

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CRAVEN COUNTY BOARD OF EDUCATION  
NEW BERN, NORTH CAROLINA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**CRAVEN COUNTY BOARD OF EDUCATION**

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Linda M. Thomas, Vice Chairperson  
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## **INTRODUCTORY SECTION**

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Unaudited



## CRAVEN COUNTY BOARD OF EDUCATION

3600 TRENT ROAD  
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Dr. Lane B. Mills  
Superintendent

Carroll G. Ipock, II, Chairman  
Linda M. Thomas, Vice Chairperson  
Frances H. Boomer  
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Beatrice R. Smith  
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Joseph L. Walton

Letter of Transmittal

October 15, 2012

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, 2012, 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 2011-2012 had 15 elementary schools, 5 middle schools, and 5 high schools and ranked as the 26<sup>th</sup> largest system in North Carolina with a final ADM of 14,743 students. The system employed a total of 1,637 full time personnel, with licensed personnel comprising 67% of that total. Also included in those numbers are 152 National Board Certified teachers, with 105 serving in the classroom. Year round education is offered at two elementary schools and one middle school in one attendance area. 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 School System 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 and West Craven High School. These two locations are at opposite ends of our



county which allows our system to effectively reach a larger volume of students to offer them alternative options to obtain their education. These night classes are free, but students must provide their own transportation.

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 cooperatively with the school principal and other faculty in developing and implementing effective instructional programs.

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, window and door replacements and restroom renovations. Craven maintains a very stable student population with average daily membership projections as follows:

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
14,914	15,093	15,287	15,502	15,641	15,806	15,934

### **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 independent of each other. 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.

### **Cash Management**

Cash temporarily idle during the year was invested in the North Carolina Cash Management and Trust, North Carolina Short-Term Investment Fund (STIF), and money market accounts. In addition, other bank accounts that the Board maintains also earn interest. The interest earned on all accounts for FY 2012 was \$90,849 as compared to \$87,835 for FY 2011. All investments meet the requirements specified in the General Statutes of North Carolina.

### **Risk Management**

Since the Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and other potential environmental risks, the Board maintains a comprehensive risk management plan. This plan includes coverage for general liability, error and omissions, vehicle fleet, inland marine, worker's compensation, property and flood insurance.

The Board participates in the State Health Plan. The Plan provides health care coverage to more than 663,000 teachers, state employees, retirees, and a multitude of others identified in the North Carolina General Statutes. 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. The Board pays the full cost of coverage for employees enrolled in the Basic Plan which includes a 70/30 coverage rate. This plan has higher copays and deductibles in exchange for reduced premiums. The second Standard plan option requires the covered employee to pay an additional \$22.76 monthly for the higher percentage coverage. The State's plan initiatives, such as NC HealthSmart, are instrumental in the attempt to empower members to make healthier lifestyle choices and to become partners in addressing their unique health care needs. The North Carolina State Health Plan is making strides in building strong partnerships among the employee, family, physicians, and the health plan to help individuals reach their health and wellness goals.

### **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 federal 1996 Single Audit Act amendments, the related U. S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, 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 genuinely excited about where they live, work, play and learn. This unique 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 2012 came in at 104,965. The county tax rate remained at \$0.4728 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. With this decision by the Craven County Board of Commissioners, the board has begun their strategic planning process. This unique economic development strategy will be geared specifically to Craven County in an effort to fit the evident needs of the county. This represents an opportunity to prepare Craven County for long term sustainable economic recovery with shared benefits.

Craven County was proud to host the 300<sup>th</sup> Anniversary to celebrate the people, places, and events that give rise to this anniversary. The celebration was held in September at the New Bern Riverfront Convention Center. The event featured community exhibits, lectures, family history displays, children's activities, and live entertainment. 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 as a key component in this historic southern city.

The new Alfred Cunningham Bridge across the Trent River continues to be a beautiful site that connects the revitalized downtown New Bern to James City and U.S.70. Also, the area is proud to have a recently constructed Neuse River Bridge that yields some awesome sunrise views over the large body of water. The 2012 Neuse River Bridge Run will continue the tradition of a run held in a 300 year old historic downtown New Bern which will offer magnificent views of the Neuse and Trent Rivers. Participants can choose between a half marathon, 10K or a 5K running course. The courses are certified and all runners are timed. This run continues to be a tremendous draw for serious and recreational runners alike across the state. It is a flat and scenic run that offers a finish line at Union Point Park which is right beside the Neuse River. The influx of these runners brings a multitude of tourists to visit downtown New Bern and the Tryon Palace, paddle on the river, to eat at one of our many fine eating establishments, and many other opportunities that can only enhance our economy.

The city of New Bern hosted their 32<sup>nd</sup> annual Mumfest event in October 2012 with at least 350 vendors. This festival is centralized in the heart of downtown New Bern, and is the city's largest outdoor event which draws around 80,000 folks. It continues to be an outgrowth of the downtown revitalization program that draws people downtown. Mumfest is known for filling the streets of downtown New Bern with live bands, dance troops, amusement rides, magicians, a model train show, arts, crafts, and much more. The festival also draws people to Union Point Park area with an awesome view of the Neuse River. The Twin Rivers Paddle Club demonstrated kayak techniques in a 15 by 26 foot pool. Each festival tends to carry a different twist that is unique to the year. All of the statistics are not currently confirmed, but it is anticipated that the year 2012 brought an even larger crowd due to the addition of the 228-foot mega yacht entitled SeaFair. The SeaFair is a flat bottom ship that can navigate waterways such as the Neuse River. This yacht consists of three decks of original art and outdoor life exhibits, demonstrations, and vendors. The opening night gala "Arts Ahoy!" included guests Gov. Beverly Perdue and Larry Wheeler, executive director of the North Carolina Museum of Art. This fun filled event engages folks to visit the numerous shops downtown, which allows for a positive and direct effect on the shop owners. The Mumfest is again expected to have a significant economic impact on the downtown area in general, as well as all hotel businesses in the surrounding area as they accommodate the attending tourists.

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 2012, our system received \$62,951.

Craven Community College, which was founded in 1965, is a comprehensive community college with campuses in New Bern as well as Havelock. The system serves more than 4,500 curriculum students and approximately 10,000 continuing education students annually. The college's 2012 commencement exercises held in May 2012 was comprised of the largest ever class to graduate from Craven Community College. This event recognized the achievements of a record 960 associate's degrees, certificates and diplomas to 520 students this year. Also, 20 adult high school students and 53 GED students completed their academic studies this year. Craven Early College was so proud to have 48 students earn their high school diploma. The state's community colleges are internationally acclaimed for their instrumental role in supporting economic development and raising the level of competition for local businesses and industry. The Swiss Bear Downtown Development Organization and the Uptown Business and Professional's Association are two groups that play an active part in supporting the college to meet their goals associated with economic development for the community. This two-year community college has an ongoing partnership with two major universities, East Carolina University (ECU) and NC State University (NC State). This partnership allows Craven Community College graduates to pursue bachelor's degrees without leaving Craven County. These degrees cover business, communications, engineering, industrial technology, nursing, and education. Also, Craven Community College has become the seventh community college in NC to join Chapel Hill's C-STEP program. This program represents "Carolina Student Transfer Excellence Program". The intent is to enable selected high-achieving low to moderate income Craven students with the opportunity to transfer to UNC-Chapel Hill. This will be the chance to attend one of the state's oldest public universities. The participants will be chosen based on a competitive process that will encompass interviews, excellent academic standing, as well as financial need. This C-STEP is part of the College's efforts to foster partnerships with four-year universities and enhance the teaching and learning at Craven. There is also a private four year college, Mount Olive College, which specializes in accelerated degree programs for adults who have completed about two years of college and among the degrees offered are Criminal Justice and Criminology, Early Childhood Education, Health Care Management, and Modular Religion Major. Mount Olive offers smaller classes, a nurturing environment, and availability of faculty which makes them an excellent choice for students who seek higher education.

It is interesting to know that North Carolina has 6 major military installations and ranks as the 4<sup>th</sup> largest in terms of the number of military school aged children. Our state follows only Texas, California and Virginia. Craven County Schools is comprised of approximately 17% of military connected students. 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. The runway system is so large that the air station serves as an alternate emergency landing site for the space shuttle launches out of Cape Canaveral, Fla. 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. During FY 2011, salaries came in at approximately \$1.29 billion and companies were awarded \$197 million in contracts. The combined economic impact of the base for North Carolina falls in at just over \$2.04 billion for FY11. In an attempt to increase reporting conformity, the Marine Corps Installations East (MCIEAST) standardized business practices and accounting procedures. There was an increase in all expenditures related to appropriated/non-appropriated civilians, construction maintenance and service contracts, and health and medical costs. All of the procedure adjustments have enhanced the accuracy of the MCIEAST's overall economic impact as well as the individual bases and stations.

Weyerhaeuser Company continues to be the largest taxpayer in Craven County. Its 2012 assessed valuation was \$169.9 million. It is 1.77% of the total assessed valuation. BSH Home Appliances Corp. is second with an assessed valuation of \$79.3 million and .83% of the total assessed valuation. BSH employs 750 personnel. The base continues to be largest employer in terms of numbers of employees with 5,361 civilian employees; Carolina East Health Systems is second with 2,035 employees and third is Craven County Schools with 1,912.

The annual average unemployment rate was 11.00%, which is up from 10.50% for calendar year 2010. This rate is slightly above the seasonally adjusted state rate of 9.7%.

Beginning with FY 2010, the state budget impact on North Carolina's public schools had been lessened courtesy of the American Recovery and Reinvestment Act of 2009 (ARRA). These federal stimulus dollars were intended to stabilize the public schools' budget. The majority of these ARRA

funds have been totally spent by fiscal year 2012. However, Craven County is still utilizing the Race to the Top ARRA funding which was awarded to encourage and reward states that “creating the conditions for education innovation and reform; implementing ambitious plans in four education reform areas and achieving significant improvement in student outcomes.” The district will continue to use the remaining Race to the Top funds to as they fit the appropriate strategy for driving school improvement. Moving forward, Craven County Schools maintains their vision while continuing to monitor the budgeting needs of the future. At this point, the school system has not felt the pain of layoffs with the significant cuts in the state budget.

### **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.

Most of the funding from the State is based on our ADM (Average Daily Membership). North Carolina began lottery ticket sales in 2006. A portion of the net proceeds will be deposited to the Public School Building Capital Funds to be used for the construction of public schools in North Carolina. Craven County estimated lottery distribution for FY 2012 was \$1,035,643; as compared with \$1,166,492 for FY 2011.

The North Carolina History Education Center at Tryon Palace continues to invite visitors to experience history with all of the senses. The center hosts history performances which bring past to life, and multimedia displays engage participation from all ages. The complex has come to be a public-private partnership and continues to be a pertinent tourism driver for this region. It is estimated that this complex draws about \$41 million per year in economic impact. Tryon Palace is a major component of the tourism revenue in Craven County. The community was saddened in October 2012 to learn of the passing of the New Bern native and 30-year Tryon Palace director Kay Phillips Williams. Ms. Williams was a strong community leader and the first director of Swiss Bear Downtown Redevelopment. She is noted for having been a key visionary for restoring the city. She successfully directed the Palace into the new millennium with innovative ideas and determination for expanding the African-American history programs as well as the NC History Center. Within this new facility, visitors will find four major history museum galleries, a performance hall, other educational and conference spaces, and a waterfront exhibit and event area. The NC History Education Center project has included the completion of the public pedestrian connection which leads to the Riverwalk. The Riverwalk is a continuous 1.5 mile stretch along the Neuse and Trent Rivers for the redevelopment of downtown’s waterfront.

A large development project is moving forward on the drawing board for Craven County near the NC43 connector to US70 in New Bern. Weyerhaeuser Real Estate Company is diligently working on the 550 acre development that will encompass retail, housing, a medical park, walking and bike paths and more on the east and west side of the NC 43 connector. This Craven Thirty project has secured commitments from two companies, including a 12 screen movie theatre. A movie studio will be built on 235 acres by the film and gaming company NC Interactive Digital Media, which is engaged in movie production, financing and distribution of digital gaming and films. The movie studio hopes to bring about 60 new jobs. It is Southeast Cinema out of Charlotte that plans to locate the 12-plex theater in the 75 acre retail center. The next step in moving forward on this project is to improve the NC 43 access to and from Craven Thirty. This improvement will cost approximately \$800,000. Once this is initiated, the group is hopeful that we will see some building in mid-year 2013. This development should be able to attract some of the 2.5 million visitors who travel through New Bern and the 1.5 million folks who pass through on their way to the coast. It is estimated that by the year 2015 the retail businesses, restaurants and shops of this development have the potential to generate \$221 million in revenue annually. This is a powerful projection as it is also estimated that approximately \$200 million in revenue leaves Craven County each year with people shopping in surrounding cities. The community is hopeful that the property and infrastructure of this Craven Thirty development will recruit businesses and industries to the area with a huge economic impact.

Residents of Craven County are excited that site preparations for a Cracker Barrel Old Country Store in New Bern began in May of this year. Cracker Barrel is a restaurant that serves home-style country food including homemade chicken and dumplings and signature biscuits using an old family recipe. Within the restaurants are old fashioned country style retail stores with gifts, clothing and toys. This restaurant has a solid reputation as total revenue for the restaurant chain during the third quarter of 2012 came in at \$608.5 million. Also on the restaurant forefront for New Bern, is the national chain of Zaxby’s which will open its doors in the heart of the city. Zaxby’s features their signature chicken tenders, Buffalo wings and salads. Construction for this new business started in September of this year. The 3,700 square-foot building will have a drive through and will employ approximately 45 people. They are

anticipating on hiring managers and team members locally. This will be the 58<sup>th</sup> Zaxby's in North Carolina. Owners of this chain view New Bern as a market with growth potential. Another fast food restaurant coming to the Craven County area is New Bern's second Wendy's. Rapid progress on this building is underway with a grand opening scheduled for early November. The location of the new Wendy's should be excellent for business as the traffic in all the surrounding lanes is pretty constant. The owner of this franchise is Carlisle Corporation which is a specialty hospitality company that focuses on franchises and real estate development.

Downtown New Bern continues to develop and enhance the overall historic charm that is such a big part of this city. The newest project in downtown is the renovation of the historical Clark Building. The plan is to reconstruct 11,000 square feet of new office space. There is a possibility that the neighboring 2,500 sq. foot Oasis building could also be part of the regeneration project which is being led by Worb LLC. Worb, LLC is a conglomerate of local business representatives in the area. Projects in downtown New Bern have proven to be solid investments. Occupancy for this newly renovated building is expected to be ready early in the year 2013.

The Craven County Board of Commissioners has approved unanimously to implement a new contract for Craven County to remain part of the Craven-Pamlico-Carteret Regional Library system. A commissioner from each county has been added to the board of trustees to allow for ongoing feedback to ensure accountability. After a close examination of the system which included an audit, it was determined that it would cost more for our county to operate its own library and would realize no potential savings until 2015. Craven libraries were budgeted in 2013 for a total of \$1,267,977. The cost for Craven to operate alone for that year would come to approximately \$1,515,977. Membership in the regional library system includes added funding for technology, state-paid information technology and data entry staff.

### **A Message from the Superintendent**

Do you remember the first day of school? From our start as curious and bright-eyed kindergarteners on to swaggering middle school students too cool for elementary school then all the way to our time as the jaded and "can't wait to get out of here" high school seniors, we all have our favorite memories of the milestones of our education. The beginning of the 2012-13 school year brings our students the promise of new experiences, catching up with friends and making new ones, or maybe another successful athletic season. Most importantly, now it's time for your child to make their memories of school and continue their growth as learners and individuals. Whether your child is starting their educational journey in kindergarten this year or already planning their next steps after this, their senior year, we are excited to welcome them back to our classrooms.

Our system, along with all public schools in North Carolina, enters this year with the task of implementing a new curriculum, the Common Core, a new accountability system for how our performance will be measured and new assessments to gauge our student's progress. That's a lot of "new" changes at once. It's also the first time that our state has implemented such wholesale change at one time. Our teachers, administrators and staff have been busy planning and preparing for this shift in expectations and instructional focus over the last year in anticipation of this new model. Their hard work and deep commitment to our students and families will provide for a smooth transition and a continued focus on excellence.

Challenges and roadblocks ranging from legislative mandates or budgetary constraints to misperceptions regarding the work that we do in public school systems continue to face us as we go about the important business of educating our children. Our students, parents, teachers, administrators, staff, Board of Education, and all community members continue to find a way to do more with less. Through all of these issues, we have not lost sight of what makes our system different from others--we are a family. Families work together to support each other and provide for needs in the best interest of all.

Craven County Schools is committed to becoming the highest performing system of public education in North Carolina. That's our vision. Making that vision a reality takes all of us focusing on our student's needs and goals. **Students first.** We will continue to ask for your support and involvement in our schools and the education of our students. While our performance data in many areas reflects a pattern of improvements and successes, we continue to have work to do as we strive toward fulfilling our vision.

I am honored to begin this new school year as Superintendent. I wish much success for all of our students and schools this year. My hope is that your child's memories of school will be great ones that will last a lifetime.

## **CRAVEN COUNTY BOARD OF EDUCATION**

### **VISION**

Craven County Schools will be the highest performing system of public education in North Carolina.

### **MISSION**

Craven County Schools, united with families and communities, will rigorously challenge all students to graduate from high school and be globally competitive for post-secondary education, work, and life in the 21<sup>st</sup> century.

### **STRATEGIC DIRECTIONS**

Optimum Student Achievement

Safe and Inviting Learning and Working Environment

Efficient and Effective Operations

### **CORE VALUES**

Visionary leadership  
Learning-centered education  
Organizational/personal learning  
Valuing workforce members & partners

Agility  
Focus on the future  
Managing for innovation  
Management by fact

Societal responsibility  
Focus on results and creating value  
Systems perspective

### **BELIEFS**

We believe

- ...all students can be successful in a global and multi-cultural society
- ...leadership must set the example for performance excellence
- ...in process improvement based on the analysis of customer-driven data
  - ...in strategic planning for continuous improvement
  - ...in providing the highest caliber of human resource development
  - ...in a safe environment that fosters trust and eliminates fear
- ...stakeholders of our educational system should participate in the process of continuous improvement
- ...performance excellence is directly proportional to our expectations and values
  - ...our Vision is attainable

### Financial Reporting Awards

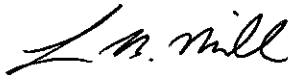
Since 1990, our Comprehensive Annual Financial Report has earned the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) and since 1995 the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (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 2011, with the exception of FY 2009. Craven County Board of Education will continue to make every effort to receive all future awards.

### Acknowledgements

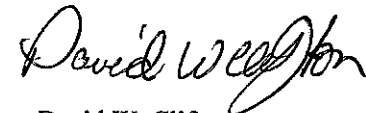
The preparation of this report could not have been accomplished without our independent audit firm, Rives & Associates LLP and the efficient and dedicated services of the personnel in the business office. This report would not be possible without their dedicated efforts and commitment to this school 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. Lane B. Mills  
Superintendent



David W. Clifton  
Assistant Superintendent for  
Business/Financial/Auxiliary Services



**CRAVEN COUNTY BOARD OF EDUCATION**

List of Principal Officials

BOARD OF EDUCATION

Carroll G. Ipock, II  
Chairman

Linda M. Thomas  
Vice Chairperson

Frances H. Boomer

Beatrice R. Smith

Kimberly R. Smith

Rebecca M. Kafer

Joseph L. Walton

SUPERINTENDENT

Dr. Lane B. Mills

ASSISTANT SUPERINTENDENTS

Annette E. Brown  
David W. Clifton  
Wendy A. Miller

**Craven County Board of Education**

**Superintendent  
Dr. Lane Mills**

**Administrative Assistant to the Superintendent  
Myra Flowers**

**Superintendent's Cabinet**

**Wendy Miller  
Assistant  
Superintendent**

**Rennie Lee  
Director**

**Annette Brown  
Assistant  
Superintendent**

**David Clifton  
Assistant  
Superintendent**

**Wayne Beasley  
Special Assistant  
to the Superintendent**

**Anetta Davenport  
Director**

**Human Resource Services Division**

- Leadership Development
- Personnel Services Licensure
- Intake/Retirement
- Evaluation and Support
- Leave
- Workers Compensation
- Recruitment, Retention & Recognition

**K-12 Reading**

- Continuous Improvement
- Strategic Planning
- Learning System Coaches
- Staff Development

**K-12 Instructional Services**

- Career Tech Services
- Student Services
- Federal Programs Services
- ECP Services
- Testing Services
- Accreditation

**Financial and Auxiliary Services Division**

- Business Services
- New Facility Construction & Renovation
- Facilities Support Services
- Child Nutrition Services
- Operational Support Services
- Transportation Services

**Technology Services Division**

- Planning & Engineering
- Media Services
- Instructional Technology
- Technical Support
- Information Systems Services

**Public Relations Division**

- District Marketing & Media Relations
- Safety & Crisis Planning
- Family & Community Services
- Military & Higher Ed Liaison
- Business & Community Liaison
- Educational Foundation
- Grants Management

**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, 2011

ix

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*David C. Anderson*

President

*Anthony R. Snow*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This 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, 2011**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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## **FINANCIAL SECTION**

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**Rives & Associates, LLP**  
Certified Public Accountants

Member:  
American Institute of  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

[www.rivescpa.com](http://www.rivescpa.com)

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary fund of the Craven County Board of Education, North Carolina (the "Board"), as of and for the year ended June 30, 2012, which collectively comprise the Craven County Board of Education, North Carolina's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Craven County Board of Education, North Carolina's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 fiduciary fund of the Craven County Board of Education, North Carolina, as of June 30, 2012, 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 Grants Fund, and Other Local Current Expense Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of the Craven County Board of Education, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 11 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Craven County Board of Education, North Carolina's basic financial statements, as a whole. The introductory section, individual fund schedules – budget and actual, and statistical section are presented for purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act is presented for purposes of additional analysis and is also 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rives & Associates, LLP*

October 15, 2012

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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 Board of Education for the fiscal year ended June 30, 2012. 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 14,751 to 14,743. 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 \$8,912,100 in the General Fund, an increase of \$1,856,834 in comparison with the prior year. Included in this total is \$388,075, the value of inventories which represents amounts that are nonspendable at year end. Also included in this total is \$201,903 receivables for payments not received as of June 30, and encumbrances of \$734,011 for purchased orders and contracts that remain unperformed at year-end, for a net restriction of \$935,914. These amounts represent restricted amounts for Stabilization for State Statute. An appropriation of \$1,474,289 was made in our initial budget for FY 2012-2013 to balance the budget. Unassigned fund balance of \$6,113,822 remains available for spending at the government's discretion.
- The ending fund balance of the Capital Outlay Fund was \$523,728, an increase of \$113,504 from the June 30, 2011 balance of \$410,224. Projects completed during the year included wall and window repairs at Grover C. Fields, roof repairs at Brinson Elementary School, a roof replacement at WJ Gurganus, an energy management system for Grover C Fields, chiller replacements at Havelock High School and West Craven High School, restroom renovations at Bangert Elementary, Vanceboro Farm Life and Trent Park Elementary, HVAC replacements at James W. Smith and Ben D. Quinn, paving at Trent Park Elementary and Intercom/Phone replacements at West Craven Middle, Roger Bell Elementary, and Vanceboro Farm Life. Additionally, some equipment purchases were made including two activity 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 consistent with that of the previous year. The Federal Grants Fund revenues have decreased this year as compared to previous years due to the end of federal stimulus funds – American Recovery and Reinvestment Act (ARRA).
- The Major Funds include fund balances of \$901,888 for Individual Schools Fund and \$1,803,465 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).

