</u>	<u>\$ 976,984</u>	<u>\$ 3,486,368</u>	<u>\$ 438,172</u>	<u>\$ 17,344,644</u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2018

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances		\$ 12,348,269
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	\$ 162,591,796	
Less: accumulated depreciation	<u>(82,779,865)</u>	
Net capital assets		79,811,931
Net OPEB asset		253,550
Deferred outflows of resources related to pension		19,103,485
Deferred outflows of resources related to OPEB		4,374,600
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consisted of:		
Installment purchase obligations		(1,714,971)
Compensated absences		(5,862,576)
Net pension liability		(37,204,966)
Net OPEB liability		(140,218,488)
Deferred inflows of resources related to pension		(2,520,027)
Deferred inflows of resources related to OPEB		<u>(50,212,442)</u>
Total net position - governmental activities		<u><u>\$ (121,841,635)</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants Fund	Individual Schools	Other Local Current Expense Fund	Capital Outlay Fund	
REVENUES:							
State of North Carolina	\$ 1,300	\$ 81,484,730	\$ -	\$ -	\$ 1,682,759	\$ 1,068,510	\$ 84,237,299
Craven County	20,930,469	-	-	-	-	1,958,056	22,888,525
U.S. Government	1,037,876	-	8,003,719	-	742,148	-	9,783,743
Other	1,319,544	-	-	3,072,247	1,758,925	7,761	6,158,477
Total revenues	23,289,189	81,484,730	8,003,719	3,072,247	4,183,832	3,034,327	123,068,044
EXPENDITURES:							
Instructional services:							
Regular instructional	5,763,922	50,752,870	439,682	-	1,124,853	-	58,081,327
Special populations	157,089	9,755,618	2,714,513	-	203,874	-	12,831,094
Alternative programs	21,480	2,137,319	3,427,715	-	1,488,717	-	7,075,231
School leadership	3,187,394	4,328,114	13,224	-	3,957	-	7,532,689
Co-curricular	623,940	-	-	-	-	-	623,940
School-based support	890,798	6,306,055	238,168	2,765,205	88,043	-	10,288,269
Total instructional services	10,644,623	73,279,976	6,833,302	2,765,205	2,909,444	-	96,432,550
System-wide support services:							
Support and development	658,444	430,987	11,149	-	195,571	-	1,296,151
Special population support and development	124,371	-	514,108	-	-	-	638,479
Alternative programs and services							
support and development	160,283	55,457	181,131	-	143,399	-	540,270
Technology support	1,216,021	370,511	-	-	-	-	1,586,532
Operational support	7,929,626	6,157,622	270,440	-	271,658	-	14,629,346
Financial and human resource	1,109,540	276,716	30,776	-	-	-	1,417,032
Accountability	7,076	119,571	-	-	-	-	126,647
System-wide pupil support	95,570	-	-	-	-	-	95,570
Policy, leadership and public relations	828,293	737,666	-	-	2,742	-	1,568,701
Total system-wide support services	12,129,224	8,148,530	1,007,604	-	613,370	-	21,898,728

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds						
	General	State Public School	Federal Grants Fund	Individual Schools	Other Local Current Expense Fund	Capital Outlay Fund	Total Governmental Funds
Ancillary services	\$ 20,301	\$ -	\$ -	\$ -	\$ 206,797	\$ -	\$ 227,098
Non-programmed charges	597,520	-	162,813	-	157	-	760,490
Debt service:							
Principal	-	-	-	-	-	1,068,510	1,068,510
Capital outlay:							
Furniture and equipment	-	-	-	-	-	1,686,984	1,686,984
Buses and motor vehicles	-	-	-	-	-	1,698,756	1,698,756
Supplies and materials	-	-	-	-	-	273	273
Total capital outlay	-	-	-	-	-	3,386,013	3,386,013
Total expenditures	23,391,668	81,428,506	8,003,719	2,765,205	3,729,768	4,454,523	123,773,389
Revenues over (under) expenditures	(102,479)	56,224	-	307,042	454,064	(1,420,196)	(705,345)
OTHER FINANCING SOURCES (USES):							
Installment purchase obligations issued	-	-	-	-	-	1,311,594	1,311,594
Transfers from (to) other funds	-	(56,224)	-	(303,880)	303,880	-	(56,224)
Total other financing sources (uses)	-	(56,224)	-	(303,880)	303,880	1,311,594	1,255,370
Net change in fund balance	(102,479)	-	-	3,162	757,944	(108,602)	550,025
FUND BALANCES:							
Beginning of year	7,650,198	-	-	956,303	2,648,432	543,311	11,798,244
End of year	\$ 7,547,719	\$ -	\$ -	\$ 959,465	\$ 3,406,376	\$ 434,709	\$ 12,348,269

The accompanying notes to the financial statements are an integral part of these statements.

This page left blank intentionally.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds	\$ 550,025
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	2,106,971
Depreciation expense	(4,235,456)
Contributions to the pension plan in the current fiscal year not included on the statement of activities	7,384,033
Contributions to the OPEB plan in the current fiscal year not included on the statement of activities	4,239,997
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(1,311,594)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	1,068,510
Expenses reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(9,561,518)
OPEB expenses	(6,791,513)
Compensated absences	(423,300)
Loss on disposal of assets	(1,750)
Total changes in net position of governmental activities	<u><u>\$ (6,975,595)</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Year Ended June 30, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final	Amounts	
REVENUES:				
State of North Carolina	\$ 90,000	\$ -	\$ 1,300	\$ 1,300
Craven County	21,784,958	20,889,991	20,930,469	40,478
U.S. Government	1,700,000	1,538,319	1,037,876	(500,443)
Other	852,500	1,092,500	1,319,544	227,044
Total revenues	24,427,458	23,520,810	23,289,189	(231,621)
EXPENDITURES:				
Instructional services:				
Regular instructional	7,042,464	6,121,455	5,763,922	357,533
Special populations	137,878	166,471	157,089	9,382
Alternative programs	13,029	21,478	21,480	(2)
School leadership	4,309,402	3,667,587	3,187,394	480,193
Co-curricular	712,900	717,902	623,940	93,962
School-based support	151,331	958,032	890,798	67,234
System-wide support services:				
Support and development	1,068,596	664,361	658,444	5,917
Special population support and development	118,301	125,564	124,371	1,193
Alternative programs, support and development	122,990	169,140	160,283	8,857
Technology support	729,322	1,392,422	1,216,021	176,401
Operational support	7,785,945	8,352,758	7,929,626	423,132
Financial and human resource	1,383,145	1,599,577	1,109,540	490,037
Accountability	16,675	16,675	7,076	9,599
System-wide pupil support	137,036	97,698	95,570	2,128
Policy, leadership and public relations	913,129	1,047,014	828,293	218,721
Ancillary services	20,103	20,520	20,301	219
Non-programmed charges	318,835	597,520	597,520	-
Total expenditures	24,981,081	25,736,174	23,391,668	2,344,506
Revenues over (under) expenditures	(553,623)	(2,215,364)	(102,479)	2,112,885
OTHER FINANCING SOURCES (USES):				
Transfers from (to) other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other financing sources	(553,623)	(2,215,364)	(102,479)	2,112,885
Appropriated fund balance	553,623	2,215,364	-	(2,215,364)
Net change in fund balance	\$ -	\$ -	(102,479)	\$ (102,479)
FUND BALANCES:				
Beginning of year			7,650,198	
End of year			\$ 7,547,719	

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Year Ended June 30, 2018

	State Public School Fund			Variance with Final Budget Positive Negative
	Budget		Actual	
	Original	Final	Amounts	
REVENUES:				
State of North Carolina	\$ 78,634,305	\$ 85,487,721	\$ 81,484,730	\$ (4,002,991)
Craven County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	78,634,305	85,487,721	81,484,730	(4,002,991)
EXPENDITURES:				
Instructional services:				
Regular instructional	50,661,465	53,183,750	50,752,870	2,430,880
Special populations	9,219,915	9,880,091	9,755,618	124,473
Alternative programs	1,612,936	2,638,390	2,137,319	501,071
School leadership	4,357,290	4,349,289	4,328,114	21,175
Co-curricular	-	-	-	-
School-based support	5,717,562	6,640,181	6,306,055	334,126
System-wide support services:				
Support and development	366,547	491,905	430,987	60,918
Special population support and development	-	-	-	-
Alternative programs, support and development	151,677	102,059	55,457	46,602
Technology support	-	400,597	370,511	30,086
Operational support	5,592,029	6,324,238	6,157,622	166,616
Financial and human resource	161,618	420,716	276,716	144,000
Accountability	-	119,830	119,571	259
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	710,970	844,951	737,666	107,285
Ancillary services	82,296	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	78,634,305	85,395,997	81,428,506	3,967,491
Revenues over (under) expenditures	-	91,724	56,224	(35,500)
OTHER FINANCING SOURCES (USES):				
Transfers from (to) other funds	-	(91,724)	(56,224)	35,500
Revenues and other sources over (under) expenditures and other financing sources	-	-	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

The accompanying notes to the financial statements are an integral part of these statements.

Exhibit E (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds (Continued)
For the Year Ended June 30, 2018

	Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final	Amounts	
REVENUES:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
U.S. Government	10,535,683	10,526,710	8,003,719	(2,522,991)
Other revenues	-	-	-	-
Total revenues	10,535,683	10,526,710	8,003,719	(2,522,991)
EXPENDITURES:				
Instructional services:				
Regular instructional	409,825	448,122	439,682	8,440
Special populations	3,684,885	3,593,773	2,714,513	879,260
Alternative programs	4,468,943	4,457,705	3,427,715	1,029,990
Co-curricular services	-	-	-	-
School leadership	-	13,224	13,224	-
School-based support	571,214	518,095	238,168	279,927
System-wide support services:				
Support and development	93,904	42,614	11,149	31,465
Special population support and development	454,745	524,084	514,108	9,976
Alternative programs and services				
support and development	326,632	329,364	181,131	148,233
Technology support	-	-	-	-
Operational support	224,269	312,203	270,440	41,763
Financial and human resource	94,285	44,694	30,776	13,918
Policy, leadership and public relations	-	-	-	-
Ancillary services	-	-	-	-
Non-programmed charges	206,981	242,832	162,813	80,019
Total expenditures	10,535,683	10,526,710	8,003,719	2,522,991
Revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	-	-	-
	-	-	-	-
Revenues and other sources over (under) expenditures and other financing sources	-	-	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

The accompanying notes to the financial statements are an integral part of these statements.

Exhibit E (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds (Continued)
For the Year Ended June 30, 2018

	Other Local Current Expense Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final	Amounts	
REVENUES:				
State of North Carolina	\$ -	\$ 1,721,931	\$ 1,682,759	\$ (39,172)
U.S. Government	-	2,907,260	742,148	(2,165,112)
Other revenues	-	2,012,142	1,758,925	(253,217)
Total revenues	-	6,641,333	4,183,832	(2,457,501)
EXPENDITURES:				
Instructional services:				
Regular instructional	-	1,817,857	1,124,853	693,004
Special populations	-	1,252,183	203,874	1,048,309
Alternative programs	-	1,741,225	1,488,717	252,508
Co-curricular services	-	357	-	357
School leadership	-	4,781	3,957	824
School-based support	-	545,304	88,043	457,261
System-wide support services:				
Support and development	-	321,100	195,571	125,529
Special population support and development	-	-	-	-
Alternative programs and services				
support and development	-	169,645	143,399	26,246
Technology support	-	-	-	-
Operational support	-	546,195	271,658	274,537
Financial and human resource	-	-	-	-
Policy, leadership and public relations	-	11,100	2,742	8,358
Ancillary services	-	325,963	206,797	119,166
Non-programmed charges	-	1,607,885	157	1,607,728
Total expenditures	-	8,343,595	3,729,768	4,613,827
Revenues over (under) expenditures	-	(1,702,262)	454,064	2,156,326
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	378,043	303,880	(74,163)
	-	378,043	303,880	(74,163)
Revenues and other sources over (under) expenditures and other financing sources	-	(1,324,219)	757,944	2,082,163
Appropriated fund balance	-	1,324,219	-	(1,324,219)
Net change in fund balance	\$ -	\$ -	757,944	\$ 757,944
FUND BALANCES:				
Beginning of year			2,648,432	
End of year			\$ 3,406,376	

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Net Position
Proprietary Fund
June 30, 2018

	<u>School Food Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,872,705
Accounts receivable	386
Due from other governments	139,643
Due from other funds	7,406
OPEB asset	5,886
Inventories	402,341
Total current assets	<u>3,428,367</u>
Noncurrent assets:	
Capital assets, net of depreciation	<u>1,464,509</u>
Total assets	<u>4,892,876</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>545,027</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,819
Due to other funds	40,383
Accrued salaries and wages	86,438
Unearned revenue	39,573
Compensated absences, current	108,000
Total current liabilities	<u>277,213</u>
Noncurrent liabilities:	
Net pension liability	863,688
Net OPEB liability	3,255,077
Compensated absences	45,133
Total noncurrent liabilities:	<u>4,163,898</u>
Total liabilities	<u>4,441,111</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,224,149</u>
NET POSITION	
Net investment in capital assets	1,464,509
DIPNC OPEB plan	11,237
Unrestricted	(1,703,103)
Total net position	<u>\$ (227,357)</u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	<u>Major Fund</u> <u>School Food</u> <u>Service Fund</u>
OPERATING REVENUES:	
Food sales	\$ 1,342,329
Miscellaneous local operating revenue	19,725
Total operating revenues	<u>1,362,054</u>
OPERATING EXPENSES:	
Food cost:	
Purchase of food	2,239,849
Donated commodities	453,821
Salaries and benefits	3,322,743
Professional and technical services	79,371
Property services	2,205
Depreciation	293,995
Transportation services	19,637
Communications	2,324
Dues and fees	5,405
Indirect costs	344,609
Supplies and materials	268,928
Repairs and maintenance	61,252
Other administrative costs	4
Total operating expenses	<u>7,094,143</u>
Operating loss	<u>(5,732,089)</u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	<u>Major Fund</u> <u>School Food</u> <u>Service Fund</u>
NONOPERATING REVENUES (EXPENSES):	
Federal reimbursements	\$ 4,231,185
Federal commodities	453,821
Summer food reimbursements	69,659
Fresh fruits and vegetables program	121,263
State reimbursements	16,788
Interest earned	34,038
Gain on sale of assets	7,954
Total nonoperating revenues	<u>4,934,708</u>
Loss before transfers	(797,381)
Transfers from other funds	<u>56,224</u>
Change in net position	(741,157)
NET POSITION:	
Beginning of year	4,767,853
Net position, OPEB restatement	<u>(4,254,053)</u>
End of year	<u><u>\$ (227,357)</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2018

	<u>Major Fund</u> <u>School Food</u> <u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,419,556
Cash paid for goods and services	(3,072,236)
Cash paid to employees for services	(3,170,121)
Net cash used by operating activities	<u>(4,822,801)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal reimbursements	4,352,448
State reimbursements	16,788
Summer food reimbursements	69,659
Net cash provided by noncapital financing activities	<u>4,438,895</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(24,065)
Proceeds from sale of assets	7,954
Net cash used by capital and related financing activities	<u>(16,111)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>34,038</u>
Net cash provided by investing activities	<u>34,038</u>
Net decrease in cash and cash equivalents	(365,979)
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>3,238,684</u>
End of year	<u><u>\$ 2,872,705</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	<u>Major Fund</u> <u>School Food</u> <u>Service</u>
Reconciliation of operating loss to net cash used by operating activities:	<u>\$ (5,732,089)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	293,995
Donated commodities consumed	453,821
Salaries paid by special revenue fund	56,224
Changes in assets and liabilities:	
Increase in accounts receivable	195
Increase in due from other governments	67,749
Increase in due from other funds	1,916
Increase in OPEB asset	498
Decrease in inventories	(40,243)
Increase in deferred outflows of resources	266,346
Increased in deferred inflows of resources	1,164,578
Decrease in net pension liability	(240,510)
Decrease in net OPEB liability	(1,100,322)
Increase in accounts payable	2,550
Decrease in due to other funds	(10,959)
Decrease in accrued salaries and wages	(15,592)
Decrease in unearned revenue	(12,358)
Increase in compensated absences	21,400
	<u>909,288</u>
Total adjustments	<u>909,288</u>
Net cash used by operating activities	<u><u>\$ (4,822,801)</u></u>

Noncash investing, capital, and financing activities:

The School Food Service Fund received donated commodities with a value of \$453,821 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The fund recorded the consumption of \$453,821 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit G.

The State Public School Fund paid salaries and benefits of \$56,224 to administration personnel of the School Food Service Fund during the fiscal year. This payment is reflected by a transfer in the operating expense on Exhibit G.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Net Position
Fiduciary Fund
June 30, 2018

	Administrative Fund
ASSETS	
Cash and cash equivalents	\$ 1,143,277
Notes receivable, net allowance for doubtful accounts of \$8,918	45,747
Total assets	<u>1,189,024</u>
NET POSITION	
Assets held in trust for private purpose	<u><u>\$ 1,189,024</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statement of Changes In Net Position
Fiduciary Fund
For the Year Ended June 30, 2018

	Administrative Fund
ADDITIONS	
Contributions	\$ 22,356
Interest income	14,937
Recovery of bad debts	225
Total additions	<u>37,518</u>
DEDUCTIONS	
Scholarships	40,000
Management fees	25,000
Bank charges and other	2,079
Total deductions	<u>67,079</u>
Change in net position	(29,561)
NET POSITION	
Beginning balance	<u>1,218,585</u>
Ending balance	<u><u>\$ 1,189,024</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Craven County Board of Education, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A) Reporting Entity

The Craven County Board of Education, North Carolina (the Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Craven County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board does not have any component units.

B) Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through 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 Board and for each function of the Board'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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary funds. 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 displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, indirect costs, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Federal Grants Fund. The Federal Grants Fund includes appropriations from various federal funding sources for the current operating expenditures of the various grants awarded to the Board.

Individual Schools Fund. This fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fundraising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

Other Local Current Expense Fund. This fund accounts for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended).

Capital Outlay Fund. This fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds) and is reported as a capital projects fund. It is mandated by State law [G.S.115C-426]. Capital projects are funded by Craven County appropriations, restricted sales tax monies, proceeds of Craven County bonds issued for public school construction, as well as certain State assistance.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

The Board reports the following fiduciary fund:

Administrative Fund. This fund is used to account for loan/scholarship money under the control of the Board for the benefit of students in the district. This financial information is presented separately and is not included in the government-wide exhibits.

C) Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and 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 Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services.