**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.



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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 Assets and the Statement of Activities. The Statement of Net Assets includes all of the Board of Education's assets and liabilities. 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 and obligations to creditors. 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 funds, 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.

**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 Assets includes all of the Board of Education's assets and liabilities. 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 assets and how they have changed. Net assets - the difference between the Board's assets and liabilities - is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board of Education's net assets 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Board of Education's funds, focusing on its most significant "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 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Financial Analysis of the Board as a Whole**

Net assets are an indicator of the fiscal health of the Board of Education. Government-wide assets exceeded liabilities by \$108,518,696 as of June 30, 2012. The largest component of net assets is invested in capital assets of \$95,886,930. It comprises 88.36% of the total net assets. Also, note that the Board of Education carries capital assets for which Craven County carries the offsetting debt.

Following is a summary of the Statement of Net Assets:

**Table 1**  
**Condensed Statements of Net Assets**  
**As of June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>						
Current and other assets	\$ 16,810,408	\$ 14,633,219	\$ 5,075,690	\$ 4,773,883	\$ 21,886,098	\$ 19,407,102
Capital assets, net	<u>93,464,054</u>	<u>96,098,455</u>	<u>2,422,876</u>	<u>2,027,958</u>	<u>95,886,930</u>	<u>98,126,413</u>
Total assets	<u>110,274,462</u>	<u>110,731,674</u>	<u>7,498,566</u>	<u>6,801,841</u>	<u>117,773,028</u>	<u>117,533,515</u>
<b>Liabilities:</b>						
Current liabilities	8,520,789	5,895,032	198,866	108,168	8,719,655	6,003,200
Non-current liabilities	<u>514,948</u>	<u>3,522,487</u>	<u>29,443</u>	<u>79,603</u>	<u>544,391</u>	<u>3,602,090</u>
Total liabilities	<u>9,035,737</u>	<u>9,417,519</u>	<u>228,309</u>	<u>187,771</u>	<u>9,264,046</u>	<u>9,605,290</u>
<b>Net Assets:</b>						
Invested in capital assets	93,464,054	96,098,455	2,422,876	2,027,958	95,886,930	98,126,413
Restricted	2,546,285	1,541,526	-	-	2,546,285	1,541,526
Unrestricted	<u>5,228,386</u>	<u>3,674,174</u>	<u>4,857,095</u>	<u>4,586,112</u>	<u>10,085,481</u>	<u>8,260,286</u>
Total net assets	<u>\$ 101,238,725</u>	<u>\$ 101,314,155</u>	<u>\$ 7,279,971</u>	<u>\$ 6,614,070</u>	<u>\$ 108,518,696</u>	<u>\$ 107,928,225</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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, 2012 and 2011**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 515,794	\$ -	\$ 2,254,297	\$ 2,391,415	\$ 2,770,091	\$ 2,391,415
Operating grants and contributions	92,955,220	93,678,711	4,922,128	4,809,246	97,877,348	98,487,957
Capital grants and contributions	345,119	299,160	-	-	345,119	299,160
General revenues:						
County appropriations	20,075,967	18,615,391	-	-	20,075,967	18,615,391
Other revenues	4,689,736	4,966,149	41,020	123,406	4,730,756	5,089,555
Total revenues	<u>118,581,836</u>	<u>117,559,411</u>	<u>7,217,445</u>	<u>7,324,067</u>	<u>125,799,281</u>	<u>124,883,478</u>
<b>Expenses:</b>						
Governmental activities						
Instructional programs	92,135,190	91,831,915	-	-	92,135,190	91,831,915
Supporting services	23,031,184	22,621,993	-	-	23,031,184	22,621,993
Ancillary services	256,548	257,423	-	-	256,548	257,423
Non-programmed changes	240,789	386,909	-	-	240,789	386,909
Unallocated depreciation	2,948,554	2,898,926	-	-	2,948,554	2,898,926
Business-type activities:						
School food services	-	-	6,596,545	6,622,185	6,596,545	6,622,185
Total expenses	<u>118,612,265</u>	<u>117,997,166</u>	<u>6,596,545</u>	<u>6,622,185</u>	<u>125,208,810</u>	<u>124,619,351</u>
Transfers in (out)	<u>(45,001)</u>	<u>(45,001)</u>	<u>45,001</u>	<u>45,001</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>(75,430)</u>	<u>(482,756)</u>	<u>665,901</u>	<u>746,883</u>	<u>590,471</u>	<u>264,127</u>
<b>Net Assets:</b>						
Beginning of year - July 1	<u>101,314,155</u>	<u>101,796,911</u>	<u>6,614,070</u>	<u>5,867,187</u>	<u>107,928,225</u>	<u>107,664,098</u>
End of year - June 30	<u>\$ 101,238,725</u>	<u>\$ 101,314,155</u>	<u>\$ 7,279,971</u>	<u>\$ 6,614,070</u>	<u>\$ 108,518,696</u>	<u>\$ 107,928,225</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

Total governmental activities generated revenues of \$118.6 million while expenses in this category totaled \$118.6 million for the year ended June 30, 2012. Comparatively, revenues were \$117.5 million and expenses totaled \$118 million for the year ended June 30, 2011. After transfers to the business-type activities, the decrease in net assets stands at \$75,430 at June 30, 2012, compared to \$482,756 million in 2011. Instructional services expenses comprised 77.7% of total governmental-type expenses while system-wide support services made up 19.4% of those expenses for 2012. County funding comprised 16.9% of total governmental revenue in 2012 and 15.8% in 2011. Much of the remaining 83% of total governmental revenue for 2012 consists of restricted State and federal money. This revenue represented 84% of total revenue in 2011. Business-type activities generated revenues of \$7.2 million and had expenses of \$6.6 million. Comparatively, revenues were \$7.3 million and expenses totaled \$6.6 million for the year ended June 30, 2011. After transfers in from the governmental activities, the increase in net assets for business-type activities stands at \$665,901 at June 30, 2012, compared to \$746,883 in 2011.

Nearly all of the operating grants and contributions are Federal and State money, and consist of both restricted and non-restricted. Total net assets increased by \$590,471 at June 30, 2012.

**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 \$12,141,181, an increase of \$2,228,832 over last year's \$9,912,349. Each governmental fund had revenues over expenditures before transfers for the year ended June 30, 2012.

For the General Fund, the excess of revenues over expenditures before transfers was \$1,697,001. Federal revenues decreased by \$683,018, and State revenues increased by \$990,259. Overall revenues in the General Fund and the Other Local Current Expense Fund remained fairly consistent with the funds received in the prior year. Total expenses for the General Fund for fiscal year 2012 had a increase of \$229,328. The Other Local Current Expense Fund expenditures increased \$523,524, mostly due to the increase in operational support services. The Individual Schools fund balance increase \$241,250 from the prior year mainly due to more participation in extra curricular activities at the individual schools. Expenditures increased \$415,513, therefore decreasing the net assets by \$43,737. Comparatively, net assets for the individual schools increased \$130,526 for the year ended 2011.

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

*Proprietary Fund.* The Board of Education's business-type fund, the School Food Service Fund performed well in the past year. It reflected a increase in net assets of \$665,901, and the fund ended the year with total net assets of \$7,279,971. Revenues and expenses remained constant; non-operating revenues brought about most of the increase in net assets with increases in federal reimbursements.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**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 budget reflected a final budget of \$77,388,029 and actual expenditures of \$73,962,621 for a variance of approximately 4.4% between budget and actual at year-ended. The General Fund's final budget included \$1,900,159 of appropriated fund balance, which was not used during the year-ended as revenues exceed expenditures.

Amendments were made necessary by all three categories. Amendments were in all fund operations of the Board of Education. The General Fund appropriated fund balance to maintain services by \$1.9 million.

**Capital Assets**

Capital assets decreased by \$2,239,483 (or 2.28%) 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, 2012 and 2011**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary Government</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 3,064,648	\$ 3,064,648	\$ -	\$ -	\$ 3,064,648	\$ 3,064,648
Construction in progress	-	56,953	-	-	-	56,953
Buildings and improvements	138,156,507	136,982,249	-	-	138,156,507	136,982,249
Equipment and furniture	3,472,624	3,460,742	5,424,293	4,975,702	8,896,917	8,436,444
Vehicles	11,091,568	10,950,733	135,996	47,828	11,227,564	10,998,561
Total	155,785,347	154,515,325	5,560,289	5,023,530	161,345,636	159,538,855
Accumulated depreciation	(62,321,293)	(58,416,870)	(3,137,413)	(2,995,572)	(65,458,706)	(61,412,442)
Capital assets, net	<u>\$ 93,464,054</u>	<u>\$ 96,098,455</u>	<u>\$ 2,422,876</u>	<u>\$ 2,027,958</u>	<u>\$ 95,886,930</u>	<u>\$ 98,126,413</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

Capital projects for the fiscal year ended included the following:

Lighting and HVAC upgrades	Restroom renovations
Roof repairs	Energy management upgrades
Chiller replacements	Equipment and furniture purchases

Additional information related to capital assets can be found on page 42 through 44 in the notes 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 ended June 30, 2012, the Board of Education's compensated absences was \$4,492,062.

**Economic Factors**

There was a decrease in the final average daily membership this past year. In the majority of the budgets handled by the Board of Education, funding is based on student numbers, whether in its entirety or a specific segment of the student population. Since the Board of Education is a funding dependent government entity, the economic outlook of local, state and federal governments directly impacts that of the schools.

The State and local funding entities have had to deal with continued funding shortages due to little or slow growth in the economy. We have again had to deal with reversions to the State in certain funding areas. Federal stimulus funds had been used in the past to help prevent layoffs within the district. These funds were coming to a close during FY 2012. In light of this funding ending, administrators within the district have been careful to plan ahead. As positions open, they are carefully analyzed to determine whether they need to be filled or whether other measures could be taken to reduce costs and still satisfy needs within the school system. Currently, there has not been a reduction-in-force.

Craven County had an increase in the average unemployment rate from 10.50% for calendar year 2010 to 11.00% for 2011, and the per capita personal income decreased in 2011 to \$35,867, compared to 2010's \$36,798 (latest available). The numbers of building inspections performed by Craven County decreased from 9,537 in FY 2011 to 9,498 in FY 2012. These numbers do not include inspections by municipalities.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**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:

David W Clifton, Assistant Superintendent for Business, Financial and Auxiliary Services  
Craven County Board of Education  
3600 Trent Road  
New Bern, North Carolina 28562





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## **BASIC FINANCIAL STATEMENTS**

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**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,142,095	\$ 4,855,149	\$ 16,997,244
Accounts receivable	136	2,853	2,989
Due from other governments	3,879,440	114,300	3,993,740
Internal balances	38,802	(38,802)	-
Inventories	749,935	142,190	892,125
	<u>16,810,408</u>	<u>5,075,690</u>	<u>21,886,098</u>
Capital assets:			
Land	3,064,648	-	3,064,648
Other capital assets, net of depreciation	90,399,406	2,422,876	92,822,282
Total capital assets	<u>93,464,054</u>	<u>2,422,876</u>	<u>95,886,930</u>
Total assets	<u>110,274,462</u>	<u>7,498,566</u>	<u>117,773,028</u>
<b>LIABILITIES</b>			
Accounts payable	236,272	329	236,601
Accrued salaries and wages payable	3,900,580	41,725	3,942,305
Unearned revenue	532,375	50,989	583,364
Long-term liabilities:			
Due within one year	3,851,562	96,109	3,947,671
Due in more than one year	514,948	29,443	544,391
Total liabilities	<u>9,035,737</u>	<u>218,595</u>	<u>9,254,332</u>
<b>NET ASSETS</b>			
Invested in capital assets	93,464,054	2,422,876	95,886,930
Restricted for:			
Stabilization by State statute	1,270,173	-	1,270,173
Capital outlay	374,224	-	374,224
Individual schools	901,888	-	901,888
Unrestricted	5,228,386	4,857,095	10,085,481
Total net assets	<u>\$ 101,238,725</u>	<u>\$ 7,279,971</u>	<u>\$ 108,518,696</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, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		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	\$ 54,560,432	\$ 35,637	\$ 51,059,256	\$ -	\$ (3,465,539)	\$ -	\$ (3,465,539)
Special populations	11,110,219	-	10,454,961	-	(655,258)	-	(655,258)
Alternative programs	7,278,077	-	7,232,458	-	(45,619)	-	(45,619)
School leadership	7,431,528	-	5,115,797	-	(2,315,731)	-	(2,315,731)
Co-curricular	3,613,690	-	3,458,931	-	(154,759)	-	(154,759)
School-based support	8,141,244	-	6,687,355	-	(1,453,889)	-	(1,453,889)
System-wide support services:							
Support and development	1,826,970	-	1,127,883	-	(699,087)	-	(699,087)
Special population support and development	679,449	-	650,333	-	(29,116)	-	(29,116)
Alternative programs and services support and development	593,691	-	467,296	-	(126,395)	-	(126,395)
Technology support	619,224	-	349,517	-	(269,707)	-	(269,707)
Operational support	16,674,690	480,157	5,362,395	345,119	(10,487,019)	-	(10,487,019)
Financial and human resource	1,329,845	-	155,819	-	(1,174,026)	-	(1,174,026)
Accountability	57,118	-	34,992	-	(22,126)	-	(22,126)
System-wide pupil support	78,524	-	-	-	(78,524)	-	(78,524)
Policy, leadership and public relations	1,171,673	-	567,797	-	(603,876)	-	(603,876)
Ancillary services	256,548	-	102,793	-	(153,755)	-	(153,755)
Non-programmed charges	240,789	-	127,637	-	(113,152)	-	(113,152)
Unallocated depreciation expense*	2,948,554	-	-	-	(2,948,554)	-	(2,948,554)
Total governmental activities	<u>118,612,265</u>	<u>515,794</u>	<u>92,955,220</u>	<u>345,119</u>	<u>(24,796,132)</u>	<u>-</u>	<u>(24,796,132)</u>
Business-type activities:							
School food service	6,596,545	2,254,297	4,922,128	-	-	579,880	579,880
Total business-type activities	<u>6,596,545</u>	<u>2,254,297</u>	<u>4,922,128</u>	<u>-</u>	<u>-</u>	<u>579,880</u>	<u>579,880</u>
Total primary government	<u>\$ 125,208,810</u>	<u>\$ 2,770,091</u>	<u>\$ 97,877,348</u>	<u>\$ 345,119</u>	<u>(24,796,132)</u>	<u>579,880</u>	<u>(24,216,252)</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, 2012**

	<b>Net (Expenses) Revenue and Changes in Net Assets</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General revenues:			
Unrestricted County appropriations - operating	\$ 18,570,304	\$ -	\$ 18,570,304
Unrestricted County appropriations - capital	1,505,663	-	1,505,663
Unrestricted federal grants	2,671,840	-	2,671,840
Unrestricted State grants	1,094,778	-	1,094,778
Investment earnings, unrestricted	67,565	23,284	90,849
Miscellaneous, unrestricted	855,553	17,736	873,289
Transfers	(45,001)	45,001	-
Total general revenues and transfers	24,720,702	86,021	24,806,723
Change in net assets	(75,430)	665,901	590,471
Beginning net assets	101,314,155	6,614,070	107,928,225
Ending net assets	\$ 101,238,725	\$ 7,279,971	\$ 108,518,696

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, 2012**

**Major Funds**

	<u>General</u>	<u>State Public School</u>	<u>Federal Grants Fund</u>	<u>Individual Schools</u>	<u>Other Local Current Expense Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,972,840	\$ -	\$ -	\$ 908,446	\$ 1,737,081	\$ 523,728	\$ 12,142,095
Accounts receivable	136	-	-	-	-	-	136
Due from other governments	162,632	3,066,361	483,828	-	148,698	17,921	3,879,440
Due from other funds	39,135	-	-	33,399	-	-	72,534
Inventories	388,075	361,860	-	-	-	-	749,935
Total assets	<u>\$ 9,562,818</u>	<u>\$ 3,428,221</u>	<u>\$ 483,828</u>	<u>\$ 941,845</u>	<u>\$ 1,885,779</u>	<u>\$ 541,649</u>	<u>\$ 16,844,140</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 215,024	\$ -	\$ -	\$ 6,558	\$ 14,690	\$ -	\$ 236,272
Due to other funds	33,732	-	-	-	-	-	33,732
Accrued salaries and wages payable	312,246	3,065,772	457,832	-	64,730	-	3,900,580
Unearned revenue	89,716	362,449	25,996	33,399	2,894	17,921	532,375
Total liabilities	<u>650,718</u>	<u>3,428,221</u>	<u>483,828</u>	<u>39,957</u>	<u>82,314</u>	<u>17,921</u>	<u>4,702,959</u>
Fund balances:							
Non spendable:							
Inventories	388,075	-	-	-	-	-	388,075
Restricted:							
Stabilization by State statute	935,914	-	-	-	184,755	149,504	1,270,173
Individual schools	-	-	-	901,888	-	-	901,888
Capital outlay	-	-	-	-	-	374,224	374,224
Assigned:							
Subsequent years expenditures	1,474,289	-	-	-	1,618,710	-	3,092,999
Unassigned	6,113,822	-	-	-	-	-	6,113,822
Total fund balances	<u>8,912,100</u>	<u>-</u>	<u>-</u>	<u>901,888</u>	<u>1,803,465</u>	<u>523,728</u>	<u>12,141,181</u>
Total liabilities and fund balances	<u>\$ 9,562,818</u>	<u>\$ 3,428,221</u>	<u>\$ 483,828</u>	<u>\$ 941,845</u>	<u>\$ 1,885,779</u>	<u>\$ 541,649</u>	<u>\$ 16,844,140</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, 2012**

		<b>Total Governmental Funds</b>
		<u>          </u>
Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
Total fund balances		\$ 12,141,181
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	\$ 155,785,347	
Less: accumulated depreciation	<u>(62,321,293)</u>	
Net capital assets		93,464,054
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:		
Compensated absences		<u>(4,366,510)</u>
Total net assets - governmental activities		<u><u>\$ 101,238,725</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, 2012**