Expenditures are recorded when the related fund liability is incurred, except for 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. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement 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 Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. All amendments must be approved by the governing board. The superintendent or designee is authorized to transfer appropriations within a fund and will file a report with the Board of all transfers at the functional level at the end of the year or earlier upon request. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by State law, the Board maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The encumbrances outstanding are reported as restricted for stabilization by State statute in the fund balance section of the balance sheet and will be charged against the subsequent years' budget.

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board 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; the North Carolina Capital Management Trust – Government Portfolio (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Deposits and Investments (Continued)

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved. The State Public School Fund inventories do reflect current appropriable resources and, thus, no equivalent portion of fund balance is nonspendable. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original costs. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1985 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole. It is the policy of the Board to capitalize all vehicles of any costs and all other capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities, such as student desks, are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Capital Assets (Continued)

Craven County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board give the school system full use of the facilities and full responsibility for maintenance of the facilities. Agreements further provide that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Equipment and furniture	3-10 years
Vehicles	6 years
Computer equipment	3 years

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the statement of activities.

Deferred Outflows and 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 Board has items that meets this criterion - contributions made to the pension and OPEB plan in the current fiscal year. The statement of financial position also reports 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 Board has several items that meet this criterion – pension and OPEB related deferrals, inventories in the State Public School Fund and sales tax refunds receivable.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and salary-related payments as of June 30, 2018 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, the laws or regulations of other governments, or imposed by law through State statute.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designated to disclose the hierarchy of constraints placed on how fund balance can be spent.

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.

Inventories – portion of the fund balance that is not an available resource because represents the year end balance of ending inventories, 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. 115C-425(a)].

Restricted for Capital Outlay – Portion of fund balance that can only be used for capital expenditures [G.S. 159-18 through 22].

Restricted for Individual Schools – Revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Restricted for Other Local Current Expenses - Revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs and appropriated fund balances assigned for other local current expenses.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Fund Balance (Continued)

Committed Fund Balance. Portion of fund balance that can only be used for a specific purpose imposed by a formal action (resolution) with majority vote by quorum of the Board's governing body (highest level of decision-making authority). Any changes or removal of a specific purpose requires majority action by the governing body that approved the original action. The Board does not have any committed fund balance at June 30, 2018.

Assigned Fund Balance. Portion of fund balance that the Board intends to use for specific purposes.

Designated for Technology – Portion of fund balance that is designated for technological improvements.

Subsequent Year's Expenditures – Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes management to modify the appropriations by resource.

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

The Board 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-Board of Education funds, Board of Education 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 Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported to TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

II) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Significant Violations Finance-Related Legal and Contractual

None

Contractual Violations

None

Excess of Expenditures over Appropriations

None

Deficits in Fund Balance or Net Position of Individual Funds

The Governmental Activities had a net position deficit of \$121,841,635 at June 30, 2018. The deficit is primarily relating to the governmental activities proportion of the net pension and OPEB liability of \$37,204,966 and \$140,218,488, respectively.

The Business-Activities had a net position deficit of \$227,357 at June 30, 2018. The deficit is primarily relating to the governmental activities proportion of the net pension and OPEB liability of \$863,688 and \$3,255,077, respectively.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS

A) Assets

Deposits

All of the Board'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 Board's agent in the unit's 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 Board, these deposits are considered to be held by the agent in the unit's name. The amount of the pledged collateral is based on an approved averaging method for non-interest 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 Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board 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 Board has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the carrying amount of the Board's deposits with banks and savings and loans was \$6,467,306 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer was \$8,314,740 and \$893,309, respectively. Of these balances, \$1,040,945 was covered by federal depository insurance and \$7,273,795 was covered by collateral held by authorized escrow agents in the name of the State Treasurer and covered by collateral held under the pooling method.

Investments

At June 30, 2018, the Board's investment balances were as follows:

Investment type	Measurement Method	Value	Maturity	Rating
North Carolina Capital Management Trust - Government Portfolio	Amortized Cost	\$ 20,983	N/A	AAAm
Short Term Investment Fund	Fair Value - Level 2	\$ 9,884,139	Duration of 1.6 years	Unrated

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

Investments (Continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are 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' benchmark quoted prices.

The allocation of the STIF at June 30, 2018 is as follows:

Governmental activities	\$ 6,205,211
Business-type activities	2,553,181
Fiduciary fund	1,125,747
	<u>\$ 9,884,139</u>

Interest Rate Risk. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The STIF had a weighted average maturity of 1.6 years at June 30, 2018.

Credit Risk. The Board's investments in the NCCMT, carried a credit rating of AAAM by Standard and Poor's as of June 30, 2018. The STIF is unrated and is authorized under North Carolina General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer. More than five percent of the Board's investments are in the State Treasurer's Short Term Investment Fund. This investment is 99.8% of the Board's total investments.

Cash and cash equivalents in the accompanying financial statements consist of the following:

	Deposits	Investments	Cash and Cash Equivalents
Governmental activities	\$ 6,130,252	\$ 6,226,194	\$ 12,356,446
Business-type activities	319,524	2,553,181	2,872,705
Total primary government	6,449,776	8,779,375	15,229,151
Fiduciary fund	17,530	1,125,747	1,143,277
Total	<u>\$ 6,467,306</u>	<u>\$ 9,905,122</u>	<u>\$ 16,372,428</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

Accounts Receivable

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

	Due from (to) other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 20,840	\$ 169,273	\$ 17,111	\$ 207,224
Other governmental activities	12,137	4,172,576	24,296	4,209,009
	<u>\$ 32,977</u>	<u>\$ 4,341,849</u>	<u>\$ 41,407</u>	<u>\$ 4,416,233</u>
Business-type activities:				
School Food Service Fund	<u>\$ (32,977)</u>	<u>\$ 139,643</u>	<u>\$ 386</u>	<u>\$ 107,052</u>

Due from other governments consist of the following:

Governmental activities:		
General Fund	\$ 147,243	Sales tax refund
General Fund	22,030	Miscellaneous revenue from local governments
State Public School Fund	3,570,630	Operating funds from State (salary installment)
State Public School Fund	3,115	Sales tax refund
Federal Grants Fund	239,126	Federal grant funds (salary installment)
Federal Grants Fund	21,632	Sales tax refund
Capital Outlay Fund	3,463	Sales tax refund
Other Local Current Expense Fund	17,265	State reimbursements
Other Local Current Expense Fund	317,345	Federal reimbursements
	<u>\$ 4,341,849</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 139,643</u>	Federal reimbursements
	<u>\$ 139,643</u>	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

Capital Assets

Governmental capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,074,671	\$ -	\$ -	\$ 3,074,671
Construction in progress	-	-	-	-
	<u>3,074,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,074,671</u>
Capital assets being depreciated:				
Buildings	136,290,036	\$ -	\$ -	136,290,036
Improvements	3,320,452	-	-	3,320,452
Furniture and equipment	3,948,864	290,425	-	4,239,289
Vehicles	14,275,133	1,816,546	424,331	15,667,348
Total capital assets being depreciated	<u>157,834,485</u>	<u>\$ 2,106,971</u>	<u>\$ 424,331</u>	<u>159,517,125</u>
Less accumulated depreciation for:				
Buildings	64,007,960	\$ 2,889,861	\$ -	66,897,821
Improvements	1,098,659	133,253	-	1,231,912
Furniture and equipment	3,192,164	234,794	-	3,426,958
Vehicles	10,668,207	977,548	422,581	11,223,174
Total accumulated depreciation	<u>78,966,990</u>	<u>\$ 4,235,456</u>	<u>\$ 422,581</u>	<u>82,779,865</u>
Total capital assets being depreciated, net	<u>78,867,495</u>			<u>76,737,260</u>
Governmental activity capital assets, net	<u>\$ 81,942,166</u>			<u>\$ 79,811,931</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

Regular instruction programs	\$ 18,636
Special population services	3,600
Alternative program services	2,499
School leadership services	2,414
Co-curricular	2,753
Support and development services	65,268
Special population support and development services	15,375
Alternative program and services support and development	18,043
Technology support services	21,728
Operational support services	462,766
Financial and human resource services	39,813
Accountability services	1,059
Policy, leadership, and public relations services	40,618
Unallocated depreciation	3,540,884
Total	<u>\$ 4,235,456</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 5,971,904	\$ 24,065	\$ 21,059	\$ 5,974,910
Vehicles	177,796	-	-	177,796
Total capital assets being depreciated	<u>6,149,700</u>	<u>\$ 24,065</u>	<u>\$ 21,059</u>	<u>6,152,706</u>
Less accumulated depreciation for:				
Furniture and equipment	4,277,506	\$ 278,575	\$ 21,059	4,535,022
Vehicles	137,755	15,420	-	153,175
Total accumulated depreciation	<u>4,415,261</u>	<u>\$ 293,995</u>	<u>\$ 21,059</u>	<u>4,688,197</u>
Business-type activity capital assets, net	<u>\$ 1,734,439</u>			<u>\$ 1,464,509</u>

Net investment in capital assets, as presented on the statement of net position is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Capital Assets	\$ 162,591,796	\$ 6,152,706	\$ 168,744,502
Less:			
Accumulated depreciation	(82,779,865)	(4,688,197)	(87,468,062)
Installment purchase obligation	(1,714,971)	-	(1,714,971)
Total	<u>\$ 78,096,960</u>	<u>\$ 1,464,509</u>	<u>\$ 79,561,469</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities

Pension Plan and Other Post-Employment Obligations

Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS 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 Teachers' and State 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 TSERS. 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. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% 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. General employee 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. General employee 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. 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 or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Pension Plan and Other Post-Employment Obligations (Continued)

Teachers' and State Employees' Retirement System (Continued)

TSERS plan members who are Law Enforcement Officer's (LEO) 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 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2018, was 10.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$7,555,448, \$6,747,114, and \$6,294,442 for the years ended June 30, 2018, 2017 and 2016, respectively.

Refunds of Contributions – Board employees who have terminated service as a contributing member of TSERS, 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 TSERS.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Pension Plan and Other Post-Employment Obligations (Continued)

Teachers' and State Employees' Retirement System (Continued)

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

At June 30, 2018, the Board reported a liability of \$38,068,654, for its proportionate share of the net pension liability. The net pension liability 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 Board's proportion of the net pension liability was based on a projection of the 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 TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .480% and .507%, respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$9,764,290, the 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	\$ 825,258	\$ 1,245,424
Changes of assumptions	6,014,273	-
Net difference between projected and actual earnings on pension plan investments	5,151,980	-
Changes in proportionate and differences between Board contributions and proportionate share contributions	-	1,333,104
Board contributions subsequent to the measurement date	7,555,448	-
Total	<u>\$ 19,546,959</u>	<u>\$ 2,578,528</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Pension Plan and Other Post-Employment Obligations (Continued)

Teachers' and State Employees' Retirement System (Continued)

\$7,555,448 was reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending 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	\$ 1,605,601
2020	6,794,997
2021	3,074,264
2022	(2,061,879)
2023	-
Total	<u><u>\$ 9,412,983</u></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%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.20%, net of pension plan investment expense, including inflation

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Pension Plan and Other Post-Employment Obligations (Continued)

Teachers' and State Employees' Retirement System (Continued)

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 cost-of-living adjustment (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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Pension Plan and Other Post-Employment Obligations (Continued)

Teachers' and State Employees' Retirement System (Continued)

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 TSERS. 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%. There was no change in the discount rate since the previous measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Board'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%)
Board's proportionate share of the net pension liability	\$ 78,361,049	\$ 38,068,654	\$ 4,308,764

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.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits

Healthcare Benefits

Plan Description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Healthcare Benefits (Continued)

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2018, 2017, and 2016, the Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$4,240,302, \$3,928,750, and \$3,852,336, respectively. These contributions represented 6.05%, 5.81%, and 5.60% of covered payroll, respectively.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Healthcare Benefits (Continued)

At June 30, 2018, Board reported a liability of \$143,473,565 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.4376%.

\$4,338,425 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ended June 30:</u>	
2019	\$ (10,278,284)
2020	(10,278,284)
2021	(10,278,284)
2022	(10,278,284)
2023	(10,264,954)
Thereafter	-
	<u><u>\$ (51,378,090)</u></u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Healthcare Benefits (Continued)

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.75%
Salary increases	3.50-8.10%, including 3.50% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drugs	5.00-7.25%
Healthcare cost trend rate - Medicare advantage	4.00-5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Healthcare Benefits (Continued)

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	\$ 171,155,722	\$ 143,473,565	\$ 121,517,686

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Medicare Advantage - 3.00-4.00%, Administrative - 2.00%)	(Medical - 5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 4.00-5.00%, Administrative - 3.00%)	1% Increase (Medical - 6.00-7.50%, Pharmacy - 6.00-8.25%, Medicare Advantage - 5.00-6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 117,204,689	\$ 143,473,565	\$ 178,388,259

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Long-term Disability Benefits (Continued)

For the fiscal years ended June 30, 2018, 2017 and 2016, the Board paid all annual required contributions to the DIPNC for disability benefits of \$98,123, \$256,904, and \$282,046, respectively. These contributions represented 0.14%, 0.38%, and 0.41%, of covered payroll, respectively.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

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

At June 30, 2018, Board reported an asset of \$259,436 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.42447%.

\$235,851 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ended June 30:</u>	
2019	\$ 41,178
2020	41,178
2021	41,165
2022	14,207
2023	-
Thereafter	-
	<u><u>\$ 137,728</u></u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Long-term Disability Benefits (Continued)

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.50-8.10%, including 3.50% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 220,559	\$ 259,436	\$ 298,402

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 mortality rates also contain a provision to reflect future mortality improvements.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Long-term Disability Benefits (Continued)

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page:

<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>	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Other Post-employment Benefits (Continued)

Long-term Disability Benefits (Continued)

Total OPEB Expense, OPEB Liabilities (Assets), and Deferred Outflows and Inflows of Resources of Related to OPEB

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

	RHBF	DIPNC	Total
OPEB expense	\$ 6,653,632	\$ 137,881	\$ 6,791,513
OPEB liability (asset)	143,473,565	(259,436)	143,214,129
Proportionate share (%) of the net OPEB liability (asset)	0.43760%	-0.42447%	
Deferred outflows of resources:			
Difference between expected and actual experience	\$ -	\$ 71,133	\$ 71,133
Changes in assumptions	-	-	-
Net differences between projected and actual earnings on plan investments	-	56,866	56,866
Change in proportion and difference between Board contributions and proportionate share of contributions	-	9,729	9,729
Board contributions subsequent to the measurement date	4,240,302	98,123	4,338,425
	<u>\$ 4,240,302</u>	<u>\$ 235,851</u>	<u>\$ 4,476,153</u>
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 10,287,319	\$ -	\$ 10,287,319
Changes in assumptions	39,511,965	-	39,511,965
Net differences between projected and actual earnings on plan investments	53,321	-	53,321
Change in proportion and difference between Board contributions and proportionate share of contributions	1,525,485	-	1,525,485
	<u>\$ 51,378,090</u>	<u>\$ -</u>	<u>\$ 51,378,090</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Accounts Payable

Accounts payable as of June 30, 2018, are as follows:

	Vendors	Salaries and Wages	Total
Governmental activities:			
General Fund	\$ 292,955	\$ 238,697	\$ 531,652
Other Local Current Expense Fund	6,934	32,959	39,893
State Public School Fund	-	3,570,630	3,570,630
Federal Grants Fund	-	239,126	239,126
Total governmental activities	<u>\$ 299,889</u>	<u>\$ 4,081,412</u>	<u>\$ 4,381,301</u>
Business-type activities:			
School Food Service Fund	<u>\$ 2,819</u>	<u>\$ 86,438</u>	<u>\$ 89,257</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at year-end is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Differences between expected and actual experience	\$ 876,054	\$ 11,271,092
Changes of assumptions	5,877,823	38,615,532
Net difference between projected and actual earnings on pension plan investments	5,090,670	52,111
Changes in proportionate and differences between Board contributions and proportionate share contributions	9,508	2,793,734
Board contributions subsequent to the measurement date	11,624,030	-
Total	<u>\$ 23,478,085</u>	<u>\$ 52,732,469</u>
Business-type activities:		
Differences between expected and actual experience	\$ 20,337	\$ 261,651
Changes of assumptions	136,450	896,433
Net difference between projected and actual earnings on pension plan investments	118,176	1,210
Changes in proportionate and differences between Board contributions and proportionate share contributions	221	64,855
Board contributions subsequent to the measurement date	269,843	-
Total	<u>\$ 545,027</u>	<u>\$ 1,224,149</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Board maintains workers' compensation coverage through Key Risk up to the statutory limits for employees to the extent they are paid from Federal and local funds. The State of North Carolina also provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,550,000, and \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for workers' compensation coverage.

The Board carries automobile insurance through the Trust at the following levels/limits: Automobile and Physical Damage \$1,000,000 for Combined Single Limit BI & PD and Uninsured/Underinsured Motorists, each, Auto Medical Payments \$2,000 and Garage Liability for \$1,000,000 for Combined Single Limit BI & PD and Garage keepers for \$150,000.

The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's finance officer is performance bonded through a commercial surety bond in the amount of \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Risk Management (Continued)

The Board carries flood insurance on two locations, West Craven High, and West Craven Middle schools in the amount of \$500,000, each.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

Contingent Liabilities

At June 30, 2018, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Board's financial position.

Installment Purchase Obligations

The Board has the power, pursuant to Section 115C-528(a) session law 2003-284, section 7.25 of the North Carolina General Statutes, to enter into installment contracts to finance the purchase of buses. The term of the financing cannot exceed three years and the Board must purchase buses from vendors approved by the North Carolina Department of Public Instruction (NCDPI). NCDPI will make payments to the lender on behalf of the Board out of funds allocated to the Board. The Board had the following installment purchase obligations outstanding at June 30, 2018:

In May 2016, the Board entered into an installment purchase contract in the amount of \$252,297 to finance the purchase of three school buses. The contract required a principal payment of \$63,073 upon delivery of the buses and principal only payments \$63,073 annually, through November 15, 2018.

In July 2016, the Board entered into an installment purchase contract in the amount of \$696,944 to finance the purchase of three school buses. The contract required a principal payment of \$174,236 upon delivery of the buses and principal only payments \$174,236 annually, through November 15, 2018.

In April 2017, the Board entered into an installment purchase contract in the amount of \$518,768 to finance the purchase of three school buses. The contract required a principal payment of \$129,692 upon delivery of the buses and principal only payments \$129,692 annually, through November 15, 2019.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Installment Purchase Obligations (Continued)

In June 2017, the Board entered into an installment purchase contract in the amount of \$510,198 to finance the purchase of three school buses. The contract required a principal payment of \$127,550 upon delivery of the buses and principal only payments \$127,550 annually, through November 15, 2019.