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants Fund	Individual Schools	Other Local Current Expense Fund	Capital Outlay Fund	
<b>REVENUES:</b>							
State of North Carolina	\$ 735	\$ 73,962,621	\$ -	\$ -	\$ 1,268,828	\$ -	\$ 75,232,184
Craven County	17,870,304	-	-	-	-	2,205,663	20,075,967
U.S. Government	3,000,987	-	13,548,895	-	1,382,491	-	17,932,373
Other	1,064,929	-	-	3,458,931	777,865	39,587	5,341,312
Total revenues	<u>21,936,955</u>	<u>73,962,621</u>	<u>13,548,895</u>	<u>3,458,931</u>	<u>3,429,184</u>	<u>2,245,250</u>	<u>118,581,836</u>
<b>EXPENDITURES:</b>							
Instructional services:							
Regular instructional	3,390,001	47,721,871	3,119,200	-	455,615	-	54,686,687
Special populations	123,174	7,803,830	3,172,932	-	36,355	-	11,136,291
Alternative programs	128,541	1,797,131	3,972,121	-	1,397,085	-	7,294,878
School leadership	2,136,842	4,506,289	798,901	-	6,892	-	7,448,924
Co-curricular	550,154	-	-	3,069,234	-	-	3,619,388
School-based support	1,477,608	5,552,935	1,021,564	-	112,857	-	8,164,964
Total instructional services	<u>7,806,320</u>	<u>67,382,056</u>	<u>12,084,718</u>	<u>3,069,234</u>	<u>2,008,804</u>	<u>-</u>	<u>92,351,132</u>
System-wide support services:							
Support and development	515,649	998,646	187,423	-	16,053	-	1,717,771
Special population support and development	4,115	116,628	533,705	-	-	-	654,448
Alternative programs and services support and development	95,349	54,182	210,266	-	203,986	-	563,783
Technology support	450,474	132,438	-	-	-	-	582,912
Operational support	9,606,191	4,430,901	275,752	-	954,308	-	15,267,152
Financial and human resource	983,100	197,298	83,499	-	-	-	1,263,897
Accountability	20,434	34,992	-	-	-	-	55,426
System-wide pupil support	78,753	-	-	-	-	-	78,753
Policy, leadership and public relations	530,097	567,797	-	-	5,948	-	1,103,842
Total system-wide support services	<u>12,284,162</u>	<u>6,532,882</u>	<u>1,290,645</u>	<u>-</u>	<u>1,180,295</u>	<u>-</u>	<u>21,287,984</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, 2012**

	<b>Major Funds</b>						<b>Total Governmental Funds</b>
	<b>General</b>	<b>State Public School</b>	<b>Federal Grants Fund</b>	<b>Individual Schools</b>	<b>Other Local Current Expense Fund</b>	<b>Capital Outlay Fund</b>	
Ancillary services	\$ 36,320	\$ 2,682	\$ 49,246	\$ -	\$ 168,300	\$ -	\$ 256,548
Non-programmed charges	113,152	-	124,286	-	3,351	-	240,789
Capital outlay:							
Furniture and equipment	-	-	-	-	-	1,847,034	1,847,034
Buses and motor vehicles	-	-	-	-	-	235,519	235,519
Improvements and renovations	-	-	-	-	-	38,790	38,790
Supplies	-	-	-	-	-	50,207	50,207
	-	-	-	-	-	2,171,550	2,171,550
<b>Total expenditures</b>	<b>20,239,954</b>	<b>73,917,620</b>	<b>13,548,895</b>	<b>3,069,234</b>	<b>3,360,750</b>	<b>2,171,550</b>	<b>116,308,003</b>
Revenues over expenditures	1,697,001	45,001	-	389,697	68,434	73,700	2,273,833
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from (to) other funds	159,833	(45,001)	-	(433,434)	233,797	39,804	(45,001)
Net change in fund balance	1,856,834	-	-	(43,737)	302,231	113,504	2,228,832
<b>FUND BALANCES:</b>							
Beginning of year	7,055,266	-	-	945,625	1,501,234	410,224	9,912,349
End of year	<u>\$ 8,912,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 901,888</u>	<u>\$ 1,803,465</u>	<u>\$ 523,728</u>	<u>\$ 12,141,181</u>

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

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**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

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

Net change in fund balances - total governmental funds	\$ 2,228,832
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	1,533,108
Depreciation expense	(4,163,509)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	
	(4,000)
Expenses related to compensated absences do no require current financial resources, and, therefore are not reported as expenditures in the governmental funds statement	
	<u>330,139</u>
Total changes in net assets of governmental activities	<u><u>\$ (75,430)</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, 2012**

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
<b>REVENUES:</b>				
State of North Carolina	\$ 49,315	\$ 49,315	\$ 735	\$ (48,580)
Craven County	17,937,352	17,937,352	17,870,304	(67,048)
U.S. Government	2,665,000	2,850,670	3,000,987	150,317
Other	1,465,946	1,480,936	1,064,929	(416,007)
Total revenues	<u>22,117,613</u>	<u>22,318,273</u>	<u>21,936,955</u>	<u>(381,318)</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular instructional	5,715,442	4,546,075	3,390,001	1,156,074
Special populations	132,500	125,977	123,174	2,803
Alternative programs	410,208	405,645	128,541	277,104
School leadership	2,331,538	2,370,760	2,136,842	233,918
Co-curricular	585,423	652,276	550,154	102,122
School-based support	1,679,044	1,645,249	1,477,608	167,641
System-wide support services:				
Support and development	815,417	828,960	515,649	313,311
Special population support and development	-	4,118	4,115	3
Alternative programs, services support and development	-	95,776	95,349	427
Technology support	352,405	530,083	450,474	79,609
Operational support	9,687,578	11,137,606	9,606,191	1,531,415
Financial and human resource	1,137,441	1,289,811	983,100	306,711
Accountability	25,000	25,000	20,434	4,566
System-wide pupil support	130,997	82,115	78,753	3,362
Policy, leadership and public relations	658,909	558,681	530,097	28,584
Ancillary services	-	36,399	36,320	79
Non-programmed charges	-	113,155	113,152	3
Total expenditures	<u>23,661,902</u>	<u>24,447,686</u>	<u>20,239,954</u>	<u>4,207,732</u>
Revenues over (under) expenditures	(1,544,289)	(2,129,413)	1,697,001	3,826,414
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from (to) other funds	70,000	229,254	159,833	(69,421)
Revenues and other sources over (under) expenditures and other financing sources	(1,474,289)	(1,900,159)	1,856,834	3,756,993
Appropriated fund balance	<u>1,474,289</u>	<u>1,900,159</u>	-	<u>(1,900,159)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,856,834	<u>\$ 1,856,834</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>7,055,266</u>	
End of year			<u>\$ 8,912,100</u>	

State Public School Fund			
Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 74,251,671	\$ 77,388,029	\$ 73,962,621	\$ (3,425,408)
-	-	-	-
-	-	-	-
-	-	-	-
<u>74,251,671</u>	<u>77,388,029</u>	<u>73,962,621</u>	<u>(3,425,408)</u>
45,709,317	50,510,238	47,721,871	2,788,367
7,238,692	7,866,946	7,803,830	63,116
1,876,330	2,148,490	1,797,131	351,359
5,656,872	4,537,805	4,506,289	31,516
-	-	-	-
5,920,679	5,691,180	5,552,935	138,245
1,242,838	1,014,429	998,646	15,783
128,642	117,852	116,628	1,224
128,238	54,878	54,182	696
67,649	132,458	132,438	20
4,932,659	4,456,027	4,430,901	25,126
616,607	197,746	197,298	448
36,054	35,824	34,992	832
-	-	-	-
653,833	576,332	567,797	8,535
-	2,820	2,682	138
-	-	-	-
<u>74,208,410</u>	<u>77,343,025</u>	<u>73,917,620</u>	<u>3,425,405</u>
43,261	45,004	45,001	(3)
<u>(43,261)</u>	<u>(45,004)</u>	<u>(45,001)</u>	<u>3</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		<u>-</u>	
		<u>\$ -</u>	

The accompanying notes to the financial statements are an intergal 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 (Continued)**  
**For the Year Ended June 30, 2012**

	Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
<b>REVENUES:</b>				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
U.S. Government	16,395,847	18,216,577	13,548,895	(4,667,682)
Other revenues	-	-	-	-
Total revenues	<u>16,395,847</u>	<u>18,216,577</u>	<u>13,548,895</u>	<u>(4,667,682)</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular instructional	4,337,006	3,344,582	3,119,200	225,382
Special populations	4,555,701	4,293,154	3,172,932	1,120,222
Alternative programs	3,607,832	4,923,486	3,972,121	951,365
School leadership	-	799,655	798,901	754
School-based support	962,109	2,045,042	1,021,564	1,023,478
System-wide support services:				
Support and development	276,400	201,711	187,423	14,288
Special population support and development	603,249	680,555	533,705	146,850
Alternative programs and services support and development	328,634	322,746	210,266	112,480
Operational support	626,115	320,899	275,752	45,147
Financial and human resource	99,749	103,380	83,499	19,881
Policy, leadership and public relations	-	-	-	-
Ancillary services	38,950	49,549	49,246	303
Non-programmed charges	960,102	1,131,818	124,286	1,007,532
Total expenditures	<u>16,395,847</u>	<u>18,216,577</u>	<u>13,548,895</u>	<u>4,667,682</u>
Revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
	-	-	-	-
Revenues and other sources over (under) expenditures and other financing sources	-	-	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**Exhibit E (Continued)**

Other Local Current Expense Fund			
Budget		Actual Amounts	Variance with Final Budget
Original	Final		Positive (Negative)
\$ -	\$ 1,278,214	\$ 1,268,828	\$ (9,386)
-	1,555,597	1,382,491	(173,106)
-	559,152	777,865	218,713
-	3,392,963	3,429,184	36,221
-	579,201	455,615	123,586
-	502,653	36,355	466,298
-	1,722,835	1,397,085	325,750
-	6,895	6,892	3
-	127,940	112,857	15,083
-	18,658	16,053	2,605
-	252,739	203,986	48,753
-	-	-	-
-	1,158,442	954,308	204,134
-	5,931	-	5,931
-	5,948	5,948	-
-	198,465	168,300	30,165
-	5,073	3,351	1,722
-	4,584,780	3,360,750	1,224,030
-	(1,191,817)	68,434	1,260,251
-	347,059	393,630	46,571
-	(159,833)	(159,833)	-
-	187,226	233,797	46,571
-	(1,004,591)	302,231	1,306,822
-	1,004,591	-	(1,004,591)
\$ -	\$ -	302,231	\$ 302,231
		1,501,234	
		\$ 1,803,465	

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

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**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2012**

	<b>School Food Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,855,149
Accounts receivable	2,853
Due from other governments	114,300
Due from other funds	333
Inventories	142,190
Total current assets	5,114,825
Noncurrent assets:	
Capital assets, net of depreciation	2,422,876
Total assets	7,537,701
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	329
Due to other funds	39,135
Accrued salaries and wages	41,725
Unearned revenues	50,989
Compensated absences, current	96,109
Total current liabilities	228,287
Noncurrent liabilities:	
Compensated absences	29,443
Total liabilities	257,730
<b>NET ASSETS</b>	
Invested in capital assets	2,422,876
Unrestricted	4,857,095
Total net assets	\$ 7,279,971

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 Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2012**

	<b>School Food Service Fund</b>
<b>OPERATING REVENUES:</b>	
Food sales	\$ 2,254,297
Miscellaneous local operating revenue	17,736
Total operating revenues	2,272,033
<b>OPERATING EXPENSES:</b>	
Food cost:	
Purchase of food	2,356,932
Donated commodities	376,365
Salaries and benefits	2,933,179
Professional and technical services	24,197
Property services	11,703
Depreciation	244,154
Transportation services	19,459
Communications	5,937
Dues and fees	4,470
Insurance	1,839
Indirect costs	238,147
Supplies and materials	118,023
Repairs and maintenance	46,598
Fuel and oil	7,611
Food processing supplies	207,931
Total operating expenses	6,596,545
Operating loss	(4,324,512)

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 Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2012**

	<b>School Food Service Fund</b>
<b>NONOPERATING REVENUES:</b>	
Federal reimbursements	\$ 4,372,880
Federal commodities	376,365
Fresh fruits and vegetables program	152,990
State reimbursements	17,042
Sale of capital assets	2,851
Interest earned	23,284
Total nonoperating revenues	4,945,412
Income before transfers	620,900
<b>OTHER FINANCING SOURCES:</b>	
Transfers from other funds	45,001
Change in net assets	665,901
<b>NET ASSETS:</b>	
Beginning of year	6,614,070
End of year	\$ 7,279,971

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, 2012**

	<u>School Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 2,336,832
Cash paid for goods and services	(2,790,788)
Cash paid to employees for services	(2,913,589)
Net cash used by operating activities	<u>(3,367,545)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Federal reimbursements	4,525,870
State reimbursements	17,042
Net cash provided by noncapital financing activities	<u>4,542,912</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(647,242)
Proceeds from the sale of assets	11,021
Net cash used by capital and related financing activities	<u>(636,221)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	<u>23,284</u>
Net cash provided by investing activities	<u>23,284</u>
Net increase in cash and cash equivalents	562,430
<b>CASH AND CASH EQUIVALENTS:</b>	
Beginning of year	<u>4,292,719</u>
End of year	<u><u>\$ 4,855,149</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, 2012**

	<b>School Food Service</b>
Reconciliation of operating loss to net cash used by operating activities:	\$ (4,324,512)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	244,154
Donated commodities consumed	376,365
Salaries paid by special revenue fund	45,001
Changes in assets and liabilities:	
Decrease in accounts receivable	149,986
Increase in due from other governments	(114,300)
Decrease in due from other funds	13,755
Decrease inventories	174,179
Decrease in accounts payable	(4,124)
Decrease in due to other funds	37,003
Decrease in accrued salaries and wages	176
Decrease unearned revenues	15,358
Decrease in compensated absences	19,414
Total adjustments	956,967
Net cash used by operating activities	\$ (3,367,545)

**Noncash investing, capital, and financing activities:**

The School Food Service received donated commodities with a value of \$376,365 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The fund recorded the consumption of \$376,365 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 \$45,001 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.

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

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Statement of Net Assets**  
**Fiduciary Fund**  
**June 30, 2012**

	<u>Administrative Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,295,804
Notes receivable, net allowance for doubtful accounts of \$1,966	38,826
Total assets	<u>1,334,630</u>
 <b>NET ASSETS</b>	
Assets held in trust for private purpose	<u>\$ 1,334,630</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 Assets**  
**Fiduciary Fund**  
**June 30, 2012**

	<u>Administrative Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 23,561
Interest income	12,266
Recovery of bad debts	3,724
Total additions	<u>39,551</u>
<b>DEDUCTIONS</b>	
Scholarships	29,500
Management fees	25,000
Professional fees	4,508
Bad debt expense	1,966
Total deductions	<u>60,974</u>
Change in net assets	(21,423)
<b>NET ASSETS</b>	
Beginning balance	<u>1,356,053</u>
Ending balance	<u>\$ 1,334,630</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, 2012**

**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 assets 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.



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**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, 2012**

**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 assets 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, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Measurement Focus and Basis of Accounting (Continued)**

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**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 transfer(s) 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 most significant amendments related to additional funding from federal grants and the funding for capital projects. 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 "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent years' budget. At June 30, 2012, the Board had \$-0- in outstanding encumbrances.

**E) Assets, Liabilities, 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, and Fund Equity (Continued)**

**Deposits and Investments (Continued)**

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 (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

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 reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, and Fund Equity (Continued)**

**Capital Assets**

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. 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 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.

**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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, and Fund Equity (Continued)**

**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, 2012 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 Assets/Fund Balances**

**Net Assets**

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

**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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, and Fund Equity (Continued)**

**Fund Balance (Continued)**

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable for or (b) legally or contractually required to be maintained intact.

Inventories – portion of the fund balance that is not an available resource because represent 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.

**Committed Fund Balance.** Portion of fund balance that can only be used for a specific purpose imposed by a majority vote by quorum of the Board’s governing body (highest level of decision-making authority). Any changes or removal of 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, 2012.

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

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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, and Fund Equity (Continued)**

**Fund Balance (Continued)**

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.

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, 2012**

**II) 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, 2012, the carrying amount of the Board's deposits with banks and savings and loans was \$4,790,994 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$5,454,422 and \$670,755. Of these balances, \$787,595 was covered by federal depository insurance and \$4,666,827 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**Investments**

The State Treasurer in the Short Term Investment Fund (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 encumbered in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The North Carolina Capital Management Trust's Cash Portfolio (NCCMT) 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.

At June 30, 2012, the Board had \$20,617 with the NCCMT. Additionally, the Board had \$13,481,437 invested with the STIF.

*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 1.5 years at June 30, 2012.

*Credit Risk.* The Board's investments in the NCCMT, carried a credit rating of AAAm by Standard and Poor's as of June 30, 2012. 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**Accounts Receivable**

Receivables at the government-wide level at June 30, 2012, were as follows:

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 5,403	\$ 162,632	\$ 136	\$ 168,171
Other governmental activities	33,399	3,716,808	-	3,750,207
	<u>\$ 38,802</u>	<u>\$ 3,879,440</u>	<u>\$ 136</u>	<u>\$ 3,918,378</u>
Business-type activities:				
School Food Service Fund	<u>\$ (38,802)</u>	<u>\$ 114,300</u>	<u>\$ 2,853</u>	<u>\$ 78,351</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**Accounts Receivable (Continued)**

Due from other governments consist of the following:

Governmental activities:

General Fund	\$ 123,115	Sales tax refund
General Fund	39,517	Miscellaneous revenue from local governments
State Public School Fund	3,065,772	Operating funds from State (salary installment)
State Public School Fund	589	Sales tax refund
Federal Grants Fund	457,832	Federal grant funds (salary installment)
Federal Grants Fund	25,996	Sales tax refund
Capital Outlay Fund	17,921	Sales tax refund
Other Local Current Expense Fund	40,127	Various State and local grants
Other Local Current Expense Fund	108,571	Federal grant reimbursements
	<u>\$ 3,879,440</u>	

Business-type activities:

School Food Service Fund	<u>\$ 114,300</u>	Federal reimbursements
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**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**Capital Assets**

Governmental capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,064,648	\$ -	\$ -	\$ -	\$ 3,064,648
Construction in progress	56,953	1,117,305	-	(1,174,258)	-
	<u>3,121,601</u>	<u>1,117,305</u>	<u>-</u>	<u>(1,174,258)</u>	<u>3,064,648</u>
Capital assets being depreciated:					
Buildings	134,810,237	-	-	-	134,810,237
Improvements	2,172,012	-	-	1,174,258	3,346,270
Furniture and equipment	3,460,742	175,056	163,174	-	3,472,624
Vehicles	10,950,733	240,747	99,912	-	11,091,568
Total capital assets being depreciated	<u>151,393,724</u>	<u>\$ 415,803</u>	<u>\$ 263,086</u>	<u>\$ 1,174,258</u>	<u>152,720,699</u>
Less accumulated depreciation for:					
Buildings	46,669,609	\$ 2,828,655	\$ -	\$ -	49,498,264
Improvements	399,899	137,419	-	-	537,318
Furniture and equipment	2,413,347	203,862	163,174	-	2,454,035
Vehicles	8,934,015	993,573	95,912	-	9,831,676
Total accumulated depreciation	<u>58,416,870</u>	<u>\$ 4,163,509</u>	<u>\$ 259,086</u>	<u>\$ -</u>	<u>62,321,293</u>
Total capital assets being depreciated, net	<u>92,976,854</u>				<u>90,399,406</u>
Governmental activity capital assets, net	<u>\$ 96,098,455</u>				<u>\$ 93,464,054</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**Capital Assets (Continued)**

Depreciation was charged to governmental functions as follows:

Regular instruction programs	\$ 32,618
Special population services	6,281
Alternative program services	4,392
School leadership services	4,244
Co-curricular	4,817
Support and development services	114,190
Special population support and development services	26,902
Alternative programs and services support and development	31,546
Technology support services	38,005
Operational support services	809,449
Financial and human resource services	69,620
Accountability services	1,853
Policy, leadership, and public relations services	71,038
Unallocated depreciation	<u>2,948,554</u>
Total	<u><u>\$ 4,163,509</u></u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**Capital Assets (Continued)**

Business-type capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 4,975,702	\$ 559,074	\$ 110,483	\$ 5,424,293
Vehicles	47,828	88,168	-	135,996
Total capital assets being depreciated	<u>5,023,530</u>	<u>\$ 647,242</u>	<u>\$ 110,483</u>	<u>5,560,289</u>
Less accumulated depreciation for:				
Furniture and equipment	2,950,116	\$ 229,536	\$ 102,313	\$ 3,077,339
Vehicles	45,456	14,618	-	60,074
Total accumulated depreciation	<u>2,995,572</u>	<u>\$ 244,154</u>	<u>\$ 102,313</u>	<u>3,137,413</u>
Governmental activity capital assets, net	<u>\$ 2,027,958</u>			<u>\$ 2,422,876</u>

Invested in capital assets, net, as presented on the statement of net assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital assets	\$ 155,785,347	\$ 5,560,289	\$ 161,345,636
Less:			
Accumulated depreciation	(62,321,293)	(3,137,413)	(65,458,706)
Total	<u>\$ 93,464,054</u>	<u>\$ 2,422,876</u>	<u>\$ 95,886,930</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities**

**Pension Plan and Other Post-Employment Obligations**

**Teachers' and State Employees' Retirement System**

*Plan Description.* Craven County Board of Education contributes to 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 provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 7.44% of annual covered payroll for fiscal 2012, an increase of 251 basis points from the fiscal year 2011. The contribution requirements of plan members and of Craven County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2012, 2011, and 2010 were \$5,147,905, \$3,525,906, and \$2,568,977, respectively, equal to the required contributions for each year.

**Other Post-employment Benefits**

**Healthcare Benefits**

*Plan Description.* The post-employment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Other Post-employment Benefits (Continued)**

**Healthcare Benefits (Continued)**

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

**Funding Policy.** The Comprehensive Major Medical Plan is administered by the Executive Administrator and the Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees 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 and after October 1, 2006 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 total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the State sets monthly contribution rates to the Plan, 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, 2012, 2011 and 2010, the Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$3,454,077, \$3,504,451, and \$3,238,207, respectively. These contributions represented 5.00%, 4.90%, and 4.50% of covered payroll, respectively.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (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. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other post-employment benefit 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. 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 accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

*Funding Policy.* An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, 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 the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Long-term Disability Benefits (Continued)**

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for workers' compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which they might be entitled should they become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. 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 contributions cannot be separated between the amounts that relate to other post-employment 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 post-employment benefit. For the fiscal years ended June 30, 2012, 2011, and 2010 the Board paid all annual required contributions to the DIPNC for disability benefits of \$359,224, \$371,901, and \$374,193, respectively. These contributions represented 0.52%, 0.52%, and 0.52% of covered payroll, respectively.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Other Employment Benefits**

In addition to providing pension and post-employment healthcare benefits, the Board provides disability benefits and death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan 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.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Accounts Payable**

Accounts payable as of June 30, 2012, are as follows:

	<u>Vendors</u>	<u>Salaries and Wages</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 215,024	\$ 312,246	\$ 527,270
Other Local Current Expense Fund	14,690	64,730	79,420
Other	6,558	3,523,604	3,530,162
Total governmental activities	<u>\$ 236,272</u>	<u>\$ 3,900,580</u>	<u>\$ 4,136,852</u>
Business-type activities:			
School Food Service Fund	<u>\$ 329</u>	<u>\$ 41,725</u>	<u>\$ 42,054</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Unearned Revenues**

The balance in unearned revenues at year-end is composed of the following elements:

	Sales Tax Refund Receivable	Inventories	Unearned Prepayments	Total
<b>Governmental Activities:</b>				
General Fund	\$ 89,716	\$ -	\$ -	\$ 89,716
State Public School Fund	589	361,860	-	362,449
Federal Grants Fund	25,996	-	-	25,996
Individual Schools Fund	33,399	-	-	33,399
Other Local Current Expense Fund	-	-	2,894	2,894
Capital Outlay Fund	17,921	-	-	17,921
Total	<u>\$ 167,621</u>	<u>\$ 361,860</u>	<u>\$ 2,894</u>	<u>\$ 532,375</u>
 <b>Business-type Activities:</b>				
School Food Service Fund	\$ 13,266	\$ -	\$ 37,723	\$ 50,989
Total	<u>\$ 13,266</u>	<u>\$ -</u>	<u>\$ 37,723</u>	<u>\$ 50,989</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (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 Garagekeepers 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.

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

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Contingent Liabilities**

At June 30, 2012, 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.

**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, 2012:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Current</u> <u>Portion</u>
Governmental activities:					
Compensated absences	\$ 4,696,649	\$ 3,521,423	\$ 3,851,562	\$ 4,366,510	\$ 3,851,562
Total	<u>\$ 4,696,649</u>	<u>\$ 3,521,423</u>	<u>\$ 3,851,562</u>	<u>\$ 4,366,510</u>	<u>\$ 3,851,562</u>
Business-type activities:					
Compensated absences	<u>\$ 106,138</u>	<u>\$ 115,523</u>	<u>\$ 96,109</u>	<u>\$ 125,552</u>	<u>\$ 96,019</u>

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

**Bond Issue**

The citizens of Craven County passed a bond referendum calling for a \$19,030,000 bond issue for November 1995. The bonds are general obligation bonds issued for the purpose of constructing new school facilities, replacement of obsolete facilities and renovation of other facilities in the Craven County School System. The 1995 Bond Issue has been advanced refunded by the County at a lower interest rate and for additional county-wide projects including additional school construction, renovations, and improvements in 2004. The bonds are accounted for in Craven County's financial statements. The Board receives funding in its capital projects annually as the expenditures are incurred.



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Liabilities (Continued)**

**Certificates of Participation**

In 2006, the Craven County Board of Commissioners approved a financing arrangement of Certificates of Participation for construction of a new school in the amount of \$14,000,000. In the summer of 2006, the County refinanced this debt with a larger financing arrangement totaling \$57,635,000, of which \$18,900,000 will be used for new school construction, as well as renovations and improvements to existing sites. The Certificates of Participation are accounted for in Craven County's financial statements. The Board receives funding in its capital projects annually as the expenditures are incurred.

**Financing Commitments**

The Board has the power, pursuant to Section 115C-528 of the North Carolina General Statutes, to enter into installment contracts to finance the purchase or improvement of property and to secure its obligation under such contracts by security interest in all or a portion of the property purchased. The term of the financing cannot exceed three years and the Board must purchase the 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. In February 2012, the Board entered into an installment contract for the purchase of 5 buses in this manner but did not take delivery of the buses until subsequent to the end of the year. Because future resources will be used to fund the payment under the installment agreement, no encumbrance of fund balance at June 30, 2012, has been recorded.

The payments due in the fiscal year ended June 30, 2013 and thereafter are as follows:

Total purchase price, 5 buses	\$ 419,543
Payments due in fiscal year ending June 30, 2013	<u>209,772</u>
Remaining payments in subsequent years	<u>\$ 209,771</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**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 General Fund on behalf of the other funds.

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 33,732	\$ 39,135
Individual Schools Fund	-	33,399
School Food Service Fund	39,135	333
	<u>\$ 72,867</u>	<u>\$ 72,867</u>

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

<u>Fund</u>	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 159,833	\$ -
State Public School Fund	-	45,001
Individual Schools Fund	-	433,434
Capital Outlay	39,804	-
Other Local Current Expense Fund	393,630	159,833
School Food Service Fund	45,001	-
	<u>\$ 638,268</u>	<u>\$ 638,268</u>

**D) Fund Balance**

The Board has a revenue spending policy that provides 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.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II) DETAIL NOTES ON ALL FUNDS (Continued)**

**D) Fund Balance (Continued)**

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	\$ 8,912,100
Less:	
Inventories	388,075
Stabilization by State statute	935,914
Appropriated fund balance in 2013 budget	1,474,289
Remaining fund balance	\$ 6,113,822

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-ended. The following is a summary of outstanding encumbrances at June 30, 2012:

	General Fund	Capital Outlay Fund	Other Local Current Expense Fund
Encumbrances	\$ 734,011	\$ 131,583	\$ 36,057

**III) 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.

**IV) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 15, 2012, 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, 2012.

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## **SUPPLEMENTARY INFORMATION**

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INDIVIDUAL FUND SCHEUDULES

## **GENERAL FUND**

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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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Craven County appropriations	\$ 17,937,352	\$ 17,870,304	\$ (67,048)
U.S. Government:			
Impact Aid Grant	2,400,000	2,116,158	(283,842)
N.C. Medicare administrative outreach	-	434,159	434,159
Department of Defense financial assistance	450,670	450,670	-
Total U.S. Government	<u>2,850,670</u>	<u>3,000,987</u>	<u>150,317</u>
State of North Carolina:			
Other State allocations	49,315	735	(48,580)
Other revenues:			
Fines and forfeitures	562,588	451,263	(111,325)
Rental of school property	30,000	275	(29,725)
Indirect cost allocated	575,000	394,352	(180,648)
Interest	120,358	92,565	(27,793)
Sales taxes	100,000	90,407	(9,593)
Miscellaneous revenue	92,990	36,067	(56,923)
Total other revenues	<u>1,480,936</u>	<u>1,064,929</u>	<u>(416,007)</u>
Total revenues	<u>22,318,273</u>	<u>21,936,955</u>	<u>(381,318)</u>
<b>EXPENDITURES:</b>			
Instructional services:			
Regular instructional:			
Regular	4,542,542	3,386,472	1,156,070
Career technical education	3,533	3,529	4
Total	<u>4,546,075</u>	<u>3,390,001</u>	<u>1,156,074</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Special populations:			
Children with disabilities	\$ 75,929	\$ 75,571	\$ 358
Career technical education	35,928	35,928	-
Pre-K children with disabilities	462	460	2
Speech and language pathology services	258	257	1
Limited English proficiency	13,400	10,958	2,442
Total	<u>125,977</u>	<u>123,174</u>	<u>2,803</u>
Alternative programs:			
Alternative instruction	278,109	97,877	180,232
Remedial and supplemental	127,351	30,479	96,872
Extended day and year instruction	185	185	-
Total	<u>405,645</u>	<u>128,541</u>	<u>277,104</u>
School leadership	<u>2,370,760</u>	<u>2,136,842</u>	<u>233,918</u>
Co-curricular	<u>652,276</u>	<u>550,154</u>	<u>102,122</u>
School-based support:			
Educational media	697,081	682,302	14,779
Student accounting	6,978	6,974	4
Guidance services	19,518	-	19,518
Health support	834,394	731,939	102,455
Instructional technology	19,904	19,751	153
Staff development	29,718	24,835	4,883
Volunteer services	37,656	11,807	25,849
Total	<u>1,645,249</u>	<u>1,477,608</u>	<u>167,641</u>
Total instructional services	<u>9,745,982</u>	<u>7,806,320</u>	<u>1,939,662</u>
System-wide support services:			
Regular curricular support and development:	<u>828,960</u>	<u>515,649</u>	<u>313,311</u>
Total	<u>828,960</u>	<u>515,649</u>	<u>313,311</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Special population support and development	\$ 4,118	\$ 4,115	\$ 3
Alternative programs and services support and development	95,776	95,349	427
Technology support	530,083	450,474	79,609
Operational support:			
Communication	238,100	221,793	16,307
Printing and copying	470,212	419,705	50,507
Public utility and energy	3,593,350	3,354,111	239,239
Custodial and housekeeping	1,861,222	1,717,280	143,942
Transportation	465,026	418,727	46,299
Warehouse and delivery	4,676	4,675	1
Maintenance	4,505,020	3,469,900	1,035,120
Total	11,137,606	9,606,191	1,531,415
Financial and human resource:			
Financial	1,212,480	931,046	281,434
Human resource	77,331	52,054	25,277
Total	1,289,811	983,100	306,711
Accountability services:			
Student testing	25,000	20,434	4,566
Total	25,000	20,434	4,566
System-wide pupil support:			
Instructional technology support	82,115	78,753	3,362
Total	82,115	78,753	3,362

**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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Policy, leadership and public relations:			
Board of education	\$ 151,058	\$ 141,075	\$ 9,983
Legal services	158,523	158,523	-
Audit services	33,785	28,000	5,785
Leadership services	207,677	200,350	7,327
Public relations and marketing	7,638	2,149	5,489
Total	<u>558,681</u>	<u>530,097</u>	<u>28,584</u>
Total system-wide support services	<u>14,552,150</u>	<u>12,284,162</u>	<u>2,267,988</u>
Ancillary services:			
Child care services	21,649	21,643	6
Adult services	14,750	14,677	73
Total ancillary services	<u>36,399</u>	<u>36,320</u>	<u>79</u>
Non-programmed charges:			
Payments to charter schools	113,155	113,152	3
Total non-programmed charges	<u>113,155</u>	<u>113,152</u>	<u>3</u>
Total expenditures	<u>24,447,686</u>	<u>20,239,954</u>	<u>4,207,732</u>
Revenues over (under) expenditures before other financing sources	<u>(2,129,413)</u>	<u>1,697,001</u>	<u>3,826,414</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers from other funds	229,833	159,833	(70,000)
Transfers to other funds	(579)	-	579
Appropriated fund balance	1,900,159	-	(1,900,159)
	<u>2,129,413</u>	<u>159,833</u>	<u>(1,969,580)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,856,834</u>	<u>\$ 1,856,834</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>7,055,266</u>	
End of year		<u>\$ 8,912,100</u>	

## **SPECIAL REVENUE FUNDS**

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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 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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
State of North Carolina:			
Operating allocations	\$ 77,365,165	\$ 73,946,472	\$ (3,418,693)
Textbooks	22,864	16,149	(6,715)
Total revenues	<u>77,388,029</u>	<u>73,962,621</u>	<u>(3,425,408)</u>
<b>EXPENDITURES:</b>			
Instructional services:			
Regular instructional:			
Regular	46,839,452	44,061,933	2,777,519
Career technical education	3,670,786	3,659,938	10,848
Total	<u>50,510,238</u>	<u>47,721,871</u>	<u>2,788,367</u>
Special populations:			
Children with disabilities	5,229,206	5,173,103	56,103
Pre-K children with disabilities	629,561	629,512	49
Speech and language pathology services	851,435	850,248	1,187
Audiology services	45,744	45,743	1
Academically and intellectually gifted curricular	734,557	729,762	4,795
Limited English proficiency	376,443	375,462	981
Total	<u>7,866,946</u>	<u>7,803,830</u>	<u>63,116</u>
Alternative programs:			
Alternative instruction	487,269	418,049	69,220
Attendance and social work	187,497	179,640	7,857
Remedial and supplemental	1,149,355	947,648	201,707
Extended day and year instruction	324,369	251,794	72,575
Total	<u>2,148,490</u>	<u>1,797,131</u>	<u>351,359</u>
School leadership	<u>4,537,805</u>	<u>4,506,289</u>	<u>31,516</u>

**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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
School-based support:			
Educational media	\$ 1,620,095	\$ 1,619,096	\$ 999
Student accounting	29,725	28,714	1,011
Guidance services	2,555,287	2,490,723	64,564
Health support	1,085,845	1,014,878	70,967
Safety and security	378,145	378,145	-
Instructional technology	15,464	15,463	1
Staff development	6,619	5,916	703
Total	<u>5,691,180</u>	<u>5,552,935</u>	<u>138,245</u>
Total instructional services	<u>70,754,659</u>	<u>67,382,056</u>	<u>3,372,603</u>
System-wide support services:			
Support and development			
Regular curricular support and development:	893,600	885,945	7,655
Career technical education curricular support and development	120,829	112,701	8,128
Total	<u>1,014,429</u>	<u>998,646</u>	<u>15,783</u>
Special population support and development	<u>117,852</u>	<u>116,628</u>	<u>1,224</u>
Alternative programs and services support and development	<u>54,878</u>	<u>54,182</u>	<u>696</u>
Technology support	<u>132,458</u>	<u>132,438</u>	<u>20</u>
Operational support:			
Custodial and housekeeping	798,678	791,774	6,904
Transportation	3,545,840	3,532,426	13,414
Maintenance	111,509	106,701	4,808
Total	<u>4,456,027</u>	<u>4,430,901</u>	<u>25,126</u>
Financial and human resource:			
Financial	197,396	197,298	98
Human resource	350	-	350
Total	<u>197,746</u>	<u>197,298</u>	<u>448</u>

**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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Accountability services:			
Student testing	\$ 35,824	\$ 34,992	\$ 832
Total	<u>35,824</u>	<u>34,992</u>	<u>832</u>
Policy, leadership and public relations:			
Leadership services	576,332	567,797	8,535
Total	<u>576,332</u>	<u>567,797</u>	<u>8,535</u>
Total system-wide support services	<u>6,585,546</u>	<u>6,532,882</u>	<u>52,664</u>
Ancillary services:			
Nutrition services	2,820	2,682	138
Total	<u>2,820</u>	<u>2,682</u>	<u>138</u>
Total expenditures	<u>77,343,025</u>	<u>73,917,620</u>	<u>3,425,405</u>
Revenues over expenditures before other financing sources	45,004	45,001	3
<b>OTHER FINANCING SOURCES:</b>			
Transfers to other funds	(45,004)	(45,001)	(3)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>-</u>	
End of year		<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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
U.S. Government	\$ 18,216,577	\$ 13,548,895	\$ (4,667,682)
Total revenues	<u>18,216,577</u>	<u>13,548,895</u>	<u>(4,667,682)</u>
<b>EXPENDITURES:</b>			
Instructional services:			
Regular instructional:			
Regular	3,146,636	2,921,268	225,368
Career technical education	197,946	197,932	14
Total	<u>3,344,582</u>	<u>3,119,200</u>	<u>225,382</u>
Special populations:			
Children with disabilities	3,870,859	2,843,428	1,027,431
Pre-K children with disabilities	296,043	221,492	74,551
Speech and language pathology services	32,058	28,507	3,551
Limited English proficiency	94,194	79,505	14,689
Total	<u>4,293,154</u>	<u>3,172,932</u>	<u>1,120,222</u>
Alternative programs:			
Alternative instruction	265	259	6
Remedial and supplemental	4,393,511	3,548,520	844,991
Pre-K readiness	123,153	114,146	9,007
Extended day and year instruction	406,557	309,196	97,361
Total	<u>4,923,486</u>	<u>3,972,121</u>	<u>951,365</u>
School leadership	<u>799,655</u>	<u>798,901</u>	<u>754</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
School-based support:			
Guidance services	\$ 119	\$ 119	\$ -
Health support	48,383	43,344	5,039
Instructional technology	1,172,789	358,700	814,089
Staff development	712,042	544,022	168,020
	111,709	75,379	36,330
Total	<u>2,045,042</u>	<u>1,021,564</u>	<u>1,023,478</u>
Total instructional services	<u>15,405,919</u>	<u>12,084,718</u>	<u>3,321,201</u>
System-wide support services:			
Regular curricular support and development:	196,136	181,848	14,288
Career technical education support and development	5,575	5,575	-
Total	<u>201,711</u>	<u>187,423</u>	<u>14,288</u>
Special population support and development	<u>680,555</u>	<u>533,705</u>	<u>146,850</u>
Alternative programs and services support and development	<u>322,746</u>	<u>210,266</u>	<u>112,480</u>
Operational support:			
Transportation	<u>320,899</u>	<u>275,752</u>	<u>45,147</u>
Total	<u>320,899</u>	<u>275,752</u>	<u>45,147</u>
Financial and human resource:			
Human resource	103,380	83,499	19,881
Total	<u>103,380</u>	<u>83,499</u>	<u>19,881</u>
Total system-wide support services	<u>1,629,291</u>	<u>1,290,645</u>	<u>338,646</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Ancillary services:			
Nutrition services	\$ 1,425	\$ 1,122	\$ 303
Adult services	48,124	48,124	-
Total ancillary services	<u>49,549</u>	<u>49,246</u>	<u>303</u>
Non-programmed charges:			
Payments to other governmental units	181,125	124,286	56,839
Unbudgeted funds	950,693	-	950,693
Total non-programmed charges	<u>1,131,818</u>	<u>124,286</u>	<u>1,007,532</u>
Total expenditures	<u>18,216,577</u>	<u>13,548,895</u>	<u>4,667,682</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>-</u>	
End of year		<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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
U.S. Government:			
Medicare direct service reimbursement	\$ 323,699	\$ 325,931	\$ 2,232
JROTC	178,699	176,598	(2,101)
Energy efficiency grant	239,000	239,000	-
Other restricted federal grants	814,199	640,962	(173,237)
	<u>1,555,597</u>	<u>1,382,491</u>	<u>(173,106)</u>
State of North Carolina:			
Smart Start	218,764	218,760	(4)
More at Four	975,710	959,093	(16,617)
Other state allocations	83,740	90,975	7,235
	<u>1,278,214</u>	<u>1,268,828</u>	<u>(9,386)</u>
Other revenues:			
Tuition and fees	49,500	35,637	(13,863)
Rental of school property	-	85,530	85,530
Insurance settlement	283,668	273,668	(10,000)
Donations and contributions	48,650	48,648	(2)
Disposition of fixed assets	19,314	18,729	(585)
Miscellaneous revenue	158,020	315,653	157,633
Total other revenues	<u>559,152</u>	<u>777,865</u>	<u>218,713</u>
Total revenues	<u>3,392,963</u>	<u>3,429,184</u>	<u>36,221</u>
<b>EXPENDITURES:</b>			
Instructional services:			
Regular instructional:			
Regular	389,487	300,767	88,720
Career technical education	189,714	154,848	34,866
Total	<u>579,201</u>	<u>455,615</u>	<u>123,586</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Special populations:			
Children with disabilities	\$ 475,476	\$ 21,820	\$ 453,656
Career technical education	27,133	14,492	12,641
Pre-K children with disabilities	44	43	1
Total	<u>502,653</u>	<u>36,355</u>	<u>466,298</u>
Alternative programs:			
Alternative instruction	11,137	3,803	7,334
Remedial and supplemental	279,296	232,474	46,822
Pre-K readiness and remedial and supplemental services	1,372,032	1,105,808	266,224
Extended day and year instruction	60,370	55,000	5,370
Total	<u>1,722,835</u>	<u>1,397,085</u>	<u>325,750</u>
School leadership	<u>6,895</u>	<u>6,892</u>	<u>3</u>
School-based support:			
Guidance services	45,463	43,377	2,086
Health support	2,428	2,154	274
Staff development	30,167	17,732	12,435
Parent involvement	49,882	49,594	288
Total	<u>127,940</u>	<u>112,857</u>	<u>15,083</u>
Total instructional services	<u>2,939,524</u>	<u>2,008,804</u>	<u>930,720</u>
System-wide support services:			
Regular curricular support and development:			
Career technical education curricular support and development	18,658	16,053	2,605
Total	<u>18,658</u>	<u>16,053</u>	<u>2,605</u>
Alternative programs and services support and development	<u>252,739</u>	<u>203,986</u>	<u>48,753</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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Operational support:			
Custodial and housekeeping	\$ 290	\$ 288	\$ 2
Transportation	373,974	239,021	134,953
Facilities planning, acquisition and construction	499,800	494,563	5,237
Maintenance	284,378	220,436	63,942
Total	<u>1,158,442</u>	<u>954,308</u>	<u>204,134</u>
Financial and human resource:			
Financial services:	5,931	-	5,931
Total	<u>5,931</u>	<u>-</u>	<u>5,931</u>
Policy, leadership and public relations:			
Board of education	1,475	1,475	-
Public relations and marketing	4,473	4,473	-
Total	<u>5,948</u>	<u>5,948</u>	<u>-</u>
Total system-wide supporting services	<u>1,441,718</u>	<u>1,180,295</u>	<u>261,423</u>
Ancillary services:			
Child care services	116,271	120,640	(4,369)
Nutrition services	125	118	7
Adult services	82,069	47,542	34,527
Total ancillary services	<u>198,465</u>	<u>168,300</u>	<u>30,165</u>
Non-programmed charge	<u>5,073</u>	<u>3,351</u>	<u>1,722</u>
Total expenditures	<u>4,584,780</u>	<u>3,360,750</u>	<u>1,224,030</u>
Revenues over (under) expenditures before other financing sources	<u>(1,191,817)</u>	<u>68,434</u>	<u>1,260,251</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	\$ 347,059	\$ 393,630	\$ 46,571
Transfers to other funds	(159,833)	(159,833)	-
Appropriated fund balance	<u>1,004,591</u>	<u>-</u>	<u>(1,004,591)</u>
	<u>1,191,817</u>	<u>233,797</u>	<u>(958,020)</u>
 Net change in fund balance	 <u>\$ -</u>	 302,231	 <u>\$ 302,231</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>1,501,234</u>	
End of year		<u>\$ 1,803,465</u>	