In April 2018, the Board entered into an installment purchase contract in the amount of \$789,552 to finance the purchase of eight school buses. The contract required a principal payment of \$197,381 upon delivery of the buses and principal only payments \$197,381 annually, through November 15, 2020.

In May 2018, the Board entered into an installment purchase contract in the amount of \$328,929 to finance the purchase of four school buses. The contract required a principal payment of \$82,073 upon delivery of the buses and principal only payments \$82,073 annually, through November 15, 2020.

The future minimum payments of the installment purchase contracts as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2019	\$ 801,932
2020	585,140
2021	327,899
	<u>\$ 1,714,971</u>

Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2018:

	<u>Balance June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>
Governmental activities:					
Net pension liability	\$ 45,524,670	\$ -	\$ 8,319,704	\$ 37,204,966	\$ -
Net OPEB liability	187,616,914	-	47,398,426	140,218,488	
Installment purchase obligation	1,471,887	1,311,594	1,068,510	1,714,971	822,450
Compensated absences	5,439,276	5,229,349	4,806,049	5,862,576	4,800,000
Total	<u>\$ 240,052,747</u>	<u>\$ 6,540,943</u>	<u>\$ 61,592,689</u>	<u>\$ 185,001,001</u>	<u>\$ 5,622,450</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

Long-Term Obligation Activity (Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Business-type activities:					
Net pension liability	\$ 1,104,198	\$ -	\$ 240,510	\$ 863,688	\$ -
Net OPEB liability	4,355,399		1,100,322	3,255,077	
Compensated absences	131,733	108,657	87,037	153,353	108,000
Total	<u>\$ 5,591,330</u>	<u>\$ 108,657</u>	<u>\$ 1,427,869</u>	<u>\$ 4,272,118</u>	<u>\$ 108,000</u>

Compensated absences for governmental activities are typically liquidated by the general and other governmental funds. They are reported on the first-in, first-out method, assuming that employees are taking leave time as it is earned.

Capital Debt

The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. Craven County holds virtually all debt issued for school capital construction, which includes general obligation bonds and certificates of participation. This debt is accounted for in Craven County's financial statements. The Board receives funding in its capital projects annually as the expenditures are incurred.

C) Interfund Balances and Activity

The interfund balances below represent amounts received by the General Fund from other governments on behalf of other funds and amounts paid by the certain funds on behalf of the other funds.

Fund	Due To	Due From
General Fund	\$ 24,976	\$ 40,434
Individual Schools Fund	-	17,519
Other Local Current Expense Fund	-	-
School Food Service Fund	40,383	7,406
	<u>\$ 65,359</u>	<u>\$ 65,359</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

C) Interfund Balances and Activity (Continued)

The interfund transfers below represent amounts relating to administrative and salary costs and capital asset acquisitions.

Fund	Transfers From	Transfers To	Purpose
State Public School Fund	\$ -	\$ 56,224	Revenue match for school nutrition supervisors
School Food Service Fund	56,224	-	Revenue match for school nutrition supervisors
Individual Schools Fund	-	303,880	Reimbursement for individual school activity costs
Other Local Current Expense Fund	303,880	-	Reimbursement for individual school activity costs
	<u>\$ 360,104</u>	<u>\$ 360,104</u>	

D) Fund Balance

The Board has a revenue spending policy that provides a policy for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Board of Education funds, Board 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 Board. The following schedule provides management and citizens with information on the portion of the General Fund balance that is available for appropriation.

Total fund balance	\$ 7,547,719
Less:	
Inventories	168,899
Stabilization by State statute	226,818
Subsequent years expenditures	325,484
Remaining fund balance	<u>\$ 6,826,518</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

III) DETAIL NOTES ON ALL FUNDS (Continued)

D) Fund Balance (Continued)

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-ended. The Board had encumbered amounts for which resources were assigned as subsequent years expenditures, thus the encumbrances are not presented as part of the Stabilization by State statute computation. The following are the outstanding encumbrances at June 30, 2018:

	General Fund
Encumbrances	<u>\$ 325,484</u>

IV) SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

V) ADOPTION OF ACCOUNTING PRINCIPLES/RESTATEMENT

The Board implemented Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the Board to record beginning net OPEB liability and net OPEB asset and the effects on net position from contributions made by the Board during the measurement period (fiscal year end June 30, 2017). As a result, net position for the governmental and business-type activities decreased by \$183,251,264 and \$4,254,053, respectively.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2018

VI) SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2019, the date of the issuance of these financial statements, and no events have occurred that required recognition or disclosure for the year ended June 30, 2018.

Subsequent to the year ended June 30, 2018, the Board appropriated \$3.5 million for the purpose of paying for facilities repairs, school climate stabilization, restoration and remediation as a result of Hurricane Florence damage. Damage from the hurricane is estimated cost approximately \$11 million. In addition to the appropriated fund balance of \$3.5 million, reflected in the June 30, 2018 General Fund assigned fund balance, the Board anticipates receiving recovery funds from the N.C. Department of Public Instruction (DPI) of approximately \$6.1 million. \$3,521,127 of DPI recovery funds were received in November 2018. The Board also expects to receive insurance proceeds for damages as a result of the hurricane.

This page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability

Teachers' and State Employees' Retirement System

Schedule of Contributions

Teachers' and State Employees' Retirement System

Schedule of the Proportionate Share of the Net OPEB Liability

Retiree Health Benefit Fund

Schedule of Contributions

Retiree Health Benefit Fund

Schedule of the Proportionate Share of the Net OPEB Asset

Disability Income Plan of North Carolina

Schedule of Contributions

Disability Income Plan of North Carolina

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability	0.480%	0.507%	0.509%	0.510%	0.513%
Board's proportionate share of the net pension liability	\$ 38,068,654	\$ 46,628,868	\$ 18,744,391	\$ 5,978,526	\$ 31,156,470
Board's covered-employee payroll	\$ 68,735,552	\$ 69,219,621	\$ 71,220,667	\$ 68,526,753	\$ 70,847,529
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.38%	67.36%	26.32%	8.72%	43.98%
Plan fiduciary net position as a percentage of the total pension liability*	89.51%	87.32%	94.64%	98.24%	90.60%

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Contributions
Teachers' and State 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	\$ 7,555,448	\$ 6,747,114	\$ 6,294,442	\$ 6,482,021	\$ 5,866,848
Contributions in relation to the contractually required contribution	<u>7,555,448</u>	<u>6,747,114</u>	<u>6,294,442</u>	<u>6,482,021</u>	<u>5,866,848</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$71,146,052	\$68,735,552	\$69,219,621	\$71,220,667	\$68,526,753
Contributions as a percentage of covered-employee payroll	10.62%	9.82%	9.09%	9.10%	8.56%

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Two Fiscal Years*

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.438%	0.441%
Board's proportionate share of the net OPEB liability (asset)	\$143,473,565	\$191,972,313
Board's covered-employee payroll	\$ 68,735,552	\$ 69,219,621
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	208.73%	277.34%
Plan fiduciary net position as a percentage of the total OPEB liability*	3.52%	2.41%

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Contributions
Retiree Health Benefit Fund
Last Two Fiscal Years*

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,240,302	\$ 3,928,750
Contributions in relation to the contractually required contribution	<u>4,240,302</u>	<u>3,928,750</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$71,146,052	\$68,735,552
Contributions as a percentage of covered-employee payroll	5.96%	5.72%

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina
Last Two Fiscal Years*

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.424%	0.453%
Board's proportionate share of the net OPEB asset	\$ 259,436	\$ 281,369
Board's covered-employee payroll	\$ 68,735,552	\$ 69,219,621
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.38%	0.41%
Plan fiduciary net position as a percentage of the total OPEB asset*	116.23%	116.06%

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

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Contributions
Disability Income Plan of North Carolina
Last Two Fiscal Years*

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 98,123	\$ 256,876
Contributions in relation to the contractually required contribution	<u>98,123</u>	<u>256,876</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$71,146,052	\$68,735,552
Contributions as a percentage of covered-employee payroll	0.14%	0.37%

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

This page left blank intentionally.

SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEUDULES

GENERAL FUND

The General Fund accounts for all financial resources except those that are required to be accounted for in a another fund. The General Fund is a major fund.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Craven County appropriations	\$ 20,889,991	\$ 20,930,469	\$ 40,478
U.S. Government:			
Impact Aid Grant	1,250,000	1,037,876	(212,124)
Department of Defense financial assistance	288,319	-	(288,319)
Total U.S. Government	1,538,319	1,037,876	(500,443)
State of North Carolina:			
Other State allocations	-	1,300	1,300
Other revenues:			
Fines and forfeitures	350,000	401,501	51,501
Indirect cost allocated	460,000	526,211	66,211
N.C. Medicare administrative outreach	150,000	89,444	(60,556)
Interest	42,500	107,859	65,359
Sales taxes	90,000	120,388	30,388
Miscellaneous revenue	-	74,141	74,141
Total other revenues	1,092,500	1,319,544	227,044
Total revenues	23,520,810	23,289,189	(231,621)
EXPENDITURES:			
Instructional services:			
Regular instructional:			
Regular	6,121,455	5,763,922	357,533
Career technical education	-	-	-
Total	6,121,455	5,763,922	357,533

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Special populations:			
Children with disabilities	\$ 125,250	\$ 115,869	\$ 9,381
Career technical education	38,263	38,263	-
Pre-K children with disabilities	2,958	2,957	1
Total	<u>166,471</u>	<u>157,089</u>	<u>9,382</u>
Alternative programs:			
Remedial and supplemental	4,238	4,237	1
Pre-K readiness/remedial and supplemental	717	715	2
Extended day and year instruction	16,523	16,528	(5)
Total	<u>21,478</u>	<u>21,480</u>	<u>(2)</u>
School leadership	<u>3,667,587</u>	<u>3,187,394</u>	<u>480,193</u>
Co-curricular	<u>717,902</u>	<u>623,940</u>	<u>93,962</u>
School-based support:			
Educational media	338	-	338
Student accounting	850,664	829,042	21,622
Guidance services	44,728	-	44,728
Health support	36,885	36,574	311
Staff development	22,417	22,182	235
Volunteer services	3,000	3,000	-
Total	<u>958,032</u>	<u>890,798</u>	<u>67,234</u>
Total instructional services	<u>11,652,925</u>	<u>10,644,623</u>	<u>1,008,302</u>
System-wide support services:			
Regular curricular support and development	562,121	556,931	5,190
Career technical education curricular support and development	102,240	101,513	727
Total	<u>664,361</u>	<u>658,444</u>	<u>5,917</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Special population support and development	\$ 125,564	\$ 124,371	\$ 1,193
Alternative programs and services support and development	169,140	160,283	8,857
Technology support	1,392,422	1,216,021	176,401
Operational support:			
Communication	183,533	132,532	51,001
Printing and copying	494,943	378,775	116,168
Public utility and energy	3,110,263	3,112,491	(2,228)
Custodial and housekeeping	363,174	346,025	17,149
Transportation	313,041	284,007	29,034
Warehouse and delivery	1,949	1,311	638
Maintenance	3,885,855	3,674,485	211,370
Total	8,352,758	7,929,626	423,132
Financial and human resource:			
Financial	1,437,548	955,230	482,318
Human resource	162,029	154,310	7,719
Total	1,599,577	1,109,540	490,037
Accountability services:			
Student testing	16,675	7,076	9,599
Total	16,675	7,076	9,599
System-wide pupil support:			
Instructional technology support	97,698	95,570	2,128
Total	97,698	95,570	2,128

Schedule 1 (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Policy, leadership and public relations:			
Board of education	\$ 343,732	\$ 286,470	\$ 57,262
Legal services	196,756	196,756	-
Audit services	22,800	22,800	-
Leadership services	388,917	311,572	77,345
Public relations and marketing	94,809	10,695	84,114
Total	<u>1,047,014</u>	<u>828,293</u>	<u>218,721</u>
Total system-wide support services	<u>13,465,209</u>	<u>12,129,224</u>	<u>1,335,985</u>
Ancillary services:			
Community services	20,520	20,301	219
Nutrition services	-	-	-
	<u>20,520</u>	<u>20,301</u>	<u>219</u>
Non-programmed charges:			
Furniture and equipment	146,855	146,855	-
Payments to charter schools	450,665	450,665	-
Total non-programmed charges	<u>597,520</u>	<u>597,520</u>	<u>-</u>
Total expenditures	<u>25,736,174</u>	<u>23,391,668</u>	<u>2,344,506</u>
Revenues over (under) expenditures before other financing sources	(2,215,364)	(102,479)	2,112,885
OTHER FINANCING SOURCES:			
Appropriated fund balance	2,215,364	-	(2,215,364)
Net change in fund balance	<u>\$ -</u>	<u>(102,479)</u>	<u>\$ (102,479)</u>
FUND BALANCE:			
Beginning of year		<u>7,650,198</u>	
End of year		<u>\$ 7,547,719</u>	

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Budgeted Individual Fund Descriptions:

The State Public School Fund is required by State Statute and accounts for funds according to the provisions of G.S. 115C-438. The State Public School Fund is a major fund.

The Federal Grants Fund accounts for funds received from various federal grant programs and must also be accounted for according to the provisions of G.S. 115C-438. The Federal Grants Fund is a major fund.

The Other Local Current Expense Fund accounts for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received from prekindergarten programs, and special programs and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended). The Other Local Current Expense Fund is a major fund.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Public School Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
State of North Carolina:			
Operating allocations	\$ 85,372,534	\$ 81,484,730	\$ (3,887,804)
Textbooks	115,187	-	(115,187)
Total revenues	<u>85,487,721</u>	<u>81,484,730</u>	<u>(4,002,991)</u>
EXPENDITURES:			
Instructional services:			
Regular instructional:			
Regular curricular	48,938,726	46,527,860	2,410,866
Career technical education curricular	4,245,024	4,225,010	20,014
Total	<u>53,183,750</u>	<u>50,752,870</u>	<u>2,430,880</u>
Special populations services:			
Children with disabilities curricular	6,771,545	6,699,938	71,607
Special populations career technical education curricular	77,203	77,201	2
Pre-K children with disabilities	581,717	573,200	8,517
Speech and language pathology services	1,158,838	1,158,836	2
Audiology services	58,128	58,127	1
Academically and intellectually gifted curricular	755,043	719,916	35,127
Limited English proficiency	477,617	468,400	9,217
Total	<u>9,880,091</u>	<u>9,755,618</u>	<u>124,473</u>
Alternative programs and services:			
Alternative instructional services K-12	483,129	417,797	65,332
Attendance and social work	63,492	1,332	62,160
Remedial and supplemental	1,348,829	1,290,926	57,903
Extended day and year instructional	742,940	427,264	315,676
Total	<u>2,638,390</u>	<u>2,137,319</u>	<u>501,071</u>
School leadership services	<u>4,349,289</u>	<u>4,328,114</u>	<u>21,175</u>

Schedule 2 (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Public School Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
School-based support services:			
Educational media	\$ 1,446,816	\$ 1,409,694	\$ 37,122
Student accounting	137,360	137,357	3
Guidance services	2,744,352	2,685,190	59,162
Health support	1,927,691	1,689,855	237,836
Safety and security support	368,042	368,042	-
Instructional technology	5,715	5,712	3
Staff development	10,205	10,205	-
Total	<u>6,640,181</u>	<u>6,306,055</u>	<u>334,126</u>
Total instructional services	<u>76,691,701</u>	<u>73,279,976</u>	<u>3,411,725</u>
System-wide support services:			
Regular curricular support and development	431,006	370,092	60,914
Career technical education curricular support and development	60,899	60,895	4
Total	<u>491,905</u>	<u>430,987</u>	<u>60,918</u>
Alternative programs and services support and development	<u>102,059</u>	<u>55,457</u>	<u>46,602</u>
Technology support	<u>400,597</u>	<u>370,511</u>	<u>30,086</u>
Operational support:			
Custodial and housekeeping	2,250,627	2,207,571	43,056
Transportation	3,964,021	3,890,188	73,833
Maintenance	109,590	59,863	49,727
Total	<u>6,324,238</u>	<u>6,157,622</u>	<u>166,616</u>
Financial and human resource:			
Financial	377,203	276,716	100,487
Human resource	43,513	-	43,513
Total	<u>420,716</u>	<u>276,716</u>	<u>144,000</u>