## **CAPITAL OUTLAY FUND**

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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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
State of North Carolina:			
State appropriations - buses	\$ 419,543	\$ -	\$ (419,543)
Craven County:			
Appropriations - operating	700,000	700,000	-
Appropriations - capital	2,106,047	1,505,663	(600,384)
	<u>2,806,047</u>	<u>2,205,663</u>	<u>(600,384)</u>
Other revenues:			
Sales tax	-	7,943	7,943
Insurance settlement	-	31,644	31,644
	<u>-</u>	<u>39,587</u>	<u>39,587</u>
Total revenues	<u>3,225,590</u>	<u>2,245,250</u>	<u>(980,340)</u>
<b>EXPENDITURES:</b>			
Furniture and equipment	2,558,146	1,847,034	711,112
Buses and motor vehicles	655,062	235,519	419,543
Improvements and renovations	191,268	38,790	152,478
Supplies	50,209	50,207	2
Total expenditures	<u>3,454,685</u>	<u>2,171,550</u>	<u>1,283,135</u>
Revenues over (under) expenditures before other financing sources	(229,095)	73,700	302,795
<b>OTHER FINANCING SOURCES:</b>			
Transfers from other funds	35,536	39,804	4,268
Appropriated fund balance	193,559	-	(193,559)
	<u>229,095</u>	<u>39,804</u>	<u>(189,291)</u>
Net change in fund balance	<u>\$ -</u>	<u>113,504</u>	<u>\$ 113,504</u>
<b>FUND BALANCE:</b>			
Beginning of year		410,224	
End of year		<u>\$ 523,728</u>	

## **ENTERPRISE FUND**

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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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
Food sales	\$ 2,502,000	\$ 2,254,297	\$ (247,703)
Miscellaneous local operating revenue	4,500	17,736	13,236
	2,506,500	2,272,033	(234,467)
 <b>OPERATING EXPENDITURES:</b>			
Business support services:			
Purchase of food	2,574,536	2,182,753	391,783
Donated commodities	361,636	376,365	(14,729)
Salaries and benefits	3,063,304	2,913,765	149,539
Professional and technical services	36,402	24,197	12,205
Property services	34,100	11,703	22,397
Transportation services	21,500	19,459	2,041
Communications	7,500	5,937	1,563
Dues and fees	4,477	4,470	7
Insurance	1,200	1,839	(639)
Indirect costs	425,000	238,147	186,853
Supplies and materials	181,805	118,023	63,782
Repairs and maintenance	72,682	46,598	26,084
Fuel and oil	4,136	7,611	(3,475)
Food processing supplies	244,035	207,931	36,104
Total business support services	7,032,313	6,158,798	873,515
Capital outlay	834,318	647,242	187,076
Total operating expenditures	7,866,631	6,806,040	1,060,591
Operating loss	(5,360,131)	(4,534,007)	826,124

**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, 2012**

	Final Budget	Actual	Variance Positive (Negative)
<b>NONOPERATING REVENUES:</b>			
Federal reimbursements	\$ 4,252,000	\$ 4,372,880	\$ 120,880
Federal commodities	361,636	376,365	14,729
Fresh fruits and vegetables program	152,991	152,990	(1)
State reimbursements	25,500	17,042	(8,458)
Sale of capital assets	-	2,851	2,851
Interest earned	25,000	23,284	(1,716)
Total nonoperating revenues	4,817,127	4,945,412	128,285
Revenues over (under) expenditures before other financing sources	(543,004)	411,405	954,409
<b>OTHER FINANCING SOURCES:</b>			
Transfers from other funds	45,004	45,001	(3)
Appropriated fund balance	498,000	-	(498,000)
	543,004	45,001	(498,003)
Revenues over expenditures	\$ -	456,406	\$ 456,406
Reconciliation of modified accrual to full accrual basis:			
Depreciation		(244,154)	
Decrease in inventory		(174,179)	
Capital outlay		647,242	
Increase in compensated absences payable		(19,414)	
Change in net assets (full accrual basis)		\$ 665,901	

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## **STATISTICAL SECTION**

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Unaudited

**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.

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Revenue Capacity:

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

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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.

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**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.

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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.

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Sources

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The Board implemented GASB Statement 34 in the fiscal year ending June 30, 2003; tables presenting district-wide information include information beginning in that year.

**Table 1**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 93,464,054	\$ 96,098,455	\$ 99,312,106	\$ 102,880,677	\$ 104,737,033	\$ 99,290,954	\$ 90,502,703	\$ 92,212,072	\$ 94,985,911	\$ 89,853,465
Restricted	1,574,314	1,541,526	815,099	809,622	877,652	892,669	2,176,966	2,055,951	802,729	240,523
Unrestricted	6,200,357	3,674,174	1,669,706	527,177	1,124,873	34,116	(311,326)	1,675,612	2,402,203	3,015,605
<b>Total Governmental Activities Net Assets</b>	<b>\$ 101,238,725</b>	<b>\$ 101,314,155</b>	<b>\$ 101,796,911</b>	<b>\$ 104,217,476</b>	<b>\$ 106,739,558</b>	<b>\$ 100,217,739</b>	<b>\$ 92,368,343</b>	<b>\$ 95,943,635</b>	<b>\$ 98,190,843</b>	<b>\$ 93,109,593</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 2,422,876	\$ 2,027,958	\$ 1,782,688	\$ 1,847,844	\$ 1,841,714	\$ 1,670,370	\$ 1,762,590	\$ 1,652,702	\$ 1,269,483	\$ 941,368
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,857,095	4,586,112	4,084,499	3,382,697	2,933,715	2,901,917	2,406,475	2,133,957	2,204,735	2,304,798
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 7,279,971</b>	<b>\$ 6,614,070</b>	<b>\$ 5,867,187</b>	<b>\$ 5,230,541</b>	<b>\$ 4,775,429</b>	<b>\$ 4,572,287</b>	<b>\$ 4,169,065</b>	<b>\$ 3,786,659</b>	<b>\$ 3,474,218</b>	<b>\$ 3,246,166</b>
<b>Total Assets</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 95,886,930	\$ 98,126,413	\$ 101,094,794	\$ 104,728,521	\$ 106,578,747	\$ 100,961,324	\$ 92,265,293	\$ 93,864,774	\$ 96,255,394	\$ 90,794,833
Restricted	1,574,314	1,541,526	815,099	809,622	877,652	892,669	2,176,966	2,055,951	802,729	240,523
Unrestricted	11,057,452	8,260,286	5,754,205	3,909,874	4,058,588	2,936,033	2,095,149	3,809,569	4,606,938	5,320,403
<b>Total Net Assets</b>	<b>\$ 108,518,696</b>	<b>\$ 107,928,225</b>	<b>\$ 107,664,098</b>	<b>\$ 109,448,017</b>	<b>\$ 111,514,987</b>	<b>\$ 104,790,026</b>	<b>\$ 96,537,408</b>	<b>\$ 99,730,294</b>	<b>\$ 101,665,061</b>	<b>\$ 96,355,759</b>

Note: Accrual-basis financial information for the Board of Education is available from FY 2003 forward, the year GASB Statement 34 was implemented.

**Table 2**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Governmental activities</u>										
Invested in capital assets, net of related debt	\$ 37,057,382	\$ 37,674,722	\$ 34,254,404	\$ 33,675,755	\$ 31,120,067	\$ 29,183,692	\$ 26,036,499	\$ 24,089,182	\$ 23,254,067	\$ 22,674,229
Restricted	9,058,929	8,300,518	4,029,326	4,349,082	5,079,723	4,876,200	3,078,658	4,830,932	8,313,499	11,699,026
Unrestricted (deficit)	<u>(13,148,958)</u>	<u>(14,757,288)</u>	<u>(13,245,067)</u>	<u>(17,350,746)</u>	<u>(17,948,088)</u>	<u>(16,368,150)</u>	<u>(12,381,079)</u>	<u>(18,939,009)</u>	<u>(25,230,973)</u>	<u>(27,951,015)</u>
Total governmental activities net assets	<u>\$ 32,967,353</u>	<u>\$ 31,217,952</u>	<u>\$ 25,038,663</u>	<u>\$ 20,674,091</u>	<u>\$ 18,251,702</u>	<u>\$ 17,691,742</u>	<u>\$ 16,734,078</u>	<u>\$ 9,981,105</u>	<u>\$ 6,336,593</u>	<u>\$ 6,422,240</u>
<u>Business-type activities</u>										
Invested in capital assets, net of related debt	\$ 17,751,235	\$ 17,797,133	\$ 18,280,499	\$ 18,330,655	\$ 19,542,861	\$ 17,836,280	\$ 17,289,167	\$ 17,299,771	\$ 16,869,221	\$ 14,081,588
Unrestricted	<u>14,546,045</u>	<u>13,198,583</u>	<u>11,522,108</u>	<u>9,909,504</u>	<u>7,651,538</u>	<u>7,822,174</u>	<u>6,890,711</u>	<u>5,711,338</u>	<u>5,088,075</u>	<u>6,895,720</u>
Total business-type activities	<u>\$ 32,297,280</u>	<u>\$ 30,995,716</u>	<u>\$ 29,802,607</u>	<u>\$ 28,240,159</u>	<u>\$ 27,194,399</u>	<u>\$ 25,658,454</u>	<u>\$ 24,179,878</u>	<u>\$ 23,011,109</u>	<u>\$ 21,957,296</u>	<u>\$ 20,977,308</u>
<u>Primary government</u>										
Invested in capital assets, net of related debt	\$ 54,808,617	\$ 55,471,855	\$ 52,534,903	\$ 52,006,410	\$ 50,662,928	\$ 47,019,972	\$ 43,325,666	\$ 41,388,953	\$ 40,123,288	\$ 36,755,817
Restricted	9,058,929	8,300,518	4,029,326	4,349,082	5,079,723	4,876,200	3,078,658	4,830,932	8,313,499	11,699,026
Unrestricted (deficit)	<u>1,397,087</u>	<u>(1,558,705)</u>	<u>(1,722,959)</u>	<u>(7,441,242)</u>	<u>(10,296,550)</u>	<u>(8,545,976)</u>	<u>(5,490,368)</u>	<u>(13,227,671)</u>	<u>(20,142,898)</u>	<u>(21,055,295)</u>
Total primary government net assets	<u>\$ 65,264,633</u>	<u>\$ 62,213,668</u>	<u>\$ 54,841,270</u>	<u>\$ 48,914,250</u>	<u>\$ 45,446,101</u>	<u>\$ 43,350,196</u>	<u>\$ 40,913,956</u>	<u>\$ 32,992,214</u>	<u>\$ 28,293,889</u>	<u>\$ 27,399,548</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Source: Craven County Finance Department

**Table 3**

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

Functions/Programs	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental Activities										
Instructional programs	\$ 92,135,190	\$ 91,831,915	\$ 92,716,514	\$ 95,532,375	\$ 94,258,132	\$ 82,048,958	\$ 77,368,932	\$ 80,169,361	\$ 71,732,142	\$ 71,442,532
Supporting services	23,031,184	22,621,993	21,832,422	21,992,672	32,843,346	27,397,224	28,443,726	24,835,300	25,067,453	27,997,418
Ancillary services	256,548	257,423	286,543	328,502	294,652	62,662	60,904	69,359	40,323	60,890
Non-program charges	240,789	386,909	359,603	5,373	9,272	10,974	148,280	82,024	103,776	15,291
Unallocated depreciation	2,948,554	2,898,926	2,954,049	2,782,007	2,518,963	2,644,475	2,614,794			
Total governmental activities	<u>118,612,265</u>	<u>117,997,166</u>	<u>118,149,131</u>	<u>120,640,929</u>	<u>129,924,365</u>	<u>112,164,293</u>	<u>108,636,636</u>	<u>105,156,044</u>	<u>96,943,694</u>	<u>99,516,131</u>
Business-type activities:										
School food services	6,596,545	6,622,185	6,701,169	6,501,219	6,760,175	6,286,746	5,962,012	5,925,089	5,652,961	5,321,555
Total business-type activities	<u>6,596,545</u>	<u>6,622,185</u>	<u>6,701,169</u>	<u>6,501,219</u>	<u>6,760,175</u>	<u>6,286,746</u>	<u>5,962,012</u>	<u>5,925,089</u>	<u>5,652,961</u>	<u>5,321,555</u>
<b>Total board of education expenses</b>	<u>\$ 125,208,810</u>	<u>\$ 124,619,351</u>	<u>\$ 124,850,300</u>	<u>\$ 127,142,148</u>	<u>\$ 136,684,540</u>	<u>\$ 118,451,039</u>	<u>\$ 114,598,648</u>	<u>\$ 111,081,133</u>	<u>\$ 102,596,655</u>	<u>\$ 104,837,686</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
Instructional programs	\$ 35,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,285	\$ 844,108	\$ 2,836,205
Supporting services	480,157	-	-	-	-	-	-	79,249	29,465	13,247
Operating grants and contributions										
Instructional programs	84,008,758	84,294,313	85,044,703	84,724,664	84,109,713	74,972,823	70,124,950	73,977,985	70,743,640	59,943,019
Supporting services	8,716,032	8,951,927	8,669,825	7,082,003	7,722,979	12,008,957	11,201,624	11,100,838	10,737,594	10,139,465
Ancillary services	102,793	116,551	187,510	185,234	195,157	60,319	57,492	41,969	40,323	60,890
Non-program charges	127,637	315,920	305,850	137,464	150,624	129,057	123,917	82,024	77,047	89,387
Capital grants and contributions										
Instructional programs	-	-	-	-	-	-	-	692,258	251,287	-
Supporting services	345,119	299,160	190,733	562,372	-	-	-	-	-	19,047
Total governmental activities program revenues	<u>93,816,133</u>	<u>93,977,871</u>	<u>94,398,621</u>	<u>92,691,737</u>	<u>92,178,473</u>	<u>87,171,156</u>	<u>81,507,983</u>	<u>86,557,608</u>	<u>82,723,464</u>	<u>73,101,260</u>
Business-type activities:										
Charges for services										
School food services	2,254,297	2,391,415	2,474,273	2,606,875	2,569,472	2,676,408	2,641,187	2,455,864	2,347,428	2,370,117
Operating grants and contributions										
School food services	4,922,128	4,809,246	4,725,014	4,210,580	3,929,362	3,796,458	3,576,674	3,365,626	3,307,244	3,051,166
Total business-type activities program revenues	<u>7,176,425</u>	<u>7,200,661</u>	<u>7,199,287</u>	<u>6,817,455</u>	<u>6,498,834</u>	<u>6,472,866</u>	<u>6,217,861</u>	<u>5,821,490</u>	<u>5,654,672</u>	<u>5,421,283</u>
<b>Total board of education revenues</b>	<u>\$ 100,992,558</u>	<u>\$ 101,178,532</u>	<u>\$ 101,597,908</u>	<u>\$ 99,509,192</u>	<u>\$ 98,677,307</u>	<u>\$ 93,644,022</u>	<u>\$ 87,725,844</u>	<u>\$ 92,379,098</u>	<u>\$ 88,378,136</u>	<u>\$ 78,522,543</u>



**Table 3**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense) / revenue										
Governmental activities	\$ (24,796,132)	\$ (24,019,295)	\$ (23,750,510)	\$ (27,949,192)	\$ (37,745,892)	\$ (24,993,137)	\$ (27,128,653)	\$ (18,598,436)	\$ (14,220,230)	\$ (26,414,871)
Business-type activities	579,880	578,476	498,118	316,236	(261,341)	186,120	255,848	(103,599)	1,711	99,728
Total board of education net (expense) / revenue	<u>\$ (24,216,252)</u>	<u>\$ (23,440,819)</u>	<u>\$ (23,252,392)</u>	<u>\$ (27,632,956)</u>	<u>\$ (38,007,233)</u>	<u>\$ (24,807,017)</u>	<u>\$ (26,872,805)</u>	<u>\$ (18,702,035)</u>	<u>\$ (14,218,519)</u>	<u>\$ (26,315,143)</u>
General revenues and other changes in net assets										
Governmental activities										
Unrestricted county appropriation - operating	\$ 18,570,304	\$ 17,858,438	\$ 17,454,986	\$ 17,332,275	\$ 16,548,837	\$ 16,654,199	\$ 14,666,053	\$ 13,985,964	\$ 13,253,940	\$ 12,614,939
Unrestricted county appropriation - capital	1,505,663	756,953	979,339	2,361,872	21,717,639	10,222,317	2,688,512	1,540,142	4,799,353	19,775,949
Unrestricted state appropriation - operating	1,094,778	323,435	359,604	278,011	67,468	199,529	387,350	479,334	643,512	1,052,376
Unrestricted state appropriation - capital	-	-	-	-	983,280	697,503	468,244	432,691	500,052	228,560
Unrestricted federal appropriation - operating	2,671,840	2,894,911	1,022,062	3,526,078	2,808,186	3,803,376	3,245,657	-	-	3,457,952
Interest earnings - restricted	-	-	-	-	-	-	-	47,657	55,767	-
Interest earnings - unrestricted	67,565	67,035	94,854	204,891	268,252	300,941	210,833	150,837	177,598	309,288
Miscellaneous - unrestricted	855,553	1,680,768	1,484,557	1,723,983	2,136,152	2,209,477	1,899,887	286,930	17,414	937,320
Special item - gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	(20,526)
Transfers	(45,001)	(45,001)	-	-	(262,103)	-	(13,175)	(314,055)	(146,156)	-
Total governmental activities	<u>24,720,702</u>	<u>23,536,539</u>	<u>21,395,402</u>	<u>25,427,110</u>	<u>44,267,711</u>	<u>34,087,342</u>	<u>23,553,361</u>	<u>16,609,500</u>	<u>19,301,480</u>	<u>38,355,858</u>
Business-type activities										
Unrestricted county appropriation - operating	-	-	-	-	-	-	-	51,300	80,185	-
Unrestricted state appropriation - operating	-	33,095	30,384	44,259	37,148	42,659	34,199	-	-	-
Interest earnings - unrestricted	23,284	28,211	42,094	90,055	95,825	103,356	50,425	50,685	-	81,561
Miscellaneous - unrestricted	17,736	62,100	593	4,562	69,405	71,087	28,759	-	-	-
Special item - gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	2,289
Transfers	45,001	45,001	-	-	262,103	-	13,175	314,055	146,156	-
Total business-type activities	<u>86,021</u>	<u>168,407</u>	<u>73,071</u>	<u>138,876</u>	<u>464,481</u>	<u>217,102</u>	<u>126,558</u>	<u>416,040</u>	<u>226,341</u>	<u>83,850</u>
Total board of education	<u>\$ 24,806,723</u>	<u>\$ 23,704,946</u>	<u>\$ 21,468,473</u>	<u>\$ 25,565,986</u>	<u>\$ 44,732,192</u>	<u>\$ 34,304,444</u>	<u>\$ 23,679,919</u>	<u>\$ 17,025,540</u>	<u>\$ 19,527,821</u>	<u>\$ 38,439,708</u>
Change in net assets										
Governmental activities	\$ (75,430)	\$ (482,756)	\$ (2,355,108)	\$ (2,522,082)	\$ 6,521,809	\$ 9,094,205	\$ (3,575,292)	\$ (1,988,936)	\$ 5,081,250	\$ 11,940,987
Business-type activities	665,901	746,883	571,189	455,112	203,140	403,222	382,406	312,441	228,052	183,578
Total changes in net assets	<u>\$ 590,471</u>	<u>\$ 264,127</u>	<u>\$ (1,783,919)</u>	<u>\$ (2,066,970)</u>	<u>\$ 6,724,949</u>	<u>\$ 9,497,427</u>	<u>\$ (3,192,886)</u>	<u>\$ (1,676,495)</u>	<u>\$ 5,309,302</u>	<u>\$ 12,124,565</u>

Note: Accrual-basis financial information for the Board of Education is available from FY 2003 forward, the year GASB Statement 34 was implemented.

Table 4

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 10,295,084	\$ 8,577,883	\$ 7,963,893	\$ 7,785,402	\$ 6,568,743	\$ 7,679,876	\$ 7,391,683	\$ 6,557,817	\$ 6,802,230	\$ 5,896,630
Public safety	16,897,985	16,218,231	14,754,169	14,166,850	13,475,510	12,792,549	12,643,683	11,895,790	11,584,190	10,732,195
Social services	23,091,103	23,268,931	22,338,223	23,190,078	24,491,355	23,686,006	22,822,110	21,364,472	20,695,194	19,641,710
Economic and physical development	3,372,531	3,820,355	3,020,353	3,138,650	3,447,939	2,629,063	2,658,847	3,873,381	3,292,424	5,360,444
Environmental protection	5,044,117	5,234,597	5,191,327	5,576,352	5,369,403	5,448,188	5,105,286	4,943,096	5,083,596	3,850,575
Health	8,391,523	8,467,181	8,537,699	8,245,927	8,053,103	7,381,812	7,419,050	6,915,059	6,981,725	6,479,067
Cultural and recreation	2,287,587	2,357,440	2,305,497	3,201,411	2,070,824	2,307,962	2,077,212	1,898,961	1,801,012	1,490,297
Education	23,781,177	22,244,200	22,099,376	24,746,401	33,000,753	29,897,811	20,218,865	18,391,669	20,600,373	35,104,248
Interest on long term debt	3,488,561	3,772,400	3,971,610	4,457,642	3,716,568	3,042,742	2,414,904	2,593,134	2,715,170	3,183,668
<b>Total governmental activities</b>	<b>96,649,668</b>	<b>93,961,218</b>	<b>90,182,147</b>	<b>94,508,713</b>	<b>100,194,198</b>	<b>94,866,009</b>	<b>82,751,640</b>	<b>78,433,379</b>	<b>79,555,914</b>	<b>91,738,834</b>
<b>Business-type activities:</b>										
Water	2,504,781	2,533,584	2,259,291	2,814,711	2,378,268	2,350,421	2,452,231	2,212,566	2,092,799	2,294,785
<b>Total primary government expenses</b>	<b>\$ 99,154,449</b>	<b>\$ 96,494,802</b>	<b>\$ 92,441,438</b>	<b>\$ 97,323,424</b>	<b>\$ 102,572,466</b>	<b>\$ 97,216,430</b>	<b>\$ 85,203,871</b>	<b>\$ 80,645,945</b>	<b>\$ 81,648,713</b>	<b>\$ 94,033,619</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services:</b>										
General government	\$ 1,633,609	\$ 1,470,684	\$ 1,283,052	\$ 1,295,547	\$ 1,737,095	\$ 2,116,173	\$ 2,406,806	\$ 1,838,261	\$ 1,657,142	\$ 1,666,826
Public safety	2,250,857	1,998,438	1,715,207	2,375,313	2,076,961	1,957,081	2,148,811	1,697,240	1,597,259	1,500,193
Social services	746,897	705,484	895,360	905,238	708,758	600,994	626,859	690,235	650,102	451,043
Economic and physical development	1,094,565	1,040,227	1,048,298	1,009,269	1,072,446	990,517	916,702	920,675	809,529	683,866
Environmental protection	2,509,331	2,462,442	2,442,846	2,720,503	2,821,666	2,639,579	2,462,004	2,212,444	2,178,704	2,214,990
Health	5,005,119	5,808,276	5,158,491	4,872,707	4,603,742	4,288,785	4,436,213	4,283,919	4,225,968	3,754,021
Cultural and recreation	75,810	72,418	70,223	58,393	43,309	50,690	38,948	45,745	51,000	43,438
Education	-	-	-	-	-	-	-	-	503,596	-
<b>Operating grants and contributions:</b>										
General government	2,238,620	1,298,151	1,097,706	1,355,699	1,533,601	1,078,615	1,147,799	1,202,220	1,660,038	1,578,967
Public safety	845,729	928,821	858,361	551,977	634,277	612,213	651,655	912,191	669,885	707,552
Social services	15,728,496	15,687,981	14,754,004	13,472,526	12,805,213	12,228,544	11,834,461	10,662,434	10,854,794	10,066,157
Economic and physical development	32,998	-	44,816	24,755	499,293	219,000	50,750	1,195,959	637,866	2,187,801
Environmental protection	143,389	130,108	196,072	169,132	183,564	138,582	168,890	210,007	613,754	436,921
Health	1,701,749	1,821,323	2,069,631	1,627,356	1,495,242	1,407,566	1,473,080	1,520,635	1,592,510	1,590,116
Cultural and recreation	49,500	61,500	18,000	45,000	75,233	35,300	9,250	-	1,000	-
<b>Capital grants and contributions:</b>										
General government	-	-	43,609	104,129	-	-	417,447	-	-	-
Public safety	4,472	10,696	99,999	-	-	-	34,526	-	324,304	51,897
Social services	117,377	109,337	103,938	193,612	185,910	112,514	228,739	-	117,050	91,638
Economic and physical development	580,782	766,166	184,344	106,721	-	-	-	-	-	-
Cultural and recreation	-	395,394	56,875	50,000	343,815	106,185	65,625	-	-	-
Education	1,129,230	2,136,870	1,438,000	1,560,478	1,969,220	1,150,405	1,182,900	859,450	-	-
<b>Total governmental activities program revenues</b>	<b>35,888,530</b>	<b>36,904,316</b>	<b>33,578,832</b>	<b>32,498,355</b>	<b>32,789,345</b>	<b>29,732,743</b>	<b>30,301,465</b>	<b>28,251,415</b>	<b>28,144,501</b>	<b>27,025,426</b>

**Table 4**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Business-type activities:</b>										
Charge for services - Water	\$ 3,709,076	\$ 3,652,217	\$ 3,688,563	\$ 3,609,669	\$ 3,387,837	\$ 3,350,661	\$ 3,296,858	\$ 3,003,662	\$ 2,925,947	\$ 3,001,287
Capital grants and contributions - Water	-	-	-	-	-	-	-	-	-	145,830
<b>Total business-type activities program revenues</b>	<b>3,709,076</b>	<b>3,652,217</b>	<b>3,688,563</b>	<b>3,609,669</b>	<b>3,387,837</b>	<b>3,350,661</b>	<b>3,296,858</b>	<b>3,003,662</b>	<b>2,925,947</b>	<b>3,147,117</b>
<b>Total primary government program revenues</b>	<b>\$ 39,597,606</b>	<b>\$ 40,556,533</b>	<b>\$ 37,267,395</b>	<b>\$ 36,108,024</b>	<b>\$ 36,177,182</b>	<b>\$ 33,083,404</b>	<b>\$ 33,598,323</b>	<b>\$ 31,255,077</b>	<b>\$ 31,070,448</b>	<b>\$ 30,172,543</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (60,761,138)	\$ (57,056,902)	\$ (56,603,315)	\$ (62,010,358)	\$ (67,404,853)	\$ (65,133,266)	\$ (52,450,175)	\$ (50,181,964)	\$ (51,411,413)	\$ (64,713,408)
Business-type activities	1,204,295	1,118,633	1,429,272	794,958	1,009,569	1,000,240	844,627	791,096	833,148	852,332
<b>Total primary government net (expense)/revenue</b>	<b>\$ (59,556,843)</b>	<b>\$ (55,938,269)</b>	<b>\$ (55,174,043)</b>	<b>\$ (61,215,400)</b>	<b>\$ (66,395,284)</b>	<b>\$ (64,133,026)</b>	<b>\$ (51,605,548)</b>	<b>\$ (49,390,868)</b>	<b>\$ (50,578,265)</b>	<b>\$ (63,861,076)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 46,550,189	\$ 47,482,900	\$ 44,076,129	\$ 43,814,430	\$ 42,236,411	\$ 40,057,692	\$ 37,864,384	\$ 33,462,209	\$ 32,409,695	\$ 32,399,791
Local option sales tax	13,491,235	12,415,520	13,053,176	16,796,425	20,131,706	19,769,089	18,100,692	17,433,367	16,963,021	13,998,546
Other taxes and licenses	1,003,991	857,817	790,980	766,861	798,930	730,206	716,807	631,352	580,312	551,086
Investment earnings	231,554	282,690	544,629	1,375,589	3,500,775	2,452,049	1,250,704	622,429	311,727	643,283
Miscellaneous	1,128,570	2,091,064	2,406,773	1,582,642	1,226,841	3,036,095	1,224,762	1,631,320	999,012	623,341
Transfers	105,000	106,200	96,200	96,800	70,150	45,799	45,799	45,799	61,999	61,998
<b>Total governmental activities:</b>	<b>62,510,539</b>	<b>63,236,191</b>	<b>60,967,887</b>	<b>64,432,747</b>	<b>67,964,813</b>	<b>66,090,930</b>	<b>59,203,148</b>	<b>53,826,476</b>	<b>51,325,766</b>	<b>48,278,045</b>
<b>Business-type activities:</b>										
Investment earnings	67,396	72,310	127,572	239,026	429,842	370,366	246,435	102,105	57,500	87,816
Miscellaneous	134,873	114,098	101,804	108,576	166,684	153,769	123,506	206,411	151,339	206,032
Transfers	(105,000)	(106,200)	(96,200)	(96,800)	(70,150)	(45,799)	(45,799)	(45,799)	(61,999)	(61,998)
<b>Total business-type activities</b>	<b>97,269</b>	<b>80,208</b>	<b>133,176</b>	<b>250,802</b>	<b>526,376</b>	<b>478,336</b>	<b>324,142</b>	<b>262,717</b>	<b>146,840</b>	<b>231,850</b>
<b>Total primary government</b>	<b>\$ 62,607,808</b>	<b>\$ 63,316,399</b>	<b>\$ 61,101,063</b>	<b>\$ 64,683,549</b>	<b>\$ 68,491,189</b>	<b>\$ 66,569,266</b>	<b>\$ 59,527,290</b>	<b>\$ 54,089,193</b>	<b>\$ 51,472,606</b>	<b>\$ 48,509,895</b>
<b>Change in Net Assets</b>										
Governmental activities	\$ 1,749,401	\$ 6,179,289	\$ 4,364,572	\$ 2,422,389	\$ 559,960	\$ 957,664	\$ 6,752,973	\$ 3,644,512	\$ (85,647)	\$ (16,435,363)
Business-type activities	1,301,564	1,198,841	1,562,448	1,045,760	1,535,945	1,478,576	1,168,769	1,053,813	979,988	1,084,182
<b>Total primary government</b>	<b>\$ 3,050,965</b>	<b>\$ 7,378,130</b>	<b>\$ 5,927,020</b>	<b>\$ 3,468,149</b>	<b>\$ 2,095,905</b>	<b>\$ 2,436,240</b>	<b>\$ 7,921,742</b>	<b>\$ 4,698,325</b>	<b>\$ 894,341</b>	<b>\$ (15,351,181)</b>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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									
	2012 <sup>1</sup>	2011 <sup>1</sup>	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund</b>										
Reserved for:										
Inventories	\$ -	\$ -	\$ 389,797	\$ 412,529	\$ 355,799	\$ 411,491	\$ 355,941	\$ 340,785	\$ 427,108	\$ 388,895
State Statute	-	-	175,505	231,545	535,109	311,126	409,368	544,915	192,524	381,227
Total reserved	-	-	565,302	644,074	890,908	722,617	765,309	885,700	619,632	770,122
Unreserved										
Designated for subsequent year's expenditure	-	-	1,000,000	1,000,000	1,000,000	1,000,000	-	750,000	750,000	750,000
Undesignated	-	-	4,342,550	3,530,186	3,828,482	3,577,838	2,770,993	2,866,638	2,848,249	3,111,538
Total unreserved	-	-	5,342,550	4,530,186	4,828,482	4,577,838	2,770,993	3,616,638	3,598,249	3,861,538
Nonspendable	388,075	388,247	-	-	-	-	-	-	-	-
Restricted	2,546,285	71,690	-	-	-	-	-	-	-	-
Assigned	3,092,999	1,474,285	-	-	-	-	-	-	-	-
Unassigned	6,113,822	5,121,040	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>12,141,181</b>	<b>7,055,266</b>	<b>5,907,852</b>	<b>5,174,260</b>	<b>5,719,390</b>	<b>5,300,455</b>	<b>3,536,302</b>	<b>4,502,338</b>	<b>4,217,881</b>	<b>4,631,660</b>
<b>All Other Governmental Fund</b>										
Reserved										
Capital projects fund	-	-	-	131,002	1,166,647	10,453	47,641	64,170	466,097	3,024,209
Individual schools fund	-	-	13,908	21,887	21,869	14,241	16,355	55,048	70,351	-
Total reserved	-	-	13,908	152,889	1,188,516	24,694	63,996	119,218	536,448	3,024,209
Unreserved										
Designated for subsequent year's expenditure										
Capital projects fund	-	-	-	-	-	797,429	-	-	-	-
Undesignated										
Capital projects fund	-	-	611,105	255,457	(664,439)	-	731,573	1,210,788	2,505,431	(1,218,677)
Individual schools fund	-	-	801,191	787,735	855,783	878,428	2,160,611	2,000,903	732,378	794,043
Total unreserved	-	-	1,412,296	1,043,192	191,344	1,675,857	2,892,184	3,211,691	3,237,809	(424,634)
Restricted										
Individual Schools Fund	901,888	945,625	-	-	-	-	-	-	-	-
Other Local Current Expense Fund	148,698	113,987	-	-	-	-	-	-	-	-
Capital Outlay Fund	523,728	410,224	-	-	-	-	-	-	-	-
Assigned										
Other Local Current Expense Fund	1,654,767	1,387,247	-	-	-	-	-	-	-	-
<b>Total Other Governmental Fund</b>	<b>3,229,081</b>	<b>2,857,083</b>	<b>1,426,204</b>	<b>1,196,081</b>	<b>1,379,860</b>	<b>1,700,551</b>	<b>2,956,180</b>	<b>3,330,909</b>	<b>3,774,257</b>	<b>2,599,575</b>
<b>Total All Governmental Fund</b>	<b>\$ 15,370,262</b>	<b>\$ 12,769,432</b>	<b>\$ 7,334,056</b>	<b>\$ 6,370,341</b>	<b>\$ 7,099,250</b>	<b>\$ 7,001,006</b>	<b>\$ 6,492,482</b>	<b>\$ 7,833,247</b>	<b>\$ 7,992,138</b>	<b>\$ 7,231,235</b>

<sup>1</sup> 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, 2012, the Board had no committed fund balance.

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

General Fund	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Reserved for:										
State statute	\$ 5,621,630	\$ 4,839,673	\$ 5,719,134	\$ 5,258,842	\$ 7,920,769	\$ 6,434,080	\$ 5,689,161	\$ 6,224,153	\$ 6,584,888	\$ 6,316,488
Future wireless E-911 expenditures	-	-	-	-	-	360,975	578,914	486,726	346,933	343,409
Future wired E-911 expenditures	-	-	-	-	-	125,234	104,956	46,274	2,112	74,896
Future register of deeds technology enhancement	37,222	58,208	55,348	21,750	46,557	8,840	-	89,380	67,142	26,212
Future law enforcement expenditure:	84,542	86,034	82,387	80,589	915	15,771	81	23,964	66,358	287,143
Total reserved	5,743,394	4,983,915	5,856,869	5,361,181	7,968,241	6,944,900	6,373,112	6,870,497	7,067,433	7,048,148
Unreserved:										
Designated for subsequent year's expenditure:	416,953	-	1,562,592	979,722	1,057,114	278,250	1,112,286	805,563	1,512,962	1,106,513
Undesignated	23,271,321	22,190,181	19,141,577	20,371,199	16,723,785	17,382,258	14,627,823	11,461,312	10,916,933	10,745,164
Total General Fund	<u>\$ 29,431,668</u>	<u>\$ 27,174,096</u>	<u>\$ 26,561,038</u>	<u>\$ 26,712,102</u>	<u>\$ 25,749,140</u>	<u>\$ 24,605,408</u>	<u>\$ 22,113,221</u>	<u>\$ 19,137,372</u>	<u>\$ 19,497,328</u>	<u>\$ 18,899,825</u>
<b>All Other Governmental Fund:</b>										
Reserved for:										
State statute	\$ 326,340	\$ 288,406	\$ 163,699	\$ 523,712	\$ 398,154	\$ 436,966	\$ 199,848	\$ 204,407	\$ 177,452	\$ 169,610
Debt service	1,318,370	3,868,232	2,773,462	3,317,971	4,328,413	3,704,012	1,785,304	2,640,065	2,805,486	3,339,171
Total reserved	1,644,710	4,156,638	2,937,161	3,841,683	4,726,567	4,140,978	1,985,152	2,844,472	2,982,938	3,508,781
Unreserved:										
Undesignated/(deficit)										
Special revenue funds:										
Unassigned	(196,990)	(141,851)	-	-	-	-	-	(500,000)	(820,436)	(1,008,021)
All other special revenue funds:	1,670,825	1,237,435	954,430	742,288	469,202	456,779	417,160	317,610	291,374	333,283
Designated for capital projects	7,686,508	8,447,983	7,552,472	10,995,371	33,071,988	14,206,542	4,751,947	4,679,025	4,556,643	7,232,191
Total all other governmental fund:	<u>\$ 10,805,053</u>	<u>\$ 13,700,205</u>	<u>\$ 11,444,063</u>	<u>\$ 15,579,342</u>	<u>\$ 38,267,757</u>	<u>\$ 18,804,299</u>	<u>\$ 7,154,259</u>	<u>\$ 7,341,107</u>	<u>\$ 7,010,519</u>	<u>\$ 10,066,234</u>

## Notes:

Amounts shown for FY 2010 and prior have been reclassified to conform with GASB Statement 5.

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
U.S. Government	\$ 17,932,373	\$ 19,790,453	\$ 18,193,396	\$ 11,839,327	\$ 12,021,725	\$ 11,673,117	\$ 11,552,755	\$ 12,629,595	\$ 11,970,611	\$ 9,926,735
State of North Carolina	75,232,184	74,241,925	74,210,060	82,017,850	81,636,405	77,698,517	71,311,237	68,696,264	66,710,373	65,256,453
Craven County	20,075,967	18,615,391	18,434,325	19,694,147	38,266,476	26,876,516	17,354,565	15,526,106	18,053,293	32,094,675
Other local revenues:	5,341,312	4,913,192	4,697,754	5,225,061	5,560,033	5,563,155	4,137,870	6,342,268	5,419,409	4,642,369
Total revenues	<u>118,581,836</u>	<u>117,560,961</u>	<u>115,535,535</u>	<u>118,776,385</u>	<u>137,484,643</u>	<u>121,811,305</u>	<u>104,356,427</u>	<u>103,194,233</u>	<u>102,153,686</u>	<u>111,920,236</u>
<b>Expenditures</b>										
Instructional program	92,351,132	91,915,002	92,570,879	95,754,071	93,489,307	81,928,728	75,737,920	75,220,026	71,770,357	68,992,567
Support services:	21,287,984	21,097,425	20,315,979	20,202,246	20,255,382	26,147,610	26,052,866	23,832,224	23,055,835	22,009,191
Ancillary service:	256,548	257,800	293,094	337,358	282,355	50,092	47,526	41,969	40,324	60,890
Non-programmed charge	240,789	386,909	359,603	159,416	174,606	155,981	116,145	109,414	103,774	104,678
Debt Service	-	50,950	153,375	562,372	922,076	697,503	432,691	432,691	-	0
Capital Outlay	2,171,550	1,234,430	809,510	3,006,685	21,951,585	12,980,125	3,323,245	4,952,735	6,331,961	20,429,276
Total Expenditures	<u>116,308,003</u>	<u>114,942,516</u>	<u>114,502,440</u>	<u>120,022,148</u>	<u>137,075,311</u>	<u>121,960,039</u>	<u>105,710,393</u>	<u>104,589,055</u>	<u>101,302,255</u>	<u>111,596,602</u>
Excess of revenues over (under) expenditure	<u>2,273,833</u>	<u>2,618,445</u>	<u>1,033,095</u>	<u>(1,245,763)</u>	<u>409,332</u>	<u>(148,734)</u>	<u>(1,353,966)</u>	<u>(1,394,826)</u>	<u>851,431</u>	<u>323,634</u>
<b>Other Financing Sources (Uses)</b>										
Transfers from (to) other fund	(45,001)	(45,001)	(65,457)	-	(262,103)	-	(13,175)	(314,055)	(146,156)	0
Installment purchase obligations issue	-	-	-	460,124	-	1,846,514	-	238,917	-	0
Sale of capital asset:	-	6,399	18,810	-	6,707	-	11,223	286,930	17,414	2,472
Total other financing sources (uses)	<u>(45,001)</u>	<u>(38,602)</u>	<u>(46,647)</u>	<u>460,124</u>	<u>(255,396)</u>	<u>1,846,514</u>	<u>(1,952)</u>	<u>211,792</u>	<u>(128,742)</u>	<u>2,472</u>
Change in reserve for inventories	-	-	(22,733)	56,730	(55,692)	55,553	15,172	(86,339)	38,213	37,849
Net change in fund balance	<u>\$ 2,228,832</u>	<u>\$ 2,579,843</u>	<u>\$ 963,715</u>	<u>\$ (728,909)</u>	<u>\$ 98,244</u>	<u>\$ 1,753,333</u>	<u>\$ (1,340,746)</u>	<u>\$ (1,269,373)</u>	<u>\$ 760,902</u>	<u>\$ 326,106</u>
Debt service as a percentage of noncapital expenditures	0.000%	0.045%	0.135%	0.483%	0.807%	0.644%	0.424%	0.436%	0.000%	0.000%