Schedule 2 (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Public School Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Accountability services:			
Student testing	\$ 119,830	\$ 119,571	\$ 259
Total	<u>119,830</u>	<u>119,571</u>	<u>259</u>
Policy, leadership and public relations:			
Leadership services	\$ 765,769	\$ 658,484	\$ 107,285
Public relations and marketing services	79,182	79,182	-
Total	<u>844,951</u>	<u>737,666</u>	<u>107,285</u>
Total system-wide support services	<u>8,704,296</u>	<u>8,148,530</u>	<u>555,766</u>
Total expenditures	<u>85,395,997</u>	<u>81,428,506</u>	<u>3,967,491</u>
Revenues over expenditures before other financing sources	91,724	56,224	(35,500)
OTHER FINANCING SOURCES:			
Transfers to other funds	<u>(91,724)</u>	<u>(56,224)</u>	<u>35,500</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:			
Beginning of year		<u>-</u>	
End of year		<u><u>\$ -</u></u>	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
U.S. Government	\$ 10,526,710	\$ 8,003,719	\$ (2,522,991)
Total revenues	<u>10,526,710</u>	<u>8,003,719</u>	<u>(2,522,991)</u>
EXPENDITURES:			
Instructional services:			
Regular instructional services:			
Regular curricular	243,805	235,365	8,440
Career technical education curricular	204,317	204,317	-
Total	<u>448,122</u>	<u>439,682</u>	<u>8,440</u>
Special populations services:			
Children with disabilities curricular	3,129,948	2,290,187	839,761
Pre-K children with disabilities	365,687	330,938	34,749
Speech and language pathology services	7,292	4,284	3,008
Audiology services	1,843	101	1,742
Limited English proficiency	89,003	89,003	-
Total	<u>3,593,773</u>	<u>2,714,513</u>	<u>879,260</u>
Alternative programs:			
Alternative instructional services K-12	95,845	93,170	2,675
Remedial and supplemental	4,181,495	3,223,302	958,193
Pre-K readiness	129,957	99,697	30,260
Extended day and year instructional services	50,408	11,546	38,862
Total	<u>4,457,705</u>	<u>3,427,715</u>	<u>1,029,990</u>
School leadership services	<u>13,224</u>	<u>13,224</u>	<u>-</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
School-based support services:			
Health support	\$ 128,120	\$ 92,057	\$ 36,063
Staff development	329,266	93,703	235,563
Parent involvement	60,709	52,408	8,301
Total	<u>518,095</u>	<u>238,168</u>	<u>279,927</u>
Total instructional services	<u>9,030,919</u>	<u>6,833,302</u>	<u>2,197,617</u>
System-wide support services:			
Regular curricular support and development	42,614	11,149	31,465
Career technical education support and development	-	-	-
Total	<u>42,614</u>	<u>11,149</u>	<u>31,465</u>
Special population support and development	<u>524,084</u>	<u>514,108</u>	<u>9,976</u>
Alternative programs and services support and development	<u>329,364</u>	<u>181,131</u>	<u>148,233</u>
Operational support:			
Transportation	<u>312,203</u>	<u>270,440</u>	<u>41,763</u>
Total	<u>312,203</u>	<u>270,440</u>	<u>41,763</u>
Financial and human resource:			
Human resource	<u>44,694</u>	<u>30,776</u>	<u>13,918</u>
Total	<u>44,694</u>	<u>30,776</u>	<u>13,918</u>
Total system-wide support services	<u>1,252,959</u>	<u>1,007,604</u>	<u>245,355</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Non-programmed charges:			
Payments to other governmental units	\$ 242,832	\$ 162,813	\$ 80,019
Total non-programmed charges	<u>242,832</u>	<u>162,813</u>	<u>80,019</u>
Total expenditures	<u>10,526,710</u>	<u>8,003,719</u>	<u>2,522,991</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:			
Beginning of year		<u>-</u>	
End of year		<u><u>\$ -</u></u>	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Local Current Expense Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
U.S. Government:			
Junior Reserve Officers' Training Corps (JROTC)	\$ 181,945	\$ 160,881	\$ (21,064)
Other restricted federal grants	2,725,315	581,267	(2,144,048)
	<u>2,907,260</u>	<u>742,148</u>	<u>(2,165,112)</u>
State of North Carolina:			
Smart Start	268,675	234,017	(34,658)
NC Pre-K	1,442,656	1,444,062	1,406
Other State allocations	10,600	4,680	(5,920)
	<u>1,721,931</u>	<u>1,682,759</u>	<u>(39,172)</u>
Other revenues:			
Tuition and fees	-	11,509	11,509
Rental of school property	48,105	38,334	(9,771)
Insurance settlement	-	416	416
Medicare direct service reimbursement	927,808	914,644	(13,164)
Donations and contributions	70,016	58,024	(11,992)
Miscellaneous revenue	966,213	735,998	(230,215)
Total other revenues	<u>2,012,142</u>	<u>1,758,925</u>	<u>(253,217)</u>
Total revenues	<u>6,641,333</u>	<u>4,183,832</u>	<u>(2,457,501)</u>
EXPENDITURES:			
Instructional services:			
Regular instructional services:			
Regular curricular	1,290,207	635,738	654,469
Career technical education curricular	527,650	489,115	38,535
Total	<u>1,817,857</u>	<u>1,124,853</u>	<u>693,004</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Local Current Expense Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Special populations services:			
Children with disabilities curricular	\$ 674,741	\$ 137,510	\$ 537,231
Career technical education	20,979	5,980	14,999
Pre-K children with disabilities	74,973	60,384	14,589
Audiology	481,490	-	481,490
Total	<u>1,252,183</u>	<u>203,874</u>	<u>1,048,309</u>
Alternative programs:			
Alternative instructional services K-12	719	718	1
Remedial and supplemental	32,494	29,152	3,342
Pre-K readiness and remedial and supplemental services	1,677,077	1,432,419	244,658
Extended day and year instruction	30,935	26,428	4,507
Total	<u>1,741,225</u>	<u>1,488,717</u>	<u>252,508</u>
School leadership services	<u>357</u>	<u>-</u>	<u>357</u>
Co-curricular services	<u>4,781</u>	<u>3,957</u>	<u>824</u>
School-based support:			
Education media	1,148	1,147	1
Health support	460,165	6,417	453,748
Staff development	8,792	5,282	3,510
Parent involvement	75,199	75,197	2
Total	<u>545,304</u>	<u>88,043</u>	<u>457,261</u>
Total instructional services	<u>5,361,707</u>	<u>2,909,444</u>	<u>2,452,263</u>
System-wide support services:			
Support and development services:			
Regular curricular support and development	277,292	153,931	123,361
Career technical education curricular support and development	43,808	41,640	2,168
	<u>321,100</u>	<u>195,571</u>	<u>125,529</u>

Schedule 4 (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Local Current Expense Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Alternative programs and services support and development	\$ 169,645	\$ 143,399	\$ 26,246
Operational support services:			
Communication	18,842	18,841	1
Printing and copying	2,813	1,980	833
Custodial and housekeeping	169,816	-	169,816
Transportation	347,843	250,837	97,006
Maintenance	6,881	-	6,881
Total	<u>546,195</u>	<u>271,658</u>	<u>274,537</u>
Policy, leadership and public relations services:			
Board of education	4,300	-	4,300
Leadership services	1,500	-	1,500
Public relations and marketing	5,300	2,742	2,558
Total	<u>11,100</u>	<u>2,742</u>	<u>8,358</u>
Total system-wide supporting services	<u>1,048,040</u>	<u>613,370</u>	<u>434,670</u>
Ancillary services:			
Child care services	116,178	55,018	61,160
Nutrition services	161	63	98
Adult services	209,624	151,716	57,908
Total ancillary services	<u>325,963</u>	<u>206,797</u>	<u>119,166</u>
Non-programmed charges:			
Payments to other governments	4,249	157	4,092
Contingency	1,603,636	-	1,603,636
	<u>1,607,885</u>	<u>157</u>	<u>1,607,728</u>
Total expenditures	<u>8,343,595</u>	<u>3,729,768</u>	<u>4,613,827</u>
Revenues over (under) expenditures before other financing sources	<u>(1,702,262)</u>	<u>454,064</u>	<u>2,156,326</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Local Current Expense Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	\$ 378,043	\$ 303,880	\$ (74,163)
Appropriated fund balance	1,324,219	-	(1,324,219)
Total other financing sources	<u>1,702,262</u>	<u>303,880</u>	<u>(1,398,382)</u>
Net change in fund balance	<u><u>\$ -</u></u>	757,944	<u><u>\$ 757,944</u></u>
FUND BALANCE:			
Beginning of year		<u>2,648,432</u>	
End of year		<u><u>\$ 3,406,376</u></u>	

This page left blank intentionally.

CAPITAL OUTLAY FUND

The Capital Outlay Fund is used to account for acquisition and construction of major capital facilities other than those financed by proprietary and trust funds. The Capital Outlay Fund is a major fund.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Outlay Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
State of North Carolina:			
State appropriations - buses	\$ 2,063,388	\$ 1,068,510	\$ (994,878)
Craven County:			
Appropriations - operating	1,994,967	1,958,056	(36,911)
Other revenues:			
Surplus sale proceeds	-	2,246	2,246
Sales tax	-	5,515	5,515
	-	7,761	7,761
Total revenues	4,058,355	3,034,327	(1,024,028)
EXPENDITURES:			
Furniture and equipment	1,988,080	1,686,984	301,096
Buses and motor vehicles	1,698,756	1,698,756	-
Supplies and materials	273	273	-
Debt service:			
Principal	2,063,388	1,068,510	994,878
Total expenditures	5,750,497	4,454,523	1,295,974
Operating loss	(1,692,142)	(1,420,196)	271,946
OTHER FINANCING SOURCES:			
Installment purchase obligation issued	1,311,594	1,311,594	-
Appropriated fund balance	380,548	-	(380,548)
	1,692,142	1,311,594	(380,548)
Net change in fund balance	\$ -	(108,602)	\$ (108,602)
FUND BALANCE:			
Beginning of year		543,311	
End of year		\$ 434,709	

ENTERPRISE FUND

The Enterprise Fund is used to account for the Board's food services operations. The Enterprise Fund is a major fund.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
Food sales	\$ 1,105,000	\$ 1,342,329	\$ 237,329
Miscellaneous local operating revenue	24,000	19,725	(4,275)
	<u>1,129,000</u>	<u>1,362,054</u>	<u>233,054</u>
OPERATING EXPENDITURES:			
Business support services:			
Purchase of food	2,951,558	2,280,092	671,466
Donated commodities	460,705	453,821	6,884
Salaries and benefits	3,153,159	2,110,929	1,042,230
Professional and technical services	145,085	79,371	65,714
Property services	17,700	2,205	15,495
Transportation services	23,100	19,637	3,463
Communications	8,600	2,324	6,276
Dues and fees	6,325	5,405	920
Insurance	1,000	-	1,000
Indirect costs	258,000	344,609	(86,609)
Supplies and materials	408,400	268,928	139,472
Repairs and maintenance	-	61,252	(61,252)
Fuel and oil	84,789	-	84,789
Other administrative costs	-	4	(4)
Total business support services	<u>7,518,421</u>	<u>5,628,577</u>	<u>1,889,844</u>
Capital outlay	473,700	24,065	449,635
Total operating expenditures	<u>7,992,121</u>	<u>5,652,642</u>	<u>2,339,479</u>
Operating loss	<u>(6,863,121)</u>	<u>(4,290,588)</u>	<u>2,572,533</u>

Schedule 6 (Continued)

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
NONOPERATING REVENUES (EXPENSES):			
Federal reimbursements	\$ 4,200,000	\$ 4,231,185	\$ 31,185
Federal commodities	460,705	453,821	(6,884)
Summer food reimbursements	-	69,659	69,659
Fresh fruits and vegetables program	124,363	121,263	(3,100)
State reimbursements	20,000	16,788	(3,212)
Proceeds from sale of assets	10,000	7,954	(2,046)
Interest earned	20,000	34,038	14,038
Total nonoperating revenues	<u>4,835,068</u>	<u>4,934,708</u>	<u>99,640</u>
Revenues over(under) expenditures before other financing sources	<u>(2,028,053)</u>	<u>644,120</u>	<u>2,672,173</u>
OTHER FINANCING SOURCES:			
Transfers from other funds	(91,724)	56,224	147,948
Appropriated fund balance	<u>2,119,777</u>	<u>-</u>	<u>(2,119,777)</u>
	<u>2,028,053</u>	<u>56,224</u>	<u>(1,971,829)</u>
Revenues over expenditures	<u><u>\$ -</u></u>	<u>700,344</u>	<u><u>\$ 700,344</u></u>
Reconciliation of modified accrual to full accrual basis:			
Depreciation		(293,995)	
Increase in inventory		40,243	
Net pension liability		240,510	
Deferred outflows of resources - pension		(266,346)	
Deferred inflows of resources - pension		(1,164,578)	
Capital asset purchases		24,065	
Increase in compensated absences payable		<u>(21,400)</u>	
Change in net position (full accrual basis)		<u><u>\$ (741,157)</u></u>	

This page left blank intentionally.

STATISTICAL SECTION

Unaudited

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA

Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about Craven County Board of Education's overall financial health. The schedules included in this section can be categorized as follows:

Financial Trends Schedules

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

Revenue Capacity Schedules

These schedules contain information to help the reader assess one of the Board's most significant local revenue sources. Information regarding Craven County's property tax base have been included since the Board received a significant amount from the County.

Debt Capacity Schedules

These schedules 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. State law prohibits the Board of Education from issuing debt.

Demographic and Economic Information Schedules

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information Schedules

These schedules contain service and capital asset data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs. The Board has no infrastructure assets.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statistical Section
Unaudited

Table

Financial Trends:

These tables contain trend information to help the reader understand how the Board's financial position has changed over time.

Net Position by Component	1
Net Position by Component for Craven County, NC	2
Changes in Net Position	3
Changes in Net Position for Craven County, NC	4
Fund Balances - Governmental Funds	5
Fund Balances - Governmental Funds for Craven County, NC	6
Changes in Fund Balances - Governmental Funds	7
Changes in Fund Balances - Governmental Funds for Craven County, NC	8

Revenue Capacity:

These tables contain information to help the reader assess the Board's revenues.

Governmental Fund Revenues and Other Financing Sources	9
Governmental and Proprietary Funds Expenditures by Function	10
Revenue Sources for Governmental and Proprietary Funds Expenditures	11
Assessed Value and Actual Value of Taxable Property for Craven County, NC	12
Direct and Overlapping Property Tax Rates for Craven County, NC	13
Principal Property Tax Payers for Craven County, NC	14
Property Tax Levies and Collections for Craven County, NC	15

Debt Capacity:

Since the Board of Education has no tax-levying or debt issuing authority, the County of Craven provides significant funding to the school system.

Fiscal data from the County of Craven have been included to help the reader understand the school system and its financial operations.

Ratios of Outstanding Debt by Type for Craven County, NC	16
NC Ratios of Net General Bonded Debt Outstanding for Craven County, NC	17
NC Legal Debt Margin Information for Craven County, NC	18

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Statistical Section
Unaudited

Table

Demographic and Economic Information:

These tables offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place. Information on the County of Craven is also included.

Pupils in Membership by Ethnic Origin and Sex	19
Dropouts by Grades and Reasons	20
Personnel Summary (Full Time Personnel Only)	21
Teacher Salaries	22
Demographic and Economic Statistics for Craven County, NC	23
Principal Employers for Craven County, NC	24
Full-time Equivalent County Government Employees by Function for Craven County, NC	25

Operating Information:

These tables contain service and capital asset data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

Operating Statistics	26
Operating Indicators by Function for Craven County, NC	27
Capital Asset Information	28
Capital Asset Statistics by Function for Craven County, NC	29
Installment Purchase Agreements with Future Minimum Payments	30

Sources

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

Table 1

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in Capital Assets	\$ 78,096,960	\$ 80,470,279	\$ 82,629,268	\$ 85,290,617	\$ 87,852,153	\$ 89,941,674	\$ 93,464,054	\$ 96,098,455	\$ 99,312,106	\$ 102,880,677
Restricted	2,463,948	4,089,163	1,748,079	1,630,750	1,940,884	2,058,288	1,574,314	1,541,526	815,099	809,622
Unrestricted	<u>(202,402,543)</u>	<u>(16,174,218)</u>	<u>(16,126,195)</u>	<u>(21,784,295)</u>	<u>(178,046)</u>	<u>1,210,006</u>	<u>6,200,357</u>	<u>3,674,174</u>	<u>1,669,706</u>	<u>527,177</u>
Total Governmental Activities Net Position	<u>\$ (121,841,635)</u>	<u>\$ 68,385,224</u>	<u>\$ 68,251,152</u>	<u>\$ 65,137,072</u>	<u>\$ 89,614,991</u>	<u>\$ 93,209,968</u>	<u>\$ 101,238,725</u>	<u>\$ 101,314,155</u>	<u>\$ 101,796,911</u>	<u>\$ 104,217,476</u>
Business-Type Activities:										
Net investment in Capital Assets	\$ 1,464,509	\$ 1,734,439	\$ 2,007,864	\$ 1,888,726	\$ 2,136,367	\$ 2,309,214	\$ 2,422,876	\$ 2,027,958	\$ 1,782,688	\$ 1,847,844
Restricted	11,237	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(1,703,103)</u>	<u>3,033,414</u>	<u>3,267,947</u>	<u>4,194,350</u>	<u>5,148,306</u>	<u>5,153,495</u>	<u>4,857,095</u>	<u>4,586,112</u>	<u>4,084,499</u>	<u>3,382,697</u>
Total Business-Type Activities Net Position	<u>\$ (227,357)</u>	<u>\$ 4,767,853</u>	<u>\$ 5,275,811</u>	<u>\$ 6,083,076</u>	<u>\$ 7,284,673</u>	<u>\$ 7,462,709</u>	<u>\$ 7,279,971</u>	<u>\$ 6,614,070</u>	<u>\$ 5,867,187</u>	<u>\$ 5,230,541</u>
Total Net Position:										
Net investment in Capital Assets	\$ 79,561,469	\$ 82,204,718	\$ 84,637,132	\$ 87,179,343	\$ 89,988,520	\$ 92,250,888	\$ 95,886,930	\$ 98,126,413	\$ 101,094,794	\$ 104,728,521
Restricted	2,475,185	4,089,163	1,748,079	1,630,750	1,940,884	2,058,288	1,574,314	1,541,526	815,099	809,622
Unrestricted	<u>(204,105,646)</u>	<u>(13,140,804)</u>	<u>(12,858,248)</u>	<u>(17,589,945)</u>	<u>4,970,260</u>	<u>6,363,501</u>	<u>11,057,452</u>	<u>8,260,286</u>	<u>5,754,205</u>	<u>3,909,874</u>
Total Net Position	<u>\$ (122,068,992)</u>	<u>\$ 73,153,077</u>	<u>\$ 73,526,963</u>	<u>\$ 71,220,148</u>	<u>\$ 96,899,664</u>	<u>\$ 100,672,677</u>	<u>\$ 108,518,696</u>	<u>\$ 107,928,225</u>	<u>\$ 107,664,098</u>	<u>\$ 109,448,017</u>

Table 2

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Net Position by Component for Craven County, NC
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018*	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Governmental activities</u>										
Net investment in capital assets	\$ -	\$ 42,035,851	\$ 41,106,523	\$ 40,687,026	\$ 40,967,813	\$ 38,519,516	\$ 37,057,382	\$ 37,674,722	\$ 34,254,404	\$ 33,675,755
Restricted	-	11,522,651	12,286,432	9,704,162	9,303,705	9,316,938	9,058,929	8,300,518	4,029,326	4,349,082
Unrestricted (deficit)	-	4,940,354	(1,596,184)	(4,408,602)	(8,377,381)	(11,378,791)	(13,148,958)	(14,757,288)	(13,245,067)	(17,350,746)
Total governmental activities net position	<u>\$ -</u>	<u>\$ 58,498,856</u>	<u>\$ 51,796,771</u>	<u>\$ 45,982,586</u>	<u>\$ 41,894,137</u>	<u>\$ 36,457,663</u>	<u>\$ 32,967,353</u>	<u>\$ 31,217,952</u>	<u>\$ 25,038,663</u>	<u>\$ 20,674,091</u>
<u>Business-type activities</u>										
Net investment in capital assets	\$ -	\$ 27,475,458	\$ 25,089,385	\$ 21,306,317	\$ 16,038,577	\$ 17,043,922	\$ 17,751,235	\$ 17,797,133	\$ 18,280,499	\$ 18,330,655
Unrestricted	-	11,911,171	12,993,943	15,100,037	18,993,230	16,636,853	14,546,045	13,198,583	11,522,108	9,909,504
Total business-type activities net position	<u>\$ -</u>	<u>\$ 39,386,629</u>	<u>\$ 38,083,328</u>	<u>\$ 36,406,354</u>	<u>\$ 35,031,807</u>	<u>\$ 33,680,775</u>	<u>\$ 32,297,280</u>	<u>\$ 30,995,716</u>	<u>\$ 29,802,607</u>	<u>\$ 28,240,159</u>
<u>Primary government</u>										
Net investment in capital assets	\$ -	\$ 69,511,309	\$ 66,195,908	\$ 61,993,343	\$ 57,006,390	\$ 55,563,438	\$ 54,808,617	\$ 55,471,855	\$ 52,534,903	\$ 52,006,410
Restricted	-	11,522,651	12,286,432	9,704,162	9,303,705	9,316,938	9,058,929	8,300,518	4,029,326	4,349,082
Unrestricted (deficit)	-	16,851,525	11,397,759	10,691,435	10,615,849	5,258,062	1,397,087	(1,558,705)	(1,722,959)	(7,441,242)
Total primary government net position	<u>\$ -</u>	<u>\$ 97,885,485</u>	<u>\$ 89,880,099</u>	<u>\$ 82,388,940</u>	<u>\$ 76,925,944</u>	<u>\$ 70,138,438</u>	<u>\$ 65,264,633</u>	<u>\$ 62,213,668</u>	<u>\$ 54,841,270</u>	<u>\$ 48,914,250</u>

* The 2018 data was not available at time of preparation.