**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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Taxes:										
Property	\$ 47,256,788	\$ 47,123,346	\$ 43,929,823	\$ 43,716,305	\$ 42,261,507	\$ 40,031,721	\$ 37,876,551	\$ 33,585,023	\$ 32,549,745	\$ 32,218,477
Sales	13,491,235	12,415,519	13,053,171	16,796,425	20,131,706	19,769,089	18,100,692	17,433,367	16,963,021	13,998,546
Other	1,003,991	857,817	790,980	766,861	798,930	730,206	716,807	631,352	580,312	551,086
Total taxes	61,752,014	60,396,682	57,773,974	61,279,591	63,192,143	60,531,016	56,694,050	51,649,742	50,093,078	46,768,109
Intergovernmental	22,572,342	23,346,347	20,965,355	19,261,385	19,725,368	17,088,924	17,265,122	16,562,896	16,974,797	16,711,049
Charges for Service:	13,562,444	13,775,506	12,913,153	13,530,854	13,496,835	13,072,951	13,470,741	12,118,416	11,606,325	10,473,891
Interest	212,830	262,321	506,334	1,321,851	3,403,401	2,370,690	1,190,972	598,241	298,455	629,045
Miscellaneous	1,535,915	2,415,734	1,299,699	1,592,941	1,263,264	1,225,277	998,896	872,030	999,009	848,382
<b>Total Revenues</b>	<b>99,635,545</b>	<b>100,196,590</b>	<b>93,458,515</b>	<b>96,986,622</b>	<b>101,081,015</b>	<b>94,288,858</b>	<b>89,619,781</b>	<b>81,801,325</b>	<b>79,971,668</b>	<b>75,430,476</b>
<b>Expenditures</b>										
General Government	9,834,924	8,580,077	8,224,937	8,693,318	8,539,207	7,514,048	8,193,210	6,875,991	7,434,198	5,667,050
Public Safety	15,375,134	15,442,372	16,627,081	31,541,868	23,556,676	13,960,441	13,151,735	11,391,656	11,271,380	9,807,768
Environmental Protection	5,005,287	5,169,741	5,099,920	5,478,700	5,413,220	5,444,288	5,103,095	5,006,185	5,046,646	4,554,577
Economic Development	3,134,830	3,412,474	2,603,966	2,720,535	3,043,309	2,241,260	2,194,383	3,505,260	2,989,088	4,122,872
Health	8,405,341	8,408,079	8,366,853	7,983,542	8,064,577	7,169,879	7,072,213	7,007,312	6,626,527	6,195,238
Social Services (2)	23,000,495	23,294,245	21,983,411	23,149,487	24,829,156	23,790,287	22,624,569	21,367,545	20,761,995	19,501,613
Culture and Recreation	2,150,943	2,644,812	2,258,013	3,583,707	2,878,542	2,261,117	2,136,565	1,904,814	1,684,669	1,521,415
Education	23,781,177	22,244,200	22,099,376	24,746,401	33,000,753	29,897,811	20,218,865	18,391,665	20,600,373	35,104,248
Capital Outlay	-	-	-	-	-	-	-	95,980	91,517	239,123
Debt Service:										
Principal	6,311,214	6,696,780	6,516,291	6,422,014	6,050,858	3,854,145	3,846,504	3,816,917	3,435,146	3,163,277
Interest	3,436,180	3,703,810	4,552,090	4,489,303	4,207,889	2,959,154	2,335,441	2,513,158	2,845,196	3,110,941
<b>Total Expenditures</b>	<b>100,435,525</b>	<b>99,596,590</b>	<b>98,331,938</b>	<b>118,808,875</b>	<b>119,584,187</b>	<b>99,092,430</b>	<b>86,876,580</b>	<b>81,876,491</b>	<b>82,786,735</b>	<b>92,988,122</b>
Excess of revenues over (under) expenditure	(799,984)	600,000	(4,873,423)	(21,822,253)	(18,503,172)	(4,803,572)	2,743,201	(75,166)	(2,815,071)	(17,557,646)
<b>Other Financing Sources (Uses)</b>										
Transfers in	6,567,143	8,592,538	5,493,731	6,443,078	11,611,636	10,057,944	9,082,318	8,507,419	7,215,800	5,690,306
Transfers out	(6,404,739)	(8,486,338)	(5,397,531)	(6,346,278)	(11,514,837)	(10,012,145)	(9,036,519)	(8,461,620)	(7,153,801)	(5,628,308)
Bonds issued	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	22,837,279	-	-	-	-	-	13,875,194	-
Payment to refunding escrow agent	-	-	(22,346,479)	-	-	-	-	-	(13,712,107)	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Proceeds from installment note/COP	-	2,163,000	-	-	39,013,563	18,900,000	-	-	131,773	-
<b>Total other financing sources (uses)</b>	<b>162,404</b>	<b>2,269,200</b>	<b>587,000</b>	<b>96,800</b>	<b>39,110,362</b>	<b>18,945,799</b>	<b>45,799</b>	<b>45,799</b>	<b>356,859</b>	<b>61,998</b>
<b>Net change in fund balance</b>	<b>\$ (637,580)</b>	<b>\$ 2,869,200</b>	<b>\$ (4,286,423)</b>	<b>\$ (21,725,453)</b>	<b>\$ 20,607,190</b>	<b>\$ 14,142,227</b>	<b>\$ 2,789,000</b>	<b>\$ (29,367)</b>	<b>\$ (2,458,212)</b>	<b>\$ (17,495,648)</b>
Debt service as a percentage of noncapital expenditures	9.87%	10.62%	11.16%	11.02%	9.75%	7.06%	7.37%	7.94%	7.77%	6.82%

Note: Amounts shown above for years prior to fiscal 2003 have been restated to show transfers in/out with component units as revenue and expendit

Source: Craven County Finance Department

Table 9

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Governmental Fund Revenues and Other Financing Source<sup>(1)</sup>**  
**Last Ten Fiscal Years**

FISCAL YEAR ENDED JUNE 30	NOMINAL DOLLARS REVENUE							TOTAL
	STATE	COUNTY	FEDERAL	BOND PROCEEDS		OTHER		
				LOCAL	STATE			
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	
2008	81,636,405	38,266,476	12,021,729	-	-	2,495,966	134,420,576	
2007	77,698,517	26,876,516	11,673,117	-	-	2,510,418	118,758,568	
2006	71,311,237	17,354,565	11,552,755	-	-	2,150,857	102,369,414	
2005	68,696,264	15,502,510	12,629,595	23,596	-	3,146,460	99,998,425	
2004	66,710,373	14,095,556	11,970,611	3,957,737	-	2,504,815	99,239,092	
2003	65,256,165	13,361,190	9,926,735	18,733,489	288	1,807,329	109,085,196	

FISCAL YEAR ENDED JUNE 30	CONSTANT DOLLARS REVENUE							TOTAL
	STATE	COUNTY	FEDERAL	BOND PROCEEDS		OTHER		
				LOCAL	STATE			
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	
2008	38,071,532	17,845,756	5,606,391	-	-	1,164,006	62,687,685	
2007	37,771,083	13,065,309	5,674,578	-	-	1,220,373	57,731,343	
2006	35,548,972	8,651,329	5,759,100	-	-	1,072,212	51,031,613	
2005	35,557,072	8,024,073	6,537,057	12,213	-	1,628,602	51,759,017	
2004	35,559,900	7,513,623	6,380,923	2,109,668	-	1,335,189	52,899,303	
2003	35,600,745	7,289,247	5,415,567	10,220,125	157	985,995	59,511,836	

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<sup>(1)</sup>  
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>
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
2008 <sup>(2)</sup>	90,741,407	20,255,382	282,355	174,606	21,951,585	6,760,175	922,076	141,087,586
2007	78,836,503	26,147,610	50,092	155,981	12,980,125	6,286,746	697,503	125,154,560
2006	73,871,922	26,052,866	47,526	116,145	3,755,936	5,962,012	N/A	109,806,407
2005	72,270,232	23,880,639	41,969	109,414	6,173,979	5,925,089	N/A	108,401,322
2004	69,141,080	23,085,616	40,324	103,774	6,025,553	5,652,962	N/A	104,049,309
2003	66,180,816	22,009,191	60,890	104,678	20,429,276	5,321,555	N/A	114,106,406

1. Excludes individual schools
2. Due to significant changes in function-level expense coding classification in Governmental Activities during the year, comparison cannot be made between purpose-level expenses for the years ended June 30, 2008 and June 30, 2007

**Table 11**

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

FISCAL YEAR ENDED JUNE 30	Final ADM <sup>(2)</sup>	EXPENDITURES BY REVENUE SOURCE				NOMINAL DOLLARS <sup>(3)</sup> PER PUPIL EXPENDITURES				CONSTANT DOLLARS <sup>(3)</sup> PER PUPIL EXPENDITURES			
		STATE	FEDERAL	LOCAL	TOTAL	STATE	FEDERAL	LOCAL	TOTAL	STATE	FEDERAL	LOCAL	TOTAL
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
2008	14,510	80,690,273	15,951,091	21,572,561	118,213,925	5,561	1,099	1,487	8,147	2,593	513	693	3,799
2007	14,538	77,043,673	15,469,575	18,878,091	111,391,339	5,299	1,064	1,299	7,662	2,576	517	631	3,724
2006	14,396	70,877,192	15,129,428	20,119,887	106,126,507	4,923	1,051	1,398	7,372	2,454	524	697	3,675
2005	14,288	68,314,873	15,995,221	17,917,249	102,227,343	4,781	1,119	1,254	7,154	2,475	579	649	3,703
2004	14,052	66,275,813	15,228,893	16,519,050	98,023,756	4,716	1,084	1,176	6,976	2,514	578	627	3,719
2003	14,317	65,075,339	12,930,455	15,671,336	93,677,130	4,545	903	1,095	6,543	2,480	493	597	3,570

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)					
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	0.610	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	0.610	10,403,670,621
2008	3,558,507,233	1,436,304,943	42,626,400	66,670,292	1,477,929,350	111,440,333	6,693,478,551	0.610	10,118,637,265
2007	3,344,659,741	1,346,918,941	42,427,600	67,623,321	1,430,699,795	108,576,827	6,340,906,225	0.610	9,241,956,320
2006	3,215,295,945	1,211,684,688	43,244,210	67,076,256	1,366,718,652	117,580,795	6,021,600,546	0.610	7,323,766,171
2005	3,048,945,696	1,183,144,808	44,584,740	72,290,740	1,316,591,615	105,008,267	5,770,565,866	0.560	6,115,478,875
2004	2,929,225,703	1,144,525,817	44,679,730	67,315,000	1,273,712,947	105,752,076	5,565,211,273	0.560	5,710,251,665
2003 (6)	2,821,662,545	1,117,828,280	44,671,630	71,251,398	1,236,739,839	104,322,120	5,396,475,812	0.580	5,396,475,812

\*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 2008 figure is based on property sales which took place in calendar 2008.)

(5) Property in Craven County is reassessed every eight years. The last reassessment was on January 1, 2010 and was the basis for fiscal 2011 taxes.

(6) Property in Craven County is reassessed every eight years. The reassessment on January 20, was basis for fiscal 2003 taxes.

Source: Craven County Finance Department

**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									
	2012	2011 <sup>(1)</sup>	2010	2009	2008	2007	2006	2005	2004	2003
Craven County	\$ .4728	\$ .4728	\$ .6100	\$ .6100	\$ .6100	\$ .6100	\$ .6100	\$ .5600	\$ .5600	\$ .5800
<u>Municipality Rates:</u>										
Bridgeton	.5000	.5000	.5000	.5000	.5000	.4700	.4700	.4700	.4700	.4700
Cove City	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500
Dover	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000
Havelock	.4650	.4650	.5300	.5300	.5300	.4900	.4500	.4500	.4200	.4200
New Bern	.4100	.4100	.5050	.5050	.5050	.4700	.4700	.4700	.4700	.4700
River Bend	.2650	.2650	.2800	.2800	.2800	.2200	.2200	.2200	.1900	.1900
Trent Woods	.1900	.1900	.2700	.2700	.2700	.2700	.2700	.2700	.2700	.1300
Vanceboro	.4600	.4600	.4800	.4800	.4800	.4800	.4800	.4800	.4800	.4800
<u>Fire Districts:</u>										
Rhems	.0314	.0314	.0475	.0425	.0425	.0375	.0375	.0375	.0375	.0375
Township #1	.0250	.0250	.0263	.0263	.0263	.0238	.0238	.0238	.0238	.0238
Tri Community	.0277	.0277	.0350	.0350	.0350	.0350	.0350	.0350	.0350	.0297
Little Swift Creek	.0499	.0499	.0590	.0590	.0590	.0590	.0590	.0590	.0590	.0590
Township #3	.0624	.0624	.0781	.0781	.0781	.0681	.0681	.0681	.0681	.0681
Township #5	.0453	.0453	.0620	.0620	.0620	.0570	.0570	.0570	.0570	.0600
Township #6	.0516	.0516	.0600	.0600	.0600	.0675	.0675	.0675	.0475	.0375
Township #7	.0177	.0177	.0240	.0240	.0240	.0270	.0270	.0270	.0270	.0270
West New Bern	.0324	.0324	.0422	.0422	.0422	.0362	.0362	.0312	.0312	.0312
Township #9	.0582	.0582	.0713	.0713	.0713	.0713	.0713	.0713	.0713	.0713
Sandy Point	.0352	.0352	.0567	.0567	.0567	.0567	.0567	.0567	.0567	.0567

Note: (1) Real property was revalued on January 1, 2010

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 2012			Fiscal Year 2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$169,978,113	1	1.77%	\$199,400,588	1	3.70%
BSH Home Appliances Corp	Home appliance manufacturer	79,396,304	2	0.83%	27,397,478	5	0.51%
Weyerhaeuser Company	Real estate investment trust	63,266,110	3	0.66%			
Progress Energy Carolinas	Electric utility	47,125,214	4	0.49%	33,192,347	4	0.62%
Carolina Telephone & Telegraph Co.	Communications utility	46,510,174	5	0.48%	40,014,250	3	0.74%
Atlantic Marine Corps Communities, LLC	Real estate development	32,989,192	6	0.34%			
New Bern Riverfront Development LLC	Real estate development	27,534,205	7	0.29%			
Hatteras Yachts	Yacht builder	24,506,343	8	0.25%	21,039,090	6	0.39%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development	23,320,773	9	0.24%			
DDR Rxenia & New Bern LLC	Real estate development	19,641,250	10	0.20%	13,538,190	8	0.23%
Craven Wood Energy LTD	Electricity manufacturer				49,125,052	2	0.91%
Amital Spinning Corp	Yarn manufacturer				15,121,899	7	0.28%
Fairfield Communities	Real estate development				12,873,326	9	0.24%
Moen Incorporated	Plumbing products mfgr.				12,713,309	10	0.24%
Totals		<u>\$534,267,678</u>		<u>5.56%</u>	<u>\$424,415,529</u>		<u>7.86%</u>

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
2012	\$ 45,700,284	\$ (204,780)	\$ 45,495,504	\$ 44,547,702	97.92%	\$ -	\$ 44,547,702	97.92%
2011	46,445,227	(682,187)	45,763,040	44,809,274	97.92%	702,043	45,511,317	97.92%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	700,098	42,445,723	99.63%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	653,759	42,248,639	99.64%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	588,069	40,755,770	99.67%
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	592,468	38,623,765	99.72%
2006	36,919,653	(321,980)	36,597,673	35,915,565	98.14%	591,380	36,506,945	99.75%
2005	32,468,045	(133,839)	32,334,206	31,690,897	98.01%	568,323	32,259,220	99.77%
2004	31,563,099	(221,056)	31,342,043	30,570,553	97.54%	684,653	31,255,206	99.72%
2003	32,173,298	(785,503)	31,387,795	30,482,909	97.12%	821,121	31,304,030	99.73%

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 <sup>(1)</sup>	Percentage of Personal Income <sup>(1)</sup>
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2012	\$ 26,300,000	\$ -	\$48,883,550	\$ 62,415	\$ 95,000	\$ -	\$ 1,041,486	\$ 76,382,451	\$ 728	*
2011	28,990,000	-	52,479,850	-	145,000	-	1,148,224	82,763,074	796	2.22%
2010	31,700,000	-	54,303,629	-	195,000	-	1,260,861	87,459,490	872	2.41%
2009	32,775,000	-	58,144,920	-	245,000	-	1,373,498	92,538,418	947	2.63%
2008	35,335,000	-	62,006,933	-	377,000	-	1,486,135	99,205,068	1,028	2.93%
2007	37,930,000	-	28,527,792	-	839,500	-	1,598,771	68,896,063	716	2.20%
2006	40,560,000	-	10,851,937	-	1,282,500	-	1,711,408	54,405,845	574	1.82%
2005	43,185,000	-	12,073,442	-	1,690,800	-	1,824,045	58,773,287	627	2.11%
2004	45,755,000	-	13,248,452	71,907	2,067,800	-	1,118,743	62,261,902	664	2.41%
2003	45,680,000	820,000	14,258,760	144,972	4,229,600	564,000	1,037,789	66,735,121	720	2.70%

\*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 2011 personal income is not available to calculate fiscal year 2012.

Source: Craven County Finance Department

**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 <sup>(1)</sup>	Percentage of Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2012	\$ 26,300,000	\$ 802,960	\$ 25,497,040	*	0.27%	\$ 243
2011	28,990,000	1,790,762	27,199,238	*	0.28%	262
2010	31,700,000	2,773,461	28,926,539	0.80%	0.28%	289
2009	33,020,000	3,298,769	29,721,231	0.84%	0.29%	304
2008	35,712,000	4,420,993	31,291,007	0.98%	0.31%	324
2007	38,769,500	3,901,084	34,868,416	1.16%	0.55%	362
2006	41,842,500	1,785,303	40,057,197	1.41%	0.67%	422
2005	44,875,800	2,640,065	42,235,735	1.59%	0.73%	451
2004	47,822,800	2,805,486	45,017,314	1.81%	0.81%	480
2003	49,909,600	3,339,171	46,570,429	1.95%	0.86%	502

\*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 prior calendar year. Calendar 2011 personal income is not available to calculate fiscal year 2012.

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

Source: Craven County Finance Department



**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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Value of Property	\$ 9,612,790	\$ 9,582,126	\$ 6,977,756	\$ 6,937,168	\$ 6,693,479	\$ 6,340,906	\$ 6,021,601	\$ 5,770,566	\$ 5,565,211	\$ 5,396,476
Debt Limit, 8% of Assessed Value (Statutory Limitation)	769,023	766,570	558,220	554,973	535,478	507,272	481,728	461,645	445,217	431,718
Amount of Debt Applicable to Limit										
Gross debt	76,382	82,763	87,459	92,538	99,205	68,896	54,406	58,773	62,262	66,735
Less: Amount available for repayment of g.o.bonds	803	1,791	2,773	3,318	4,421	3,901	1,785	2,640	2,805	3,339
Debt outstanding for water and sewer purposes	1,136	1,293	1,456	1,618	1,863	2,438	2,994	3,515	3,187	5,267
Revenue bonds	-	-	-	-	-	-	-	-	-	1,384
Total net debt applicable to limit	<u>74,443</u>	<u>79,679</u>	<u>83,230</u>	<u>87,602</u>	<u>92,921</u>	<u>62,557</u>	<u>49,627</u>	<u>52,618</u>	<u>56,270</u>	<u>56,745</u>
Legal Debt Margin	<u>\$ 694,580</u>	<u>\$ 686,891</u>	<u>\$ 474,990</u>	<u>\$ 467,371</u>	<u>\$ 442,557</u>	<u>\$ 444,715</u>	<u>\$ 432,101</u>	<u>\$ 409,027</u>	<u>\$ 388,947</u>	<u>\$ 374,974</u>
Total net debt applicable to the limit as a percentage of debt limit	9.68%	10.39%	14.91%	15.78%	17.35%	12.33%	10.30%	11.40%	12.64%	13.14%

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<sup>(1)</sup>  
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	
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
2008	18	21	154	137	385	354	2,301	2,461	4,219	4,001	289	315	14,655
2007	19	23	134	112	356	331	2,252	2,432	4,239	3,986	256	275	14,415
2006	16	20	107	78	351	319	2,407	2,477	4,334	4,173	235	231	14,748
2005	20	17	90	63	331	287	2,421	2,459	4,367	4,168	201	211	14,635
2004	20	20	80	60	296	247	2,496	2,521	4,363	4,173	152	169	14,597
2003	24	29	85	58	263	222	2,501	2,502	4,360	4,252	119	148	14,563

Source: FY 2003-2012 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.