Source: Craven County, Finance Department

Table 3

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Functions/Programs	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
Instructional programs	\$ 100,957,478	\$ 94,217,033	\$ 88,297,103	\$ 89,793,446	\$ 92,641,563	\$ 95,039,918	\$ 92,135,190	\$ 91,831,915	\$ 92,716,514	\$ 95,532,375
Supporting services	24,488,205	21,970,529	21,259,473	21,658,797	20,930,092	24,441,564	23,031,184	22,621,993	21,832,422	21,992,672
Ancillary services	240,360	245,612	278,005	277,187	280,351	287,144	256,548	257,423	286,543	328,502
Non-program charges	597,677	338,416	294,805	217,738	160,397	105,516	240,789	386,909	359,603	5,373
Unallocated depreciation	3,540,884	3,317,895	3,155,378	3,017,660	3,006,750	2,983,567	2,948,554	2,898,926	2,954,049	2,782,007
Total governmental activities	129,824,604	120,089,485	113,284,764	114,964,828	117,019,153	122,857,709	118,612,265	117,997,166	118,149,131	120,640,929
Business-type activities:										
School food services	7,094,143	7,161,120	7,357,105	7,123,622	7,029,338	7,083,772	6,596,545	6,622,185	6,701,169	6,501,219
Total business-type activities	7,094,143	7,161,120	7,357,105	7,123,622	7,029,338	7,083,772	6,596,545	6,622,185	6,701,169	6,501,219
Total board of education expenses	<u>\$ 136,918,747</u>	<u>\$ 127,250,605</u>	<u>\$ 120,641,869</u>	<u>\$ 122,088,450</u>	<u>\$ 124,048,491</u>	<u>\$ 129,941,481</u>	<u>\$ 125,208,810</u>	<u>\$ 124,619,351</u>	<u>\$ 124,850,300</u>	<u>\$ 127,142,148</u>
Program Revenues										
Governmental activities										
Charges for services										
Instructional programs	\$ 3,083,562	\$ 3,143,322	\$ 3,372,377	\$ 3,252,473	\$ 21,777	\$ 31,529	\$ 35,637	\$ -	\$ -	\$ -
Supporting services	401,733	339,539	644,424	677,605	33,815	38,888	480,157	-	-	-
Operating grants and contributions										
Instructional programs	81,289,315	78,839,012	78,007,328	78,726,217	79,030,224	78,782,832	84,008,758	84,294,313	85,044,703	84,724,664
Supporting services	10,398,512	9,758,952	8,097,682	8,618,328	10,922,661	11,360,071	8,716,032	8,951,927	8,669,825	7,082,003
Ancillary services	56,224	68,096	53,960	52,277	96,167	60,726	102,793	116,551	187,510	185,234
Non-program charges	151,881	126,684	2,089	-	145,336	145,447	127,637	315,920	305,850	137,464
Capital grants and contributions										
Instructional programs	-	-	-	-	-	-	-	-	-	-
Supporting services	1,101,722	1,160,786	554,886	-	301,352	257,371	345,119	299,160	190,733	562,372
Total governmental activities program revenues	<u>96,482,949</u>	<u>93,436,391</u>	<u>90,732,746</u>	<u>91,326,900</u>	<u>90,551,332</u>	<u>90,676,864</u>	<u>93,816,133</u>	<u>93,977,871</u>	<u>94,398,621</u>	<u>92,691,737</u>
Business-type activities:										
Charges for services										
School food services	1,342,329	1,283,273	1,433,104	1,499,509	1,833,741	2,091,950	2,254,297	2,391,415	2,474,273	2,606,875
Operating grants and contributions										
School food services	4,900,670	5,247,089	5,013,316	4,874,098	4,948,898	5,096,592	4,922,128	4,809,246	4,725,014	4,210,580
Total business-type activities program revenues	<u>6,242,999</u>	<u>6,530,362</u>	<u>6,446,420</u>	<u>6,373,607</u>	<u>6,782,639</u>	<u>7,188,542</u>	<u>7,176,425</u>	<u>7,200,661</u>	<u>7,199,287</u>	<u>6,817,455</u>
Total board of education program revenues	<u>\$ 102,725,948</u>	<u>\$ 99,966,753</u>	<u>\$ 97,179,166</u>	<u>\$ 97,700,507</u>	<u>\$ 97,333,971</u>	<u>\$ 97,865,406</u>	<u>\$ 100,992,558</u>	<u>\$ 101,178,532</u>	<u>\$ 101,597,908</u>	<u>\$ 99,509,192</u>

Table 3

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (expense) / revenue										
Governmental activities	\$ (33,341,655)	\$ (26,653,094)	\$ (22,552,018)	\$ (23,637,928)	\$ (26,467,821)	\$ (32,180,845)	\$ (24,796,132)	\$ (24,019,295)	\$ (37,745,892)	\$ (24,993,137)
Business-type activities	(851,144)	(630,758)	(910,685)	(750,015)	(246,699)	104,770	579,880	578,476	(261,341)	186,120
Total board of education net (expense)/revenue	<u>\$ (34,192,799)</u>	<u>\$ (27,283,852)</u>	<u>\$ (23,462,703)</u>	<u>\$ (24,387,943)</u>	<u>\$ (26,714,520)</u>	<u>\$ (32,076,075)</u>	<u>\$ (24,216,252)</u>	<u>\$ (23,440,819)</u>	<u>\$ (38,007,233)</u>	<u>\$ (24,807,017)</u>
General revenues and other changes in net position										
Governmental activities										
Unrestricted county appropriation-operating	\$ 20,930,469	\$ 21,828,486	\$ 20,785,208	\$ 19,720,431	\$ 19,067,949	\$ 18,658,502	\$ 18,570,304	\$ 17,858,438	\$ 17,454,986	\$ 17,332,275
Unrestricted county appropriation-capital	1,958,056	1,095,180	1,146,375	700,000	779,487	1,193,793	1,505,663	756,953	979,339	2,361,872
Unrestricted state appropriation-operating	1,206,935	844,715	847,577	261,096	-	742,301	1,094,778	323,435	359,604	278,011
Unrestricted state appropriation-capital	-	-	-	-	-	-	-	-	-	-
Unrestricted federal appropriation-operating	1,037,876	2,125,187	1,840,833	2,374,646	2,114,861	2,657,083	2,671,840	2,894,911	1,022,062	3,526,078
Interest earnings-restricted	-	-	-	-	-	-	-	-	-	-
Interest earnings - unrestricted	82,859	40,752	19,733	19,077	19,173	39,878	67,565	67,035	94,854	204,891
Miscellaneous - unrestricted	1,206,089	902,484	1,074,840	884,401	936,805	905,703	855,553	1,680,768	1,484,557	1,723,983
Transfers	(56,224)	(49,638)	(48,468)	(46,312)	(45,431)	(45,172)	(45,001)	(45,001)	-	-
Total governmental activities	<u>26,366,060</u>	<u>26,787,166</u>	<u>25,666,098</u>	<u>23,913,339</u>	<u>22,872,844</u>	<u>24,152,088</u>	<u>24,720,702</u>	<u>23,536,539</u>	<u>21,395,402</u>	<u>25,427,110</u>
Business-type activities										
Unrestricted county appropriation-operating	-	-	-	-	-	-	-	-	-	-
Unrestricted state appropriation-operating	-	-	-	-	-	-	-	33,095	30,384	44,259
Interest earnings - unrestricted	34,038	32,707	19,023	15,915	14,513	14,511	23,284	28,211	42,094	90,055
Miscellaneous - unrestricted	19,725	40,455	35,929	22,482	8,719	18,285	17,736	62,100	593	4,562
Transfers	56,224	49,638	48,468	46,312	45,431	45,172	45,001	45,001	-	-
Total business-type activities	<u>109,987</u>	<u>122,800</u>	<u>103,420</u>	<u>84,709</u>	<u>68,663</u>	<u>77,968</u>	<u>86,021</u>	<u>168,407</u>	<u>73,071</u>	<u>138,876</u>
Total board of education	<u>\$ 26,476,047</u>	<u>\$ 26,909,966</u>	<u>\$ 25,769,518</u>	<u>\$ 23,998,048</u>	<u>\$ 22,941,507</u>	<u>\$ 24,230,056</u>	<u>\$ 24,806,723</u>	<u>\$ 23,704,946</u>	<u>\$ 21,468,473</u>	<u>\$ 25,565,986</u>
Change in net position										
Governmental activities	\$ (6,975,595)	\$ 134,072	\$ 3,114,080	\$ 275,411	\$ (3,594,977)	\$ (8,028,757)	\$ (75,430)	\$ (482,756)	\$ 6,521,809	\$ 9,094,205
Business-type activities	(741,157)	(507,958)	(807,265)	(665,306)	(178,036)	182,738	665,901	746,883	203,140	403,222
Total changes in net position	<u>\$ (7,716,752)</u>	<u>\$ (373,886)</u>	<u>\$ 2,306,815</u>	<u>\$ (389,895)</u>	<u>\$ (3,773,013)</u>	<u>\$ (7,846,019)</u>	<u>\$ 590,471</u>	<u>\$ 264,127</u>	<u>\$ 6,724,949</u>	<u>\$ 9,497,427</u>

Table 4

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Net Position for Craven County, NC
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018*	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Expenses</u>										
Governmental activities:										
General government	\$ -	\$ 9,925,453	\$ 10,086,514	\$ 9,219,322	\$ 9,529,776	\$ 6,245,251	\$ 10,295,084	\$ 8,577,883	\$ 7,963,893	\$ 7,785,402
Public safety	-	20,980,588	19,458,091	18,505,550	18,273,896	21,178,464	16,897,985	16,218,231	14,754,169	14,166,850
Social services	-	22,760,861	22,231,898	21,913,659	22,078,158	22,566,592	23,091,103	23,268,931	22,338,223	23,190,078
Economic and physical development	-	4,389,590	4,349,446	4,035,005	3,244,680	2,818,906	3,372,531	3,820,355	3,020,353	3,138,650
Environmental protection	-	4,608,929	4,998,475	5,121,002	5,200,967	4,949,064	5,044,117	5,234,597	5,191,327	5,576,352
Health	-	8,626,160	8,338,343	7,784,851	8,495,912	8,883,418	8,391,523	8,467,181	8,537,699	8,245,927
Cultural and recreation	-	2,535,497	2,403,064	2,289,270	2,435,885	2,334,287	2,287,587	2,357,440	2,305,497	3,201,411
Education	-	27,005,640	26,313,562	24,559,787	23,691,968	23,743,790	23,781,177	22,244,200	22,099,376	24,746,401
Interest on long term debt	-	1,803,760	2,105,628	2,360,526	2,617,304	2,739,303	3,488,561	3,772,400	3,971,610	4,457,642
Total governmental activities	-	102,636,478	100,285,021	95,788,972	95,568,546	95,459,075	96,649,668	93,961,218	90,182,147	94,508,713
Business-type activities:										
Water	-	2,667,016	2,489,876	2,510,634	2,559,429	2,428,976	2,504,781	2,533,584	2,259,291	2,814,711
Total primary government expenses	\$ -	\$ 105,303,494	\$ 102,774,897	\$ 98,299,606	\$ 98,127,975	\$ 97,888,051	\$ 99,154,449	\$ 96,494,802	\$ 92,441,438	\$ 97,323,424
<u>Program Revenues</u>										
Governmental activities										
Charges for services:										
General government	\$ -	\$ 4,141,074	\$ 3,170,663	\$ 3,493,235	\$ 2,194,205	\$ 2,056,024	\$ 1,633,609	\$ 1,470,684	\$ 1,283,052	\$ 1,295,547
Public safety	-	3,316,974	3,190,889	2,947,087	2,584,019	2,728,253	2,250,857	1,998,438	1,715,207	2,375,313
Social services	-	559,026	630,752	572,655	597,505	920,099	746,897	705,484	895,360	905,238
Economic and physical development	-	1,101,404	1,052,562	925,772	1,244,763	1,211,200	1,094,565	1,040,227	1,048,298	1,009,269
Environmental protection	-	2,405,043	2,432,969	2,428,100	2,417,794	2,470,808	2,509,331	2,462,442	2,442,846	2,720,503
Health	-	5,463,003	5,652,030	3,866,147	5,003,765	5,252,724	5,005,119	5,808,276	5,158,491	4,872,707
Cultural and recreation	-	61,401	66,145	69,062	89,512	80,782	75,810	72,418	70,223	58,393
Operating grants and contributions:										
General government	-	2,166,871	2,122,023	2,306,404	2,337,535	2,051,064	2,238,620	1,298,151	1,097,706	1,355,699
Public safety	-	678,254	651,546	430,833	645,226	824,904	845,729	928,821	858,361	551,977
Social services	-	15,321,889	15,798,488	16,040,514	14,917,957	14,979,911	15,728,496	15,687,981	14,754,004	13,472,526
Economic and physical development	-	1,346,255	1,252,208	1,453,613	-	34,034	32,998	-	44,816	24,755
Environmental protection	-	158,668	158,994	196,894	253,420	143,267	143,389	130,108	196,072	169,132
Health	-	2,378,208	2,185,702	1,556,948	1,645,752	1,704,070	1,701,749	1,821,323	2,069,631	1,627,356
Cultural and recreation	-	313,000	563,280	61,000	51,500	37,500	49,500	61,500	18,000	45,000
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	43,609	104,129
Public safety	-	-	-	-	-	-	4,472	10,696	99,999	-
Social services	-	-	120,012	181,004	255,086	134,820	117,377	109,337	103,938	193,612
Economic and physical development	-	-	-	-	204,085	452,809	580,782	766,166	184,344	106,721
Cultural and recreation	-	-	-	-	-	47,731	-	395,394	56,875	50,000
Education	-	842,910	1,083,080	926,810	1,030,840	1,010,010	1,129,230	2,136,870	1,438,000	1,560,478
Total governmental activities program revenues	-	40,253,980	40,131,343	37,456,078	35,472,964	36,140,010	35,888,530	36,904,316	33,578,832	32,498,355

Table 4

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Net Position for Craven County, NC
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018*	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charge for services-Water	\$ -	\$ 3,936,307	\$ 3,803,643	\$ 3,809,820	\$ 3,828,806	\$ 3,733,491	\$ 3,709,076	\$ 3,652,217	\$ 3,688,563	\$ 3,609,669
Total business-type activities program revenues	-	3,936,307	3,803,643	3,809,820	3,828,806	3,733,491	3,709,076	3,652,217	3,688,563	3,609,669
 Total primary government program revenues	<u>\$ -</u>	<u>\$ 44,190,287</u>	<u>\$ 43,934,986</u>	<u>\$ 41,265,898</u>	<u>\$ 39,301,770</u>	<u>\$ 39,873,501</u>	<u>\$ 39,597,606</u>	<u>\$ 40,556,533</u>	<u>\$ 37,267,395</u>	<u>\$ 36,108,024</u>
 <u>Net (Expense)/Revenue</u>										
Governmental activities	\$ -	\$ (62,382,498)	\$ (60,153,678)	\$ (58,332,894)	\$ (60,095,582)	\$ (59,319,065)	\$ (60,761,138)	\$ (57,056,902)	\$ (56,603,315)	\$ (62,010,358)
Business-type activities	-	1,269,291	1,313,767	1,299,186	1,269,377	1,304,515	1,204,295	1,118,633	1,429,272	794,958
Total primary government net (expense)/revenue	<u>\$ -</u>	<u>\$ (61,113,207)</u>	<u>\$ (58,839,911)</u>	<u>\$ (57,033,708)</u>	<u>\$ (58,826,205)</u>	<u>\$ (58,014,550)</u>	<u>\$ (59,556,843)</u>	<u>\$ (55,938,269)</u>	<u>\$ (55,174,043)</u>	<u>\$ (61,215,400)</u>
 General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ -	\$ 51,783,504	\$ 49,058,073	\$ 48,065,864	\$ 48,512,236	\$ 47,503,351	\$ 46,550,189	\$ 47,482,900	\$ 44,076,129	\$ 43,814,430
Local option sales tax	-	16,097,112	15,112,475	14,532,240	13,394,720	13,594,555	13,491,235	12,415,520	13,053,176	16,796,425
Other taxes and licenses	-	1,077,699	1,065,391	934,214	862,997	827,554	1,003,991	857,817	790,980	766,861
Investment earnings	-	305,406	154,860	163,783	156,285	228,358	231,554	282,690	544,629	1,375,589
Miscellaneous	-	564,447	471,964	658,262	1,006,261	1,519,890	1,128,570	2,091,064	2,406,773	1,582,642
Special Item	-	-	-	850,000	1,516,317					
Transfers	-	130,000	105,000	105,000	83,240	102,620	105,000	106,200	96,200	96,800
Total governmental activities:	<u>-</u>	<u>69,958,168</u>	<u>65,967,763</u>	<u>65,309,363</u>	<u>65,532,056</u>	<u>63,776,328</u>	<u>62,510,539</u>	<u>63,236,191</u>	<u>60,967,887</u>	<u>64,432,747</u>
 Business-type activities:										
Investment earnings	-	23,151	19,192	42,829	57,122	70,659	67,396	72,310	127,572	239,026
Miscellaneous	-	140,859	449,015	204,818	107,772	110,942	134,873	114,098	101,804	108,576
Transfers	-	(130,000)	(105,000)	(105,000)	(83,240)	(102,620)	(105,000)	(106,200)	(96,200)	(96,800)
Total business-type activities	<u>-</u>	<u>34,010</u>	<u>363,207</u>	<u>142,647</u>	<u>81,654</u>	<u>78,981</u>	<u>97,269</u>	<u>80,208</u>	<u>133,176</u>	<u>250,802</u>
 Total primary government	<u>\$ -</u>	<u>\$ 69,992,178</u>	<u>\$ 66,330,970</u>	<u>\$ 65,452,010</u>	<u>\$ 65,613,710</u>	<u>\$ 63,855,309</u>	<u>\$ 62,607,808</u>	<u>\$ 63,316,399</u>	<u>\$ 61,101,063</u>	<u>\$ 64,683,549</u>
 <u>Change in Net Position</u>										
Governmental activities	\$ -	\$ 7,575,670	\$ 5,814,085	\$ 6,976,469	\$ 5,436,474	\$ 4,457,263	\$ 1,749,401	\$ 6,179,289	\$ 4,364,572	\$ 2,422,389
Business-type activities	-	1,303,301	1,676,974	1,441,833	1,351,031	1,383,496	1,301,564	1,198,841	1,562,448	1,045,760
Total primary government	<u>\$ -</u>	<u>\$ 8,878,971</u>	<u>\$ 7,491,059</u>	<u>\$ 8,418,302</u>	<u>\$ 6,787,505</u>	<u>\$ 5,840,759</u>	<u>\$ 3,050,965</u>	<u>\$ 7,378,130</u>	<u>\$ 5,927,020</u>	<u>\$ 3,468,149</u>

* The 2018 data was not available at time of preparation.

Source: Craven County Finance Department

Table 5

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013 ¹	2012 ¹	2011 ¹	2010	2009
General Fund										
Reserved for:										
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,797	\$ 412,529
State Statute	-	-	-	-	-	-	-	-	175,505	231,545
Total reserved	-	-	-	-	-	-	-	-	565,302	644,074
Unreserved										
Designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Undesignated	-	-	-	-	-	-	-	-	4,342,550	3,530,186
Total unreserved	-	-	-	-	-	-	-	-	5,342,550	4,530,186
Nonspendable	168,899	204,773	278,684	363,880	387,531	420,357	388,075	388,247	-	-
Restricted	226,818	2,196,530	214,920	271,482	184,244	567,439	2,546,285	71,690	-	-
Assigned	3,825,484	900,615	945,045	1,500,000	2,344,398	1,474,289	3,092,999	1,474,289	-	-
Unassigned	3,326,518	4,348,280	2,398,392	456,181	1,019,239	2,677,644	6,113,822	5,121,040	-	-
Total General Fund	7,547,719	7,650,198	3,837,041	2,591,543	3,935,412	5,139,729	12,141,181	7,055,266	5,907,852	5,174,260
All Other Governmental Funds										
Reserved										
Capital projects fund	-	-	-	-	-	-	-	-	-	131,002
Individual schools fund	-	-	-	-	-	-	-	-	13,908	21,887
Total reserved	-	-	-	-	-	-	-	-	13,908	152,889
Unreserved										
Designated for subsequent year's expenditures										
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Undesignated										
Capital projects fund	-	-	-	-	-	-	-	-	611,105	255,457
Individual schools fund	-	-	-	-	-	-	-	-	801,191	787,735
Total unreserved	-	-	-	-	-	-	-	-	1,412,296	1,043,192
Restricted										
Individual Schools Fund	959,465	956,303	915,671	847,212	1,052,024	985,650	901,888	945,625	-	-
Other Local Current Expense Fund	3,406,376	2,648,432	2,296,401	2,659,512	2,547,694	81,898	148,698	113,987	-	-
Capital Outlay Fund	434,709	543,311	442,105	285,648	169,853	423,301	523,728	410,224	-	-
Assigned										
Other Local Current Expense Fund	-	-	-	-	-	1,922,468	1,654,767	1,387,247	-	-
Total Other Governmental Funds	4,800,550	4,148,046	3,654,177	3,792,372	3,769,571	3,413,317	3,229,081	2,857,083	1,426,204	1,196,081
Total All Governmental Funds	\$ 12,348,269	\$ 11,798,244	\$ 7,491,218	\$ 6,383,915	\$ 7,704,983	\$ 8,553,046	\$ 15,370,262	\$ 12,769,432	\$ 7,334,056	\$ 6,370,341

¹ Governmental Accounting Standard Board (GASB) Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires fund balance classifications of Nonspendable, Restricted, Committed, Assigned, and Unassigned, was adopted by the Craven County Board of Education, North Carolina, as of July 1, 2010. The Board has elected to not restate prior fund balance amounts for fiscal years prior to implementation. As of the year ended June 30, 2018, the Board had no committed fund balance.

Table 6

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Fund Balances, Governmental Funds for Craven County, NC
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
<u>General Fund</u>	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Restricted for:										
Stabiliation by state statute	\$ -	\$ 7,949,240	\$ 8,690,228	\$ 6,619,013	\$ 5,866,674	\$ 6,505,313	\$ 5,621,630	\$ 4,839,673	\$ 5,719,134	\$ 5,258,842
Public Safety	-	56,262	81,761	-	-	-	-	-	-	-
Register of Deeds	-	-	-	-	3,030	30,700	37,222	58,208	55,348	21,750
Public Safety	-	-	-	89,738	104,005	117,324	84,542	86,034	82,387	80,589
Total restricted	-	8,005,502	8,771,989	6,708,751	5,973,709	6,653,337	5,743,394	4,983,915	5,856,869	5,361,181
Assigned										
Subsequent year's expenditures	-	-	79,872	131,509	186,332	-	416,953	-	1,562,592	979,722
Unassigned	-	27,936,364	24,262,888	25,565,252	25,743,810	23,440,262	23,271,321	22,190,181	19,141,577	20,371,199
Total General Fund	<u>\$ -</u>	<u>\$ 35,941,866</u>	<u>\$ 33,114,749</u>	<u>\$ 32,405,512</u>	<u>\$ 31,903,851</u>	<u>\$ 30,093,599</u>	<u>\$ 29,431,668</u>	<u>\$ 27,174,096</u>	<u>\$ 26,561,038</u>	<u>\$ 26,712,102</u>
<u>All Other Governmental Funds</u>										
Restricted for:										
Stabiliation by state statute	\$ -	\$ 350,482	\$ 1,102,191	\$ 183,592	\$ 161,598	\$ 194,002	\$ 326,340	\$ 288,406	\$ 163,699	\$ 523,712
Public Schools	-	160,891	448,646	647,407	1,097,060	377,273	1,318,370	3,868,232	2,773,462	3,317,971
Public Safety	-	1,463,892	759,385	567,449	595,537	2,045,351	1,670,825	1,237,435	954,430	742,288
Economic and Physical Development	-	1,541,884	1,204,220	1,596,963	1,475,800	46,975	-	-	-	-
Total restricted	-	3,517,149	3,514,442	2,995,411	3,329,995	2,663,601	3,315,535	5,394,073	3,891,591	4,583,971
Committed:										
Capital projects	-	9,396,089	8,974,443	8,981,920	6,643,056	7,596,194	7,686,508	8,447,983	7,552,472	10,995,371
Unassigned	-	(136,611)	(47,561)	(145,052)	(268,169)	(19,890)	(196,990)	(141,851)	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 12,776,627</u>	<u>\$ 12,441,324</u>	<u>\$ 11,832,279</u>	<u>\$ 9,704,882</u>	<u>\$ 10,239,905</u>	<u>\$ 10,805,053</u>	<u>\$ 13,700,205</u>	<u>\$ 11,444,063</u>	<u>\$ 15,579,342</u>

* The 2018 data was not available at time of preparation.

Notes:

Amounts shown for FY 2010 and prior have been reclassified to conform with GASB Statement 54.

Source: Craven County Finance Department

Table 7

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
U.S. Government	\$ 9,783,743	\$ 10,919,416	\$ 10,922,366	\$ 12,673,392	\$ 13,493,354	\$ 13,234,840	\$ 17,932,373	\$ 19,790,453	\$ 18,193,396	\$ 11,839,327
State of North Carolina	84,237,299	81,769,230	78,506,354	77,308,097	75,849,565	77,161,119	75,232,184	74,241,925	74,210,060	82,017,850
Craven County	22,888,525	22,923,666	21,931,583	20,420,431	19,847,436	19,852,295	20,075,967	18,615,391	18,434,325	19,694,147
Other local revenues	6,158,477	4,802,457	5,230,962	5,052,068	4,777,889	5,083,571	5,341,312	4,913,192	4,697,754	5,225,061
Total revenues	<u>123,068,044</u>	<u>120,414,769</u>	<u>116,591,265</u>	<u>115,453,988</u>	<u>113,968,244</u>	<u>115,331,825</u>	<u>118,581,836</u>	<u>117,560,961</u>	<u>115,535,535</u>	<u>118,776,385</u>
Expenditures										
Instructional programs	96,432,550	92,419,448	92,381,031	93,418,470	92,084,673	94,278,258	92,351,132	91,915,002	92,570,879	95,754,071
Support services	21,898,728	20,839,242	20,817,592	21,518,556	20,769,531	22,547,709	21,287,984	21,097,425	20,315,979	20,202,246
Ancillary services	227,098	239,229	283,963	289,286	280,351	287,144	256,548	257,800	293,094	337,358
Non-programmed charges	760,490	479,990	438,758	385,175	320,491	272,046	240,789	386,909	359,603	159,416
Debt Service	1,068,510	1,061,143	516,984	520,429	104,886	209,772	-	50,950	153,375	562,372
Capital Outlay	3,386,013	2,744,963	1,577,755	1,755,887	1,210,944	1,731,684	2,171,550	1,234,430	809,510	3,006,685
Total Expenditures	<u>123,773,389</u>	<u>117,784,015</u>	<u>116,016,083</u>	<u>117,887,803</u>	<u>114,770,876</u>	<u>119,326,613</u>	<u>116,308,003</u>	<u>114,942,516</u>	<u>114,502,440</u>	<u>120,022,148</u>
Excess of revenues over (under) expenditures	<u>(705,345)</u>	<u>2,630,754</u>	<u>575,182</u>	<u>(2,433,815)</u>	<u>(802,632)</u>	<u>(3,994,788)</u>	<u>2,273,833</u>	<u>2,618,445</u>	<u>1,033,095</u>	<u>(1,245,763)</u>
Other Financing Sources (Uses)										
Transfers from (to) other funds	(56,224)	(49,638)	(48,468)	(46,312)	(45,431)	(45,172)	(45,001)	(45,001)	(65,457)	-
Installment purchase obligations issued	1,311,594	1,725,910	580,589	1,159,059	-	419,543	-	-	-	460,124
Sale of capital assets	-	-	-	-	-	-	-	6,399	18,810	-
Total other financing sources (uses)	<u>1,255,370</u>	<u>1,676,272</u>	<u>532,121</u>	<u>1,112,747</u>	<u>(45,431)</u>	<u>374,371</u>	<u>(45,001)</u>	<u>(38,602)</u>	<u>(46,647)</u>	<u>460,124</u>
Change in reserve for inventories	-	-	-	-	-	32,282	-	-	(22,733)	56,730
Net change in fund balance	<u>\$ 550,025</u>	<u>\$ 4,307,026</u>	<u>\$ 1,107,303</u>	<u>\$ (1,321,068)</u>	<u>\$ (848,063)</u>	<u>\$ (3,588,135)</u>	<u>\$ 2,228,832</u>	<u>\$ 2,579,843</u>	<u>\$ 963,715</u>	<u>\$ (728,909)</u>
Debt service as a percentage of noncapital expenditures	0.896%	0.931%	0.454%	0.450%	0.092%	0.179%	0.000%	0.045%	0.135%	0.483%

Table 8

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Changes in Fund Balances - Governmental Funds for Craven County, NC
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018*	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes:										
Property	\$ -	\$ 51,917,034	\$ 49,134,422	\$ 48,452,331	\$ 48,823,450	\$ 47,466,725	\$ 47,256,788	\$ 47,123,346	\$ 43,929,823	\$ 43,716,305
Sales	-	16,097,112	15,112,475	14,532,240	13,394,720	13,594,555	13,491,235	12,415,519	13,053,171	16,796,425
Other	-	1,077,699	1,065,391	934,214	862,997	827,554	1,003,991	857,817	790,980	766,861
Total taxes	-	69,091,845	65,312,288	63,918,785	63,081,167	61,888,834	61,752,014	60,396,682	57,773,974	61,279,591
Intergovernmental	-	23,209,055	23,935,338	23,154,019	21,341,401	21,695,955	22,572,342	23,346,347	20,965,355	19,261,385
Charges for Services	-	17,181,291	16,333,950	14,617,799	14,490,392	15,072,071	13,562,444	13,775,506	12,913,153	13,530,854
Interest	-	297,665	148,453	150,404	142,116	209,474	212,830	262,321	506,334	1,321,851
Miscellaneous	-	1,009,671	979,965	2,278,429	1,432,328	1,524,801	1,535,915	2,415,734	1,299,699	1,592,941
Total Revenues	-	110,789,527	106,709,994	104,119,436	100,487,404	100,391,135	99,635,545	100,196,590	93,458,515	96,986,622
Expenditures										
General Government	-	10,435,517	10,213,411	9,948,357	9,446,475	9,423,766	9,834,924	8,580,077	8,224,937	8,693,318
Public Safety	-	19,282,826	17,892,625	17,185,318	18,056,044	16,680,517	15,375,134	15,442,372	16,627,081	31,541,868
Environmental Protection	-	5,357,128	5,079,891	5,140,583	5,121,996	4,908,080	5,005,287	5,169,741	5,099,920	5,478,700
Economic Development	-	3,849,000	3,950,990	3,612,837	2,764,612	3,059,513	3,134,830	3,412,474	2,603,966	2,720,535
Health	-	8,235,214	8,379,656	7,644,382	8,200,004	8,605,502	8,405,341	8,408,079	8,366,853	7,983,542
Social Services (2)	-	22,309,579	22,305,810	22,355,542	22,150,591	22,457,994	23,000,499	23,294,245	21,983,411	23,149,487
Culture and Recreation	-	2,919,651	3,028,748	2,341,104	2,314,351	2,197,876	2,150,943	2,644,812	2,258,013	3,583,707
Education	-	27,005,640	26,108,710	24,559,787	23,691,968	23,743,790	23,781,177	22,244,200	22,099,376	24,746,401
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	6,891,300	6,816,300	6,831,446	6,832,806	6,802,064	6,311,214	6,696,780	6,516,291	6,422,014
Interest	-	1,471,252	1,720,571	1,976,022	2,232,885	2,577,753	3,436,180	3,703,810	4,552,090	4,489,303
Total Expenditures	-	107,757,107	105,496,712	101,595,378	100,811,732	100,456,855	100,435,529	99,596,590	98,331,938	118,808,875
Excess of revenues over (under) expenditures	-	3,032,420	1,213,282	2,524,058	(324,328)	(65,720)	(799,984)	600,000	(4,873,423)	(21,822,253)
Other Financing Sources (Uses)										
Transfers in	-	7,855,332	6,425,300	7,619,608	8,702,882	9,278,851	6,567,143	8,592,538	5,493,731	6,443,078
Transfers out	-	(7,725,332)	(6,320,300)	(7,514,608)	(8,619,642)	(9,176,231)	(6,404,739)	(8,486,338)	(5,397,531)	(6,346,278)
Special Item	-	-	-	-	1,516,317	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	33,950,000	-	-	22,837,279	-
Payment to refunding escrow agent	-	-	-	-	-	(33,890,117)	-	-	(22,346,479)	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Proceeds from installment note/COPS	-	-	-	-	-	-	-	2,163,000	-	-
Total other financing sources (uses)	-	130,000	105,000	105,000	1,599,557	162,503	162,404	2,269,200	587,000	96,800
Net change in fund balances	\$ -	\$ 3,162,420	\$ 1,318,282	\$ 2,629,058	\$ 1,275,229	\$ 96,783	\$ (637,580)	\$ 2,869,200	\$ (4,286,423)	\$ (21,725,453)
Debt service as a percentage of noncapital expenditures		7.98%	8.25%	8.84%	9.28%	9.57%	9.87%	10.62%	11.16%	11.02%

* The 2018 data was not available at time of preparation.

Source: Craven County Finance Department

Table 9

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Governmental Fund Revenues and Other Financing Sources (1)
Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	NOMINAL DOLLARS REVENUE						
	STATE	COUNTY	FEDERAL	BOND PROCEEDS		OTHER	TOTAL
				LOCAL	STATE		
2018	\$ 84,237,299	\$ 22,888,525	\$ 9,783,743	\$ -	\$ -	\$ 3,086,230	\$ 119,995,797
2017	81,769,230	22,923,666	10,919,416			1,675,119	117,287,431
2016	78,506,354	21,931,583	10,922,366	-	-	1,872,302	113,232,605
2015	77,308,097	20,420,431	12,673,392			1,825,262	112,227,182
2014	75,849,565	19,847,436	13,493,354	-	-	1,661,949	110,852,304
2013	77,161,119	19,852,295	13,234,840	-	-	1,628,935	111,877,189
2012	75,232,184	20,075,967	17,932,373	-	-	1,882,381	115,122,905
2011	74,241,925	18,615,391	19,790,453	-	-	1,695,511	114,343,280
2010	74,210,060	18,434,325	18,193,396	-	-	1,667,247	112,505,028
2009	82,017,850	19,694,147	11,839,327	-	-	2,098,318	115,649,642

FISCAL YEAR ENDED JUNE 30	CONSTANT DOLLARS REVENUE						
	STATE	COUNTY	FEDERAL	BOND PROCEEDS		OTHER	TOTAL
				LOCAL	STATE		
2018	\$ 36,251,366	\$ 9,850,034	\$ 4,210,416	\$ -	\$ -	\$ 1,328,153	\$ 51,639,969
2017	35,705,528	10,009,897	4,768,096	-	-	731,461	51,214,982
2016	33,785,064	9,438,216	4,700,420	-	-	805,742	48,729,442
2015	33,757,520	8,916,829	5,533,991	-	-	797,023	49,005,363
2014	33,289,254	8,710,747	5,922,034	-	-	729,405	48,651,440
2013	34,414,664	9,031,417	6,020,934	-	-	741,052	50,208,067
2012	33,735,800	9,002,514	8,041,279	-	-	844,102	51,623,695
2011	32,890,868	8,247,043	8,767,623	-	-	751,150	50,656,684
2010	34,114,078	8,474,188	8,363,434	-	-	766,427	51,718,127
2009	38,480,921	9,240,049	5,554,745	-	-	984,483	54,260,198

1. Excludes Individual Schools Funds

2. Nominal Dollars Reflect Actual Dollars Of The Period Of Transaction. Constant Dollars Reflect Dollars Having A Constant General Purchasing Power. Source: The Consumer Price Index Furnished By The Bureau Of Labor Statistics (Calendar Year 1982-84 = 100)

Table 10

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Governmental And Proprietary Funds Expenditures By Function⁽¹⁾
Last Ten Fiscal Years

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>INSTRUCTIONAL PROGRAMS</u>	<u>SUPPORTING SERVICES</u>	<u>ANCILLARY SERVICES</u>	<u>NON- PROGRAMMED CHARGES</u>	<u>CAPITAL OUTLAY</u>	<u>CHILD NUTRITION</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
2018	\$ 93,683,774	\$ 21,898,728	\$ 227,098	\$ 760,490	\$ 3,386,013	\$ 7,094,143	\$ 1,068,510	\$ 128,118,756
2017	89,670,672	20,839,242	239,229	479,990	2,744,963	7,161,120	1,061,143	122,196,359
2016	89,659,680	20,817,592	283,963	438,758	1,577,755	7,357,105	516,984	120,651,837
2015	90,523,497	21,518,556	289,286	385,175	1,755,887	7,123,622	520,429	122,116,452
2014	89,426,847	20,769,531	280,351	320,491	1,210,944	7,029,338	104,886	119,142,388
2013	91,280,936	22,547,709	287,144	272,046	1,731,684	7,083,772	209,772	123,413,063
2012	89,281,898	21,287,984	256,548	240,789	2,171,550	6,596,545	-	119,835,314
2011	89,167,082	21,097,425	257,800	386,909	1,234,430	6,622,185	50,950	118,816,781
2010	89,886,838	20,315,979	293,094	359,603	809,510	6,701,169	153,375	118,519,568
2009	92,911,597	20,202,246	337,358	159,416	3,006,685	6,501,219	562,372	123,680,893

1. Excludes individual schools

Table 11

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Revenue Sources For Governmental and Proprietary Funds Expenditures ⁽¹⁾
Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	Final ADM ⁽²⁾	EXPENDITURES BY REVENUE SOURCE					NOMINAL DOLLARS ⁽³⁾ PER PUPIL EXPENDITURES				CONSTANT DOLLARS ⁽³⁾ PER PUPIL EXPENDITURES			
		STATE	FEDERAL	LOCAL	TOTAL		STATE	FEDERAL	LOCAL	TOTAL	STATE	FEDERAL	LOCAL	TOTAL
2018	13,665	\$ 82,842,812	\$ 13,713,900	\$ 25,249,846	\$ 121,806,558		\$ 6,062	\$ 1,004	\$ 1,848	\$ 8,914	2,477	410	755	\$ 3,642
2017	13,860	80,708,087	16,145,516	21,536,650	118,390,253		5,823	1,165	1,554	8,542	2,458	492	656	3,606
2016	14,004	77,989,370	16,027,642	24,540,086	118,557,098		5,569	1,145	1,752	8,466	2,397	493	754	3,644
2015	13,857	76,787,668	17,522,022	25,530,446	119,840,136		5,541	1,264	1,842	8,647	2,420	552	804	3,776
2014	14,131	75,870,180	18,416,059	23,540,319	117,826,558		5,369	1,303	1,666	8,338	2,356	572	731	3,659
2013	14,581	75,776,688	18,069,558	25,545,986	119,392,232		5,197	1,239	1,752	8,188	2,318	553	781	3,652
2012	14,743	75,249,226	22,834,608	19,589,644	117,673,478		5,104	1,549	1,329	7,982	2,289	695	596	3,580
2011	14,751	72,421,291	20,494,320	24,615,790	117,531,401		4,910	1,389	1,669	7,968	2,257	639	767	3,663
2010	14,544	74,087,069	22,918,410	21,603,186	118,608,665		5,094	1,576	1,485	8,155	2,342	724	683	3,749
2009	14,570	81,499,737	16,049,907	22,209,893	119,759,537		5,594	1,102	1,524	8,220	2,625	517	715	3,857

Notes:

(1) Excludes individual schools and capital outlay funds.

(2) ADM = Average Daily Membership (Final) - The total number of school days within a given term or school year that a student's name is on the current roll of a class, regardless of his/her being present or absent, is the "number of days in membership" for that student. The sum of the "number of days in membership" for all students divided by the number of school days in that term yields ADM. The final average daily membership is the total days in membership for all students over the school year divided by the number of days school was in session. Source: NCDPI web.

(3) Nominal Dollars Reflect Actual Dollars For The Period Of The Transaction. Constant Dollars Reflect Dollars Having A Constant General Purchasing Power. Source: The Consumer Price Index Furnished By The Bureau Of Labor Statistics (Calendar Year 1982-84 = 100).

Sources: Craven County Board Of Education Finance Department

Table 12

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Assessed Value and Actual Value of Taxable Property for Craven County, NC
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)					
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
2017	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
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
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
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
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
2012	5,738,196,566	2,159,760,665	46,066,910	129,376,082	1,396,207,233	143,182,465	9,621,789,921	0.4728	9,495,989,253
2011 (5)	5,721,630,715	2,133,969,998	46,058,910	113,839,891	1,425,520,814	141,105,952	9,582,126,280	0.4728	9,591,717,998
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
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

*Information not yet available.

Notes:

(1) Present use value property is agricultural, horticultural and forestland for which the owner has applied or 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) The last reassessment was 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.

Source: Craven County Finance Department

Table 13

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Direct and Overlapping Property Tax Rates for Craven County, NC
Last Ten Fiscal Years

	Year Taxes Are Payable									
	2018	2017	2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010	2009
Craven County	\$.5394	\$.5394	\$.4675	\$.4675	\$.4675	\$.4700	\$.4728	\$.4728	\$.6100	\$.6100
<u>Municipality Rates:</u>										
Bridgeton	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000
Cove City	.2678	.2678	.2500	.1500	.1500	.1500	.1500	.1500	.1500	.1500
Dover	.3500	.3500	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000
Havelock	.5900	.5900	.5100	.4850	.4650	.4650	.4650	.4650	.5300	.5300
New Bern	.4600	.4600	.4100	.4100	.4100	.4100	.4100	.4100	.5050	.5050
River Bend	.2900	.3105	.2650	.2650	.2650	.2650	.2650	.2650	.2800	.2800
Trent Woods	.1700	.1700	.1700	.1700	.1700	.1700	.1900	.1900	.2700	.2700
Vanceboro	.5300	.5300	.4600	.4600	.4600	.4600	.4600	.4600	.4800	.4800
<u>Fire Districts:</u>										
Rhems	.0457	.0457	.0389	.0389	.0389	.0414	.0314	.0314	.0475	.0425
Township #1	.0269	.0269	.0250	.0250	.0250	.0250	.0250	.0250	.0263	.0263
Tri Community	.0555	.0658	.0527	.0377	.0277	.0277	.0277	.0277	.0350	.0350
Little Swift Creek	.0700	.0700	.0549	.0549	.0549	.0549	.0549	.0499	.0590	.0590
Township #3	.0861	.0861	.0774	.0624	.0624	.0624	.0624	.0624	.0781	.0781
Township #5	.0653	.0653	.0553	.0453	.0453	.0453	.0453	.0453	.0620	.0620
Township #6	.0586	.0586	.0520	.0480	.0480	.0516	.0516	.0516	.0600	.0600
Township #7	.0272	.0216	.0190	.0177	.0177	.0177	.0177	.0177	.0240	.0240
West New Bern	.0457	.0391	.0349	.0324	.0324	.0324	.0324	.0324	.0422	.0422
Township #9	.0746	.0746	.0682	.0682	.0582	.0582	.0582	.0582	.0713	.0713
Sandy Point	.0672	.0672	.0527	.0377	.0352	.0352	.0352	.0352	.0567	.0567

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

Source: Craven County Finance Department

Table 14

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Principal Property Tax Payers for Craven County, NC
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2007		
		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

Table 15

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Property Tax Levies and Collections for Craven County, NC
Last Ten Fiscal Years

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

Source: Craven County Finance Department

Table 16

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Ratios of Outstanding Debt by Type for Craven County, NC
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	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2018	\$ 11,109,056		\$ 29,025,750	\$ -	\$ -	\$ -	\$ 15,930,845	\$ 56,065,651	\$ 540	*
2017	13,808,847		33,427,050	-	-	-	16,819,909	64,055,806	623	1.48%
2016	16,448,638		37,862,267	-	-		16,279,594	70,590,499	667	1.68%
2015	19,059,987		42,252,485	-	5,000	-	5,601,369	66,918,841	637	1.62%
2014	21,711,331	-	46,597,703	20,146	25,000	-	3,735,899	72,090,079	690	1.76%
2013	24,402,675	-	50,902,921	41,652	45,000	-	2,820,859	78,213,107	744	1.91%
2012	27,144,019	-	50,442,473	62,415	95,000	-	1,041,486	78,785,393	751	2.01%
2011	29,915,363	-	54,142,701	-	145,000	-	1,148,224	85,351,288	821	2.24%
2010	32,706,707	-	56,070,408	-	195,000	-	1,260,861	90,232,976	900	2.40%
2009	32,785,876	-	60,015,627	-	245,000	-	1,373,498	94,420,001	966	2.58%

*Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Table 23 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 2017 personal income is not available to calculate fiscal year 2018.

Source: Craven County Finance Department

Table 17

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NC Ratios of Net General Bonded Debt Outstanding for Craven County, NC
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			
2018	\$ 11,109,056	\$ 401,190	\$ 10,707,866	*	0.11%	103
2017	13,808,847	155,992	13,652,855	0.31%	0.15%	132
2016	16,448,638	448,646	15,999,992	0.38%	0.18%	154
2015	19,064,987	647,407	18,417,580	0.45%	0.21%	178
2014	21,736,331	1,097,061	20,639,270	0.50%	0.23%	198
2013	24,447,675	377,273	24,070,402	0.59%	0.26%	231
2012	27,239,019	745,260	26,493,759	0.68%	0.28%	252
2011	30,060,363	1,790,762	28,269,601	0.74%	0.29%	270
2010	32,901,707	2,773,461	30,128,246	0.80%	0.29%	289
2009	33,030,876	3,317,969	29,712,907	0.81%	0.29%	290

*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 Table 23 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2017 personal income is not available to calculate fiscal year 2016.

(2) See Table 12 for estimated actual taxable value data.

Source: Craven County Finance Department

Table 18

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NC Legal Debt Margin Information for Craven County, NC
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Assessed Value of Property	\$ 9,320,966	\$ 9,205,215	\$ 10,023,729	\$ 9,904,146	\$ 10,005,692	\$ 9,738,050	\$ 9,612,790	\$ 9,582,126	\$ 6,977,756	\$ 6,937,168
Debt Limit, 8% of Assessed Value (Statutory Limitation)	745,677	736,417	801,898	792,332	800,455	779,044	769,023	766,570	558,220	554,973
Amount of Debt Applicable to Limit										
Gross debt	56,066	64,056	70,590	66,919	72,090	78,213	76,382	82,763	87,459	92,538
Less: Amount available for repayment of bonds	401	156	449	647	1,105	859	803	1,791	2,773	3,318
Debt outstanding for water and sewer purposes	15,931	16,820	16,280	5,606	3,761	2,866	1,136	1,293	1,456	1,618
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	<u>39,734</u>	<u>47,080</u>	<u>53,862</u>	<u>60,666</u>	<u>67,225</u>	<u>74,488</u>	<u>74,443</u>	<u>79,679</u>	<u>83,230</u>	<u>87,602</u>
Legal Debt Margin	<u>\$ 705,944</u>	<u>\$ 689,337</u>	<u>\$ 748,036</u>	<u>\$ 731,667</u>	<u>\$ 733,231</u>	<u>\$ 704,556</u>	<u>\$ 694,580</u>	<u>\$ 686,891</u>	<u>\$ 474,990</u>	<u>\$ 467,371</u>
Total net debt applicable to the limit as a percentage	5.33%	6.39%	6.72%	7.66%	8.40%	9.68%	10.39%	10.39%	14.91%	15.78%

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.

Table 19

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Pupils In Membership By Ethnic Origin And Sex⁽¹⁾
Last Ten Fiscal Years

YEAR ENDED JUNE 30	AMERICAN INDIAN		ASIAN		HISPANIC		BLACK		WHITE		MULTI-RACIAL		TOTALS
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
2018	14	15	317	294	750	705	1,975	1,883	3,671	3,348	405	439	13,816
2017	15	16	335	309	692	724	2,043	1,935	3,714	3,448	372	392	13,995
2016	18	21	287	304	654	703	2,098	2,000	3,777	3,524	338	378	14,102
2015	18	21	269	284	604	673	2,069	1,977	3,726	3,472	351	393	13,857
2014	21	21	278	281	626	639	2,113	2,049	3,809	3,555	340	399	14,131
2013	21	22	263	268	596	640	2,135	2,128	4,030	3,750	341	387	14,581
2012	25	27	239	251	578	653	2,195	2,147	4,094	3,849	341	369	14,768
2011	30	20	236	247	448	455	2,252	2,283	4,157	4,079	348	378	14,933
2010	25	24	213	219	416	412	2,195	2,286	4,040	3,927	319	338	14,414
2009	20	20	191	186	397	383	2,219	2,343	4,108	3,954	294	318	14,433

Source: FY 2009-2018 Craven County Board of Education Student Accountability Office

(1) School membership reported by race/ethnic origin as of the end of the first school month which is the only month this data is collected. These figures should not be confused with average daily membership.

Table 20

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Dropouts By Grades And Reasons

Year Ended June 30	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Grade										
05	-	2	-	-	-	-	-	-	-	-
07	-	1	-	-	-	-	-	-	1	3
08	-	3	1	2	-	1	1	2	-	2
09	-	26	21	25	36	34	34	32	59	71
10	-	33	35	30	30	33	33	34	45	46
11	-	18	31	28	30	19	19	24	30	28
12	-	18	21	15	15	9	9	14	18	29
TOTAL	-	101	109	100	111	96	96	106	153	179

Includes: ALL RACES ALL AGES
 BOTH GENDERS ALL REASONS

	FY 2017-2018*							FY 2016-2017							FY 2015-2016							
	Grade							Grade							Grade							
	07	08	09	10	11	12	Total	05	07	08	09	10	11	12	Total	07	08	09	10	11	12	Total
Academic problems	-	-	-	-	-	-	-	-	-	1	-	2	-	2	5	-	1	1	1	1	1	5
Attendance family	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attendance personal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attendance	-	-	-	-	-	-	-	-	-	2	18	21	9	9	59	-	-	8	19	20	10	57
Attendance work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Need to care for children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community college dropout	-	-	-	-	-	-	-	-	-	-	3	4	2	1	10	-	-	2	4	2	-	8
Discipline problem	-	-	-	-	-	-	-	-	-	-	-	2	-	1	3	-	-	4	4	-	1	9
Psychological or emotional	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2	-	-	-	-	-	-	-
Health problems	-	-	-	-	-	-	-	-	-	-	-	-	1	1	2	-	-	-	-	-	-	-
Unstable home environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incarcerated in adult facility	-	-	-	-	-	-	-	-	-	-	-	1	1	-	2	-	-	1	1	-	1	3
Lack of Student Engagement	-	-	-	-	-	-	-	-	-	-	3	-	3	1	7	-	-	3	3	6	3	15
Long-term suspension	-	-	-	-	-	-	-	-	-	-	-	1	1	-	2	-	-	-	1	-	-	1
Marriage/engagement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moved, school status unknown	-	-	-	-	-	-	-	2	-	-	-	-	-	-	2	-	-	1	1	1	1	4
Pregnancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
Runaway	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	1	1	1
Choice of work over school	-	-	-	-	-	-	-	-	-	-	-	1	1	1	3	-	-	1	-	1	3	5
Unknown/other	-	-	-	-	-	-	-	-	1	-	1	-	-	1	3	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	2	1	3	26	33	18	18	101	-	1	21	35	31	21	109

* The FY 2017-2018 data was not available at time of preparation.

Source: NC Public Schools FY 2009 - FY 2017
 FY 2009 - FY 2017 Craven County Schools' Student Service Office

Table 21

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Personnel Summary
For The Last Ten Years
(Full-Time Personnel Only)

YEAR ENDED	ADMINISTRATORS						PRINCIPALS/ ASSISTANT PRINCIPALS						TEACHERS						OTHER PROFESSIONALS						TEACHER ASSISTANTS						OTHER CLASSIFIED						TOTALS					
	Sex			Race / Ethnic			Sex			Race / Ethnic			Sex			Race / Ethnic			Sex			Race / Ethnic			Sex			Race / Ethnic			Sex			Race / Ethnic			Sex			Race / Ethnic		
	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O
JUNE 30	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O	Total	M	F	W	B	O
2018	25	10	15	19	6	0	56	18	38	43	12	1	853	180	673	719	114	20	53	4	49	51	2	0	88	4	84	58	28	2	189	72	117	126	58	5	1,264	288	976	1,016	220	28
2017	25	12	13	19	6	0	32	7	25	24	7	1	835	172	663	722	95	18	114	17	97	98	14	2	125	5	120	81	43	1	210	79	131	146	55	9	1,341	292	1,049	1,090	220	31
2016	25	9	16	21	4	0	55	21	34	38	15	2	854	170	684	734	101	19	89	6	83	80	7	2	172	11	161	109	61	2	231	97	134	160	57	14	1,426	314	1,112	1,142	245	39
2015	26	10	16	21	5	0	55	18	37	35	18	2	904	162	742	784	102	18	91	4	87	83	7	1	215	17	198	136	74	5	234	78	156	173	48	13	1,525	289	1,236	1,232	254	39
2014	24	7	17	20	4	0	57	19	38	36	19	2	890	169	721	778	99	13	98	7	91	89	9	0	231	21	210	148	81	2	264	92	172	189	68	7	1,564	315	1,249	1,260	280	24
2013	20	6	14	17	3	0	55	21	34	35	18	2	913	178	735	799	101	13	101	10	91	92	9	0	261	24	237	173	86	2	277	94	183	195	74	8	1,627	333	1,294	1,311	291	25
2012	19	6	13	16	3	0	54	20	34	34	18	2	918	179	739	803	101	14	106	11	95	97	9	0	260	23	237	172	86	2	280	95	185	198	75	7	1,637	334	1,303	1,320	292	25
2011	20	6	14	17	3	0	54	19	35	34	18	2	918	179	739	800	103	15	107	10	97	97	9	1	282	20	262	191	88	3	272	91	181	192	74	6	1,653	325	1,328	1,331	295	27
2010	20	5	15	16	4	0	56	19	37	39	17	0	952	187	765	825	105	22	103	11	92	92	9	2	269	15	254	181	84	4	282	91	191	193	80	9	1,682	328	1,354	1,346	299	37
2009	25	5	20	22	3	0	60	23	37	42	18	0	1,007	201	806	875	114	18	106	11	95	93	10	3	308	22	286	201	101	6	311	98	213	218	85	8	1,817	360	1,457	1,451	331	35

Source: FY 2009 - FY 2018 Craven County Board of Education Human Resource Department
FY 2009 -2018 North Carolina Public Schools Statistical Profile

Table 22

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Teacher Salaries*
Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2018	\$ 35,000	\$ 63,850	\$ 45,630
2017	35,000	63,850	49,425
2016	35,000	56,260	45,630
2015	33,000	62,260	47,630
2014	30,800	62,620	46,710
2013	30,800	64,750	47,775
2012	30,430	64,750	47,590
2011	30,430	64,750	47,590
2010	30,430	64,750	47,590
2009	30,430	64,750	47,590

*Does Not Include Benefits, As of the 6th pay period.

Source: Craven County Board of Education Finance Office

Table 23

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Demographic and Economic Statistics for Craven County, NC
Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2018	103,800	*	*	14,120	4.73%	8,942
2017	103,735	4,340,800	41,962	14,002	5.26%	9,688
2016	103,737	4,195,496	40,555	14,120	6.12%	8,918
2015	103,691	4,121,440	39,436	14,297	6.80%	7,538
2014	104,393	4,100,424	39,243	14,472	9.00%	7,811
2013	104,393	4,094,203	39,078	14,606	9.70%	8,530
2012	105,227	3,910,918	37,420	14,749	11.00%	9,498
2011	104,704	3,816,083	36,732	14,817	11.00%	9,537
2010	104,182	3,761,100	36,901	14,513	10.50%	7,262
2009	102,381	3,665,246	36,865	14,597	6.00%	7,123

* 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.

Source: Craven County Finance Department

Table 24

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Principal Employers for Craven County, NC
Current Year and Ten 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	754	6	1.92%	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>14,637</u>		<u>37.21%</u>	<u>14,032</u>		<u>35.14%</u>

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

Notes: (1) Excludes 7,574 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center, Naval Naval Health Clinic, 2nd MAW, and MCAS Cherry Point.

Table 25

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Full-time Equivalent County Government Employees by Function for Craven County, NC
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	78	78	77	78	80	77	72	75	79	81
Public safety	164	162	157	154	158	142	141	148	148	141
Social services	207	204	195	188	197	191	208	213	213	213
Economic and physical development	20	23	23	20	21	22	18	23	21	20
Environmental protection	30	28	29	31	30	29	30	32	30	33
Health	98	99	93	90	97	102	104	106	117	116
Cultural and recreation	9	13	13	14	11	11	12	16	16	16
Water/sewer (business activity)	18	15	14	13	13	13	12	13	11	14
Total	<u>624</u>	<u>622</u>	<u>601</u>	<u>588</u>	<u>607</u>	<u>587</u>	<u>597</u>	<u>626</u>	<u>635</u>	<u>634</u>

Source: County Finance Department

Note: This table represents the 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 table the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

Source: Craven County Finance Department

Table 26

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Final ADM	Percentage Difference in Final ADM	Operating Expenditures	Cost per Pupil	NC Per Pupil Total Expenditure Rank ⁽³⁾	Schools	Total Students Receiving Free or Reduced Meals ⁽²⁾	Transportation of Pupils - Public School Buses Number of Student Riders ⁽¹⁾	Transportation of Pupils - Public School Buses Number of Miles Transported ⁽¹⁾
2018	13,665	0.00%	\$ 128,118,756	\$ 9,376	na	25	8,322	7,210	1,681,106
2017	13,860	0.00%	122,196,359	8,816	na	25	7,741	8,457	2,521,153
2016	14,004	0.00%	120,651,837	8,616	na	25	7,775	8,455	1,756,186
2015	13,857	0.00%	122,116,452	8,813	na	25	7,796	8,607	1,797,032
2014	14,131	-3.09%	118,053,388	8,354	na	25	8,284	8,107	1,576,964
2013	14,581	-1.10%	123,413,063	8,188	na	25	8,111	7,675	1,585,100
2012	14,743	-0.05%	116,069,870	7,873	na	25	8,515	7,971	1,581,810
2011	14,751	1.42%	118,816,781	8,055	na	25	8,081	7,949	1,577,317
2010	14,544	-0.18%	118,519,568	8,149	97th	24	7,884	7,667	1,539,732
2009	14,570	0.41%	123,328,594	8,465	98th	24	7,720	7,789	1,520,627

Source:

- 1 FY 2009 - 2018 Craven County Board of Education Transportation Department
FY 2009 - 2018 NCDPI Statistical Profile
- 2 Craven County Board of Education Child Nutrition Department
- 3 FY 2009-2018 NCDPI Statistical Profile - Child Nutrition Excluded

Table 27

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Operating Indicators by Function for Craven County, NC
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Public Safety</u>										
Fire/Rescue calls to County E911 (A)	9,483	9,823	9,453	9,457	8,587	9,294	9,216	9,629	8,399	8,002
Average daily population in jail (B)	287	275	276	261	277	259	302	236	186	198
<u>Health Services (C)</u>										
Food and lodging inspections	1,190	1,374	1,299	1,312	1,322	1,354	1,364	1,280	1,013	1,388
Visits to health department	27,262	29,298	30,014	30,576	28,774	27,268	27,085	26,372	28,422	27,901
<u>Transportation Services (D)</u>										
Number of miles driven (1)	594,277	599,621	673,929	708,841	772,009	794,110	857,716	810,130	783,197	796,036
Number of trips provided (1)	64,167	69,359	74,346	86,927	91,554	105,965	108,026	106,118	101,664	98,738
<u>Tax/Real Estate Services (E)</u>										
Deed transfers processed	4,484	4,567	4,136	3,970	3,953	3,449	2,728	2,770	2,795	3,944
Number of real estate parcels	57,571	57,438	57,354	57,097	56,898	56,774	56,505	56,358	56,112	55,739
Number of tax bills generated	67,425	67,398	67,034	65,112	114,148	150,381	149,366	148,943	151,915	152,424
<u>Economic and Physical Development</u>										
County tourism revenues (1)(2) (F)	142.00	137.00	131.00	127.00	121.00	119.00	116.00	108.00	95.99	104.84
Economic impact of convention center (2) (G)	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	9.19	10.30
Number of registered voters (H)	68,827	66,615	69,459	66,478	69,455	68,770	68,318	67,073	66,624	65,274
Number of enplanements at airport (I)	116,647	111,962	111,909	114,373	128,157	129,529	134,631	132,035	134,863	120,224
<u>Water Services</u>										
Number of service connections (J)	15,329	14,064	13,693	13,495	13,459	13,378	13,199	13,027	13,091	12,857

Notes:

- (1) These amounts shown are for calendar year ending December 31 during the fiscal year.
(2) Amounts shown are millions of dollars
(3) Amounts shown are by calendar year, therefore the amount shown for the latest year is only six months.
(4) Fiscal 2015 decrease due to DMV billing for motor vehicle property tax at time of registration renewal

Source of data: Craven County Finance Department

- | | | |
|--------------------------------------|--|--|
| (A) Craven County Emergency Services | (D) CARTS (Craven County Transportation) | (G) Craven County Convention Center |
| (B) Craven County Sheriff Department | (E) Craven County Tax Department | (H) Craven County Elections Department |
| (C) Craven County Health Department | (F) NC Department of Commerce | (I) Coastal Carolina Regional Airport |
| | | (J) Craven County Water Department |

Table 28

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Capital Asset Information
June 30, 2018

Total Elementary Schools	Capacity	8,562
	Square Feet	1,079,288
	# of Portables	54
 Total Middle Schools	 Capacity	 3,926
	Square Feet	605,929
	# of Portables	7
 Total High Schools	 Capacity	 4,295
	Square Feet	594,282
	# of Portables	19
 Total All Schools	 Capacity	 16,783
	Square Feet	2,279,499
	# of Portables	80
 Administration Bldg		22,900
Maintenance-Main Bldg/Garage/Yards&Grounds Bldg		30,925
Bus Garage		19,251
Food Service		11,098
FR Danyus		35,379
Duffy Field		19,400
 Other Properties ⁽¹⁾	Buildings	8
	Square Feet	138,953
 Transportation	Public School Buses	220
	Other Vehicles	116

1. Includes space currently leased to Head Start and a school no longer in use.

Table 29

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Capital Asset Statistics by Function for Craven County, NC
Last Ten Fiscal Years

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

Notes:

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

Source of data: Craven County Finance Department

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

Table 30

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Installment Purchase Agreements with Future Minimum Payments

The Board is authorized to finance the purchase of school buses under General Statute 115C-528(a). Session law 203-284, section 7.25 authorized the NC State Board of Education to allot funds for the payments on financing contracts entered into pursuant to G.S. 115C-528. The current accepted bid is to purchase Thomas Built buses through a special third party financing agreement by Mercedes Benz Financial Services at total payments less the purchase price. The financing agreement is established between Mercedes Benz Financial Services and the Board. The agreement term is for three years and represents a long-term liability that is reflected in the financial statements of the Board. Past purchases and future minimum payments of all installment purchases as of June 30, 2018 are as follows:

	Initial Contract Year							Total Outstanding as of June 30, 2018
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Total buses purchased	15	12	7	14	-	5	-	-
Total purchase price	\$1,311,595	\$ 1,725,910	\$ 580,589	\$1,159,060	\$ -	\$ 419,543	\$ -	\$ -
Payment due	327,899	431,478	145,147	289,765	-	209,772	-	-
Total payments FY 2021	327,898							\$ 327,898
Total payments FY 2020	327,899	257,242						585,141
Total payments FY 2019	327,899	431,478	42,555					801,932
Total payments FY 2018	327,899	431,478	145,147	163,986				-
Total payments FY 2017	-	605,712	145,147	289,765				-
Total payments FY 2016		-	227,219	289,765				-
Total payments FY 2015				415,544		104,885		-
Total payments FY 2014						104,886		-
Total payments FY 2013								-
Total payments FY 2012								-
Total payments FY 2011								-
	<u>\$1,311,595</u>	<u>\$ 1,725,910</u>	<u>\$ 560,068</u>	<u>\$1,159,060</u>	<u>\$ -</u>	<u>\$ 209,771</u>	<u>\$ -</u>	<u>\$ -</u>
								<u>\$ 1,714,971</u>

Source: Craven County Schools Finance Office

COMPLIANCE SECTION

**Independent Auditors' Report on Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards**

To the Board of Education
Craven County Board of Education, North Carolina
New Bern, North Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary fund of Craven County Board of Education, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Craven County Board of Education, North Carolina's basic financial statements, and have issued our report thereon dated January 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Craven County Board of Education, North Carolina'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 Craven County Board of Education, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Craven County Board of Education, North Carolina'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Rives & Associates LLP

Lexington, North Carolina
January 17, 2019

**Independent Auditors' Report on Compliance For Each Major Federal Program and on
Internal Control Over Compliance Required by The Uniform Guidance
and the State Single Audit Implementation Act**

To the Board of Education
Craven County Board of Education, North Carolina
New Bern, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Craven County Board of Education, North Carolina, 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, that could have a direct and material effect on each of the Craven County Board of Education, North Carolina's major federal programs for the year ended June 30, 2018. The Craven County Board of Education, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Craven County Board of Education, North Carolina's major federal 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; and 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) and the State Single Audit Implementation Act.

Those standards, 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Craven County Board of Education, North Carolina'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. However, our audit does not provide a legal determination of the Craven County Board of Education, North Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the Craven County Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Craven County Board of Education, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the Craven County Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Craven County Board of Education, North Carolina'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 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 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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. 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. Accordingly, this report is not suitable for any other purpose.

Rives & Associates LLP

Lexington, North Carolina
January 17, 2019

**Independent Auditors' Report On Compliance For Each Major State Program and on
Internal Control Over Compliance Required by The Uniform Guidance
and the State Single Audit Implementation Act**

To the Board of Education
Craven County Board of Education, North Carolina
New Bern, North Carolina

Report on Compliance for Each Major State Program

We have audited the Craven County Board of Education, North Carolina, 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, that could have a direct and material effect on each of the Craven County Board of Education, North Carolina's major state programs for the year ended June 30, 2018. The Craven County Board of Education, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for 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 Craven County Board of Education, North Carolina'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; and 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) and the State Single Audit Implementation Act.

Those standards, 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 Craven County Board of Education, North Carolina'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 Craven County Board of Education, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, the Craven County Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on each of its major State programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Craven County Board of Education, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the Craven County Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a 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, 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 Craven County Board of Education, North Carolina'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 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. 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. Accordingly, this report is not suitable for any other purpose.

Rives & Associates LLP

Lexington, North Carolina
January 17, 2019

This page left blank intentionally.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ yes	_____ ✓ no	
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	_____ ✓ none reported	
Noncompliance material to financial statements noted	_____ yes	_____ ✓ no	

Federal Awards

Internal control over major federal programs:			
Material weaknesses identified?	_____ yes	_____ ✓ no	
Significant deficiency(s) identified that are not considered to be material weakness(es)?	_____ yes	_____ ✓ none reported	
Type of auditors' report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____ yes	_____ ✓ no	

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Identification of major federal programs:

CFDA Numbers

84.010
10.555, 10.553

Names of Federal Program or Cluster

Title 1, Part A Cluster
Child Nutrition Cluster

Dollar threshold used to distinguish between Type
A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 ✓ yes no

State Awards

Internal control over major State programs:

Material weaknesses identified?

 yes ✓ no

Significant deficiency(s) identified that are
not considered to be material weakness(es)?

 yes ✓ none reported

Type of auditors' report issued on compliance for
major state programs:

Unmodified

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

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

_____ yes ✓ no

Identification of major state programs:

Program Name

State Public School Fund
NC Pre-K
State Buses Appropriation

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

FINDINGS:

For the Year Ended June 30, 2017

None reported.

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
Federal Awards: Cash and Non-cash Assistance			
U.S Department of Agriculture:			
Food and Nutrition Service			
Passed through the N.C. Department of Instruction:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555		\$ 453,821
Non-Cash Assistance Subtotal			453,821
Cash Assistance			
School Breakfast Program	10.553		955,800
National School Lunch Program	10.555		3,275,385
Cash Assistance Subtotal			4,231,185
Total Child Nutrition Cluster			4,685,006
Passed through the N.C. Department of Health and Human Services:			
Summer Food Service Program	10.559		69,659
Direct Programs:			
Fresh Fruit and Vegetable Program	10.582		121,263
Total U.S. Department of Agriculture			4,875,928

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
U.S. Department of Education:			
Office of Elementary and Secondary Education			
Direct Program:			
Impact Aid Cluster			
8003(d) Impact Aid (School Assistance in Federally Affected Areas PL-874)	84.041	PRC 308	\$ 1,037,876
Passed through the N.C. Department of Instruction:			
Title 1, Part A Cluster			
Grants to Local Education - Basic and Concentration - Title I	84.010	PRC 050	3,633,944
Education Technology State Grants A Cluster			
Education Technology - Competitive	84.318	PRC 108	93,170
Total Education Technology State Grants A Cluster			
Supporting Effective Instruction	84.367	PRC 103	392,139
English Language Acquisition Grants	84.365	PRC 104 & 111	103,754
			495,893

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
<u>Office of Special Education and Rehabilitative Services</u>			
Passed through the N.C. Department of Public Instruction			
<u>Special Education Cluster</u>			
Individuals with Disabilities Education Act			
Education of the Handicapped	84.027	PRC 060	\$ 3,255,773
Children with Disabilities - Risk Pool	84.027A	PRC 114	161,775
Preschool Handicapped	84.173	PRC 049	103,760
IDEA Targeted Assistance for Preschool Federal Grant	84.173A	PRC 119	33,981
IDEA VI-B Special Needs Targeted Assistance	84.323	PRC 118	9,875
Total Special Education Cluster			<u>3,565,164</u>
 <u>Career and Technical Education</u>			
Program Improvement	84.048	PRC 017	<u>207,127</u>
 IDEA VI B Special Education State Improvement Grant	84.323	PRC 082	<u>8,421</u>
 Total U.S. Department of Education			<u>9,041,595</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Health Resources and Services Administration			
Passed through the N.C. Department of Health and Human Services:			
Office of Refugee Resettlement			
Passed through East Carolina Interfaith Refugee Ministry:			
Refugee School Impact Grant	93.576	PRC 375	57,648
Total U.S. Department of Health and Human Services			57,648
U. S. Department of Labor			
Passed through the N.C. Department of Commerce:			
Workforce Investment Act - Title I Youth	17.259	PRC 314	101,440
U. S. Department of Defense			
Direct Programs:			
Aire Force/Naval Junior ROTC	NONE	PRC 301	160,881
Education Activity Grant	NONE	PRC 380	268,167
			429,048
Total Federal Assistance			14,505,659

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
State Grants			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund	N/A		\$ 76,650,910
Driver Training - SPSF	N/A	PRC 012	234,206
School Technology Fund - SPSF	N/A	PRC 015	194,943
Vocational Education:			
State Months of Employment	N/A	PRC 013	4,050,125
Program Support Funds	N/A	PRC 014	354,546
Total N.C. Department of Public Instruction			<u>81,484,730</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
NC Pre-Kindergarten Program		PRC 413	1,444,062
Smart Start		PRC 402	234,017
Total N.C. Department of Health and Human Services			<u>1,678,079</u>
Total State Cash Assistance			<u>83,162,809</u>

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2018

Grantor/Pass Through Grantor/Program Title	Federal CFDA	State/Pass Through Grantor's Number	Expenditures
Other State Non-cash Assistance			
N.C. Department of Public Instruction			
State Buses Appropriation	N/A	N/A	\$ 1,068,510
N.C. Department of Agriculture			
State Kindergarten Breakfast Program	N/A	N/A	16,788
Total State Assistance			84,248,107
Total Federal and State Assistance			\$ 98,753,766

CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Craven County Board of Education, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US, *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule of expenditures of federal and State awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Craven County Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - RECONCILIATION OF THE BASIC FINANCIAL STATEMENTS FEDERAL REVENUES WITH THE SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS

Federal revenues per the basic financial statements:

Governmental funds:

General Fund	\$ 1,037,876
Federal Grants Fund	8,003,719
Other Local Current Expense Fund	742,148
	9,783,743

Proprietary fund:

School Food Service Fund	4,875,928
Total federal revenues	14,659,671

Reconciling items:

Medicaid Administrative Outreach	(154,012)
	\$ 14,505,659

Federal expenditures per the schedule of expenditures of federal and state awards	\$ 14,505,659
---	---------------------------