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

Year Ended June 30	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Grade										
07	0	0	1	3	0	0	0	1	6	3
08	1	2	0	2	0	0	5	9	4	3
09	34	32	59	71	91	105	75	84	78	81
10	35	34	45	46	60	55	77	81	51	67
11	19	24	30	28	30	25	50	35	41	44
12	9	14	18	29	23	45	37	40	34	44
<b>TOTAL</b>	<b>98</b>	<b>106</b>	<b>153</b>	<b>179</b>	<b>204</b>	<b>230</b>	<b>244</b>	<b>250</b>	<b>214</b>	<b>242</b>

Includes: ALL RACES ALL AGES  
BOTH GENDERS ALL REASONS

	FY 2011-2012							FY 2010-2011							FY 2009-2010								
	Grade						Total	Grade						Total	Grade						Total		
	07	08	09	10	11	12		07	08	09	10	11	12		07	08	09	10	11	12			
Academic problems			6	3	2		11		2	5	7	4	1		19			6	10	4			20
Attendance family							0								0								0
Attendance personal							0								0								0
Attendance school							0								0								0
Attendance			13	9	4	3	29			11	4	3	2	20	1		15	10	10	3	3		39
Attendance work							0			4	9	5		18			11	1	3	3			18
Need to care for childrer				2			2							0			1	7					8
Community college dropout			8	6	9	1	24			1	5	2	4	12			4	11	10	7			32
Discipline problem			2	3	2	0	7			7	5	1	2	15			8	2	1				11
Employment necessary							0				1			1									0
Health problems				1		1	2			1	1	1	1	4			2	2			1		5
Unstable home environment				4			4				2	1	3	6			2		1				3
Incarcerated in adult facility				2		2	4			2		1	1	4			3	1			2		6
Long-term suspension			1	1			2					3		3			5						5
Marriage/engagement							0							0									0
Moved, school status unknown							0					2		2			1	1					2
Pregnancy			1	1		1	3			1		1		2			1			1	2		4
Runaway		1	1		1		3							0									0
Choice of work over school			2	1	1	1	5							0									0
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>34</b>	<b>33</b>	<b>19</b>	<b>9</b>	<b>96</b>	<b>0</b>	<b>2</b>	<b>32</b>	<b>34</b>	<b>24</b>	<b>14</b>	<b>106</b>	<b>1</b>	<b></b>	<b>59</b>	<b>45</b>	<b>30</b>	<b>18</b>	<b></b>	<b>153</b>	

Source: NC Public Schools FY 2003 - FY 2012  
FY 2003 - FY 2012 Craven County Schools' Student Service Office

**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														
	Total	Race / Ethnic				Total	Race / Ethnic				Total	Race / Ethnic				Total	Race / Ethnic				Total	Race / Ethnic				Total	Race / Ethnic				Total	Race / Ethnic													
		Sex					Sex					Sex					Sex					Sex					Sex					Sex				Sex									
JUNE 30																																													
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			
2008	26	5	21	23	3	0	61	23	38	43	18	0	1,011	202	809	877	115	19	106	11	95	92	11	3	308	22	286	201	101	6	314	99	215	220	86	8	1,826	362	1,464	1,456	334	36			
2007	26	8	18	23	3	0	57	25	32	44	13	0	1,034	143	891	797	228	9	110	10	100	102	6	2	337	17	320	243	94	0	250	91	159	166	84	0	1,814	294	1,520	1,375	428	11			
2006	25	8	17	22	3	0	58	27	31	47	11	0	1,020	169	851	890	118	12	110	11	99	98	9	3	352	17	335	246	105	1	254	100	154	167	85	2	1,819	332	1,487	1,470	331	18			
2005	23	8	15	20	3	0	55	25	30	41	14	0	1,019	152	867	890	115	14	113	10	103	101	9	3	363	14	349	260	102	1	269	97	172	179	89	1	1,842	306	1,536	1,491	332	19			
2004	17	7	10	15	2	0	56	26	30	44	12	0	1,013	128	885	858	140	15	101	8	93	91	9	1	360	17	343	241	119	0	268	109	159	182	84	2	1,815	295	1,520	1,431	366	18			
2003	22	7	15	20	2	0	57	29	28	43	13	1	987	184	803	845	127	15	100	10	90	91	8	1	348	10	338	248	99	1	266	94	172	175	90	1	1,780	334	1,446	1,422	339	19			

Source: FY 2003 - FY 2012 Craven County Board of Education Human Resource Department  
FY 2003 -2012 North Carolina Public Schools Statistical Profile

**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>
2012	\$ 30,430	\$ 64,750	\$ 41,180
2011	30,430	64,750	41,180
2010	30,430	64,750	41,180
2009	30,430	64,750	42,150
2008	29,750	64,160	41,570
2007	28,510	61,380	40,790
2006	26,260	57,400	38,821
2005	25,420	56,280	37,880
2004	25,250	55,910	37,258
2003	25,250	55,910	36,986

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

Source: Craven County Board of Education Finance Office

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2012	104,965	*	*	14,749	11.00%	9,498
2011	103,951	3,727,434	35,867	14,817	11.00%	9,537
2010	100,271	3,625,636	36,798	14,513	10.50%	7,262
2009	97,757	3,518,259	36,121	14,597	6.00%	7,123
2008	96,471	3,387,208	35,075	14,538	4.30%	9,682
2007	96,278	3,127,526	32,470	14,632	4.40%	13,000
2006	94,848	2,982,933	31,358	14,609	4.70%	12,633
2005	93,704	2,787,816	29,647	14,523	4.80%	10,426
2004	93,779	2,585,999	27,475	14,388	5.70%	8,744
2003	92,728	2,469,172	26,624	14,362	6.00%	6,767

\* 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

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
Principal Employers for Craven County, NC  
Current Year and Ten Years Ago**

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Department of Defense (1)	5,361	1	13.96%	Over 1000	1	N/A
CarolinaEast Health Systems	2,035	2	5.30%	Over 1000	3	N/A
Craven County Schools	1,912	3	4.98%	Over 1000	2	N/A
State of North Carolina	993	4	2.59%	Over 1000	4	N/A
BSH Home Appliances	750	5	1.95%	500-999	7	N/A
Moen Incorporated	630	6	1.64%	500-999	5	N/A
Craven County	597	7	1.55%	500-999	8	N/A
Hatteras Yachts (Brunswick Corp)	550	8	1.43%	500-999	6	N/A
City of New Bern	476	9	1.24%			
Wal-Mart	467	10	1.22%	500-999	10	N/A
Weyerhaeuser Company	N/A	N/A	N/A	500-999	9	N/A
	<u>13,771</u>		<u>35.86%</u>			

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

Notes: (1) Excludes 9,554 active military personnel based in Craven County. It includes civilian employment at the Naval Aviation Depot, Naval Health Clinic, 2nd MAW, and MCAS Cherry Point.

The amount shown includes employees from all counties (Of the 5,300 employees, 2,859 are Craven County residents, or 7.4% of the County employment)

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government	72	75	79	81	82	83	87	92	94	98
Public safety	141	148	148	141	134	134	129	125	128	125
Social services	208	213	213	213	206	204	207	203	201	200
Economic and physical development	18	23	21	20	21	19	23	18	19	19
Environmental protection	30	32	30	33	33	36	33	30	31	33
Health	104	106	117	116	115	111	97	102	97	95
Cultural and recreation	12	16	16	16	9	8	7	10	10	11
Water/sewer (business activity)	12	13	11	14	14	13	13	13	13	13
<b>Total</b>	<b>597</b>	<b>626</b>	<b>635</b>	<b>634</b>	<b>614</b>	<b>608</b>	<b>596</b>	<b>593</b>	<b>593</b>	<b>594</b>

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 <sup>(3)</sup>	Schools	Total Students Receiving Free or Reduced Meals <sup>(2)</sup>	Transportation of Pupils - Public School Buses Number of Student Riders <sup>(1)</sup>	Transportation of Pupils - Public School Buses Number of Miles Transported <sup>(1)</sup>
2012	14,743	-0.05%	\$ 119,835,314	\$ 8,128	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
2008	14,510	-0.19%	141,087,586	9,723	90 <sup>th</sup>	24	7,407	7,681	1,515,513
2007	14,538	0.99%	125,154,560	8,609	88 <sup>th</sup>	23	7,500	7,721	1,557,497
2006	14,396	0.76%	109,806,407	7,628	83 <sup>rd</sup>	22	7,422	7,713	1,566,257
2005	14,288	1.68%	108,401,322	7,587	82 <sup>nd</sup>	22	7,257	7,626	1,629,405
2004	14,052	-1.85%	104,049,309	7,405	77 <sup>th</sup>	22	7,065	7,405	1,407,097
2003	14,317	-0.47%	114,106,406	7,970	79 <sup>th</sup>	22	6,955	7,578	1,684,760

Source:

- 1 FY 2003 - 2012 Craven County Board of Education Transportation Department  
FY 2003 - 2012 NCDPI Statistical Profile
- 2 Craven County Board of Education Child Nutrition Department
- 3 FY 2003-2012 NCDPI Statistical Profile - Child Nutrition Excluded

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

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Public Safety</u>										
Fire/Rescue calls to County E911 (A)	9,216	9,629	8,399	8,002	8,882	8,083	7,517	7,331	6,973	6,591
Average daily population in jail (B)	302	236	186	198	200	185	175	158	154	
<u>Health Services (C)</u>										
Food and lodging inspections	1,364	1,280	1,013	1,388	1,615	1,150	1,647	1,424	1,225	
Home health/hospice visits	11,136	12,351	13,343	11,760	16,327	16,603	16,573	17,478	15,640	17,986
Visits to health department	27,085	26,372	28,422	27,901	25,400	26,199	27,579	27,563	27,546	27,550
<u>Transportation Services (D)</u>										
Number of miles driven (1)	857,716	810,130	783,197	796,036	782,257	761,466	808,771	843,124	814,546	790,262
Number of trips provided (1)	108,026	106,118	101,664	98,738	93,984	100,754	101,235	106,627	109,225	108,315
<u>Tax/Real Estate Services (E)</u>										
Deed transfers processed	2,728	2,770	2,795	3,944	4,677	6,134	6,405	5,446	4,574	4,047
Number of real estate parcels	56,505	56,358	56,112	55,739	55,035	54,469	52,163	50,933	49,824	48,600
Number of tax bills generated	149,366	148,943	151,915	152,424	153,477	150,126	147,675	143,765	145,735	142,600
<u>Economic and Physical Development</u>										
County tourism revenues (1)(2) (F)	\$ 116.00	\$ 108.00	\$ 95.99	\$ 104.84	\$ 101.70	\$ 94.16	\$ 87.42	\$ 79.68	\$ 74.73	\$ 72.32
Economic impact of convention center (2) (G)	\$ 10.00	\$ 10.00	\$ 9.19	\$ 10.30	\$ 12.90	\$ 8.73	\$ 9.00	\$ 9.06	\$ 8.27	\$ 6.91
Number of registered voters (H)	68,318	67,073	66,624	65,274	64,110	61,668	60,653	60,503	55,749	57,195
Number of enplanements at airport (I)	63,506	61,876	60,125	54,799	59,060	110,882	90,221	97,876	92,516	70,443
<u>Water Services</u>										
Number of service connections (J)	13,199	13,027	13,091	12,857	12,697	12,300	12,001	11,570	10,851	10,614

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 lastest year is only six months.

Source of data: Craven County Finance Department

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

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Capital Asset Information**  
**June 30, 2012**

Total Elementary Schools	Capacity	8,562
	Square Feet	1,079,288
	# of Portables	54
	20th Day Membership	7,251
Total Middle Schools	Capacity	3,926
	Square Feet	605,929
	# of Portables	7
	20th Day Membership	3,294
Total High Schools	Capacity	4,295
	Square Feet	594,282
	# of Portables	19
	20th Day Membership	4,285
Total All Schools	Capacity	16,783
	Square Feet	2,279,499
	# of Portables	80
	20th Day Membership	14,830
Administration Bldg		22,900
Old Bridgeton Elem		41,006
Old Bridgeton Auditorium		5,500
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 <sup>(1)</sup>	Buildings	8
	Square Feet	185,459
Transportation	Public School Buses	169
	Other Vehicles	124

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

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

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Public Safety (A)</u>										
Correction facility rated capacities	292	292	292	161	161	161	161	161	161	161
<u>Parks and Land Use (B)</u>										
Number of county parks	4	4	4	3	3	2	2	2	2	2
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
<u>Water Service (C)</u>										
Miles of water main	668	668	667	660	653	650	645	625	615	595
Number of elevated water tanks (1)	9	9	9	9	9	9	9	8	8	8
<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)	219	219	220	220	220	220	220	224	286	286
<u>Airport (F)</u>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

(1) In 2002 an elevated tank in the Industrial Park was sold to the City of New Bern when they began providing the service

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       |

**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, 2012 are as follows:

	Initial Contract Year							Total Outstanding as of June 30 2012
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	
Total buses purchased	5	1		2	4	14	15	
Total purchase price	\$ 419,543	\$ 77,710		\$ 152,850	\$ 307,274	\$ 919,716	\$ 926,797	\$ -
Payment due		-		50,950	102,425	306,572	308,932	
Total payments FY 2012								
Total payments FY 2011				50,950				
Total payments FY 2010				50,950	102,425			
Total payments FY 2009				50,950	204,850	306,572		
Total payments FY 2008						613,144	308,932	
Total payments FY 2007							617,864	
Total payments FY 2006								
Total payments FY 2005								
Total payments FY 2004								
	-	-	-	152,850	307,275	919,716	926,796	

Source: Craven County Schools Finance Office

\* Buses were purchased in February 2012, however they were not received until August 2012. Therefore, the first installment payment is not due until FY2013.

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## **COMPLIANCE SECTION**

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**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**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary fund of the Craven County Board of Education, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the Craven County Board of Education, North Carolina's basic financial statements, and have issued our report thereon dated October 15, 2012. 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.

Internal Control Over Financial Reporting

Management of Craven County Board of Education, North Carolina is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Craven County Board of Education, North Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Craven County Board of Education, North Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Craven County Board of Education, North Carolina's internal control over financial reporting.

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.



Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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*.

We noted certain matters that we reported to management of Craven County Board of Education, North Carolina, in a separate letter dated October 15, 2012.

This report is intended solely for the information and use of the Board of Education, management, others within the entity, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rives & Associates, LLP*

October 15, 2012



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**Report On Compliance With Requirements Applicable To Each  
Major Federal Program And Internal Control Over Compliance  
In Accordance With OMB Circular A-133 And The  
State Single Audit Implementation Act**

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

Compliance

We have audited the compliance of the Craven County Board of Education, North Carolina, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *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 major federal programs for the year ended June 30, 2012. The Craven County Board of Education, North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Craven County Board of Education, North Carolina's management. Our responsibility is to express an opinion on the Craven County Board of Education, North Carolina's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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. Our audit does not provide a legal determination of the Craven County Board of Education, North Carolina's compliance with those requirements.

In our opinion, the Craven County Board of Education, North Carolina, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Craven County Board of Education, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, others within the entity, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rives & Associates, LLP*

October 15, 2012



**Rives & Associates, LLP**  
Certified Public Accountants

Member:  
American Institute of  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

[www.rivescpa.com](http://www.rivescpa.com)

**Report On Compliance With Requirements Applicable To Each  
Major State Program And Internal Control Over Compliance  
In Accordance With Applicable Sections of OMB Circular A-133  
And The State Single Audit Implementation Act**

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

Compliance

We have audited the compliance of Craven County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 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 its major State programs for the year ended June 30, 2012. The Craven County Board of Education, North Carolina's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Craven County Board of Education, North Carolina's management. Our responsibility is to express an opinion on the Craven County Board of Education, North Carolina's compliance based on our audit.

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 applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, 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. Our audit does not provide a legal determination of the Craven County Board of Education, North Carolina's compliance with those requirements.

In our opinion, Craven County Board of Education, North Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

#### 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 requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the Craven County Board of Education, North Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, others within the entity, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rives & Associates, LLP*

October 15, 2012

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**Financial Statements**

Type of auditors' report issued:

Unqualified

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:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section 510(a) of  
Circular A-133

\_\_\_\_\_ yes        ✓   no

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2012**

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

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Identification of major federal programs:

**CFDA Numbers**

10.553,10.555  
84,010, 84,389  
84.410

**Names of Federal Program or Cluster**

Child Nutrition Cluster  
Title I, Part A Cluster  
ARRA - Education Jobs Program

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

\$ 662,404

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:

Unqualified

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2012**

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

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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:

<b>Program Name</b>
State Public School Fund

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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Note reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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Note reported.

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Corrective Action Plan**  
**For the Year Ended June 30, 2012**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2012**

**FINDINGS:**

For the Year Ended June 30, 2011

**2011-01**

Segregation of Duties

*Status:*        Corrected

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>Federal Awards: Cash and Non-cash Assistance</b>			
U.S Department of Agriculture:			
<u>Food and Nutrition Service</u>			
Passed through the N.C. Department of Instruction:			
Child Nutrition Cluster:			
<u>Non-Cash Assistance (Commodities)</u>			
National School Lunch Program	10.555		\$ 376,365
Non-Cash Assistance Subtotal			<u>376,365</u>
<u>Cash Assistance</u>			
School Breakfast Program	10.553		1,012,529
National School Lunch Program	10.555		3,360,351
Cash Assistance Subtotal			<u>4,372,880</u>
Total Child Nutrition Cluster			4,749,245
Direct Programs:			
Fresh Fruit and Vegetable Program	10.582		<u>152,990</u>
Total U.S. Department of Agriculture			<u>4,902,235</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
<hr/>			
U.S. Department of Energy			
Direct Program:			
Energy Efficiency Grant	None	PRC 370	\$ 494,563
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U.S. Department of Education:			
Office of Elementary and Secondary Education			
Direct Program:			
Impact Aid (School Assistance in Federally Affected Areas PL-874)	84.041	PRC 308	2,116,158
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	4,452,709
ARRA - Grants to Local Education - Title I	84.389	PRC 141	77,886
			<hr/> 4,530,595
School Improvement Cluster			
Grants to Local Education - School Improvements - Title I	84.010	PRC 105	44,939
Title IV, Part A, Safe Drug Free Schools and Communities	84.186	PRC 048	259
Even Start - Title I of IASA	84.213	PRC 065	48,007
			<hr/> 48,266
Education Technology State Grants A Cluster			
Education Technology - Formula	84.318	PRC 107	2,767
Education Technology - Competitive	84.318	PRC 108	328,849
ARRA - Education Technology	84.386	PRC 146	10,982
Total Education Technology State Grants A Cluster			<hr/> 342,598

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
Summer Mini Program Grant	84.287C	PRC 113	\$ 35,267
ARRA - State Fiscal Stabilization Fund	84.394	PRC 140	39,391
ARRA - Education Jobs Program	84.410	PRC 155	3,079,796
ARRA - Race To The Top (RTTT)	84.395	PRC 156	286,889
ARRA - RTTT Science, Technology, Engineering and Mathematics	84.395	PRC 159	860
			<u>3,442,203</u>
<u>Improving Teacher Quality Cluster</u>			
Teacher Quality Enhancement	84.367	PRC 103	643,190
Language Acquisition Grant	84.365	PRC 104	87,676
Total Improving Teacher Quality Cluster			<u>730,866</u>
<u>Office of English Language Acquisition</u>			
Passed through the N.C. Department of Public Instruction:			
English Language Acquisition Grants	84.365	PRC 111	273,839
Math and Science Partnership	84.366	PRC 112	17,134
			<u>290,973</u>
<u>Office of Special Education and Rehabilitative Services</u>			
Passed through the N.C. Department of Public Instruction			
<u>Special Education Cluster</u>			
<u>Individuals with Disabilities Education Act</u>			
Education of the Handicapped	84.027	PRC 060	2,834,253
Children with Disabilities - Risk Pool	84.027A	PRC 114	83,784
Coordinating Early Intervening Services	84.027	PRC 070	493,754
Preschool Handicapped	84.173	PRC 049	102,775

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
Capital Building and Improvement	84.173	PRC 044	\$ 52,017
IDEA Targeted Assistance for Preschool Federal Grant	84.173A	PRC 119	68,355
IDEA VI-B Special Needs Targeted Assistance	84.323	PRC 118	27,931
ARRA - Special Education - Grants to States (IDEA, Part B)	84.391	PRC 144	251,698
Total Special Education Cluster			<u>3,914,567</u>
Passed through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education			
Act of Amendments of 1990			
Basic Grants to State			
State Leadership, Single Parents, Homemakers, Sex Equity, and			
Program Development			
	84.048	PRC 017	<u>202,479</u>
IDEA VI B Special Education State Improvement Grant	84.323	PRC 082	<u>17,467</u>
<u>Office of Vocation and Adult Education</u>			
Passed through the N.C. Department of Public Instruction:			
Vocational Education - Tech Prep Education			
	84.243	PRC 023	<u>1,076</u>
Passed through the University of North Carolina:			
Gear Up NC			
	84.334S	PRC 311	<u>4,080</u>
Total U.S. Department of Education			<u>15,686,267</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
<u>Health Resources and Services Administration</u>			
Passed through the N.C. Department of Health and Human Services:			
Medical Assistance Program - Medicaid	93.778	PRC 306	\$ 18,090
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	57,412
Direct Program:			
Head Start	93.600	PRC 309	45,034
Total U.S. Department of Health and Human Services			<u>120,536</u>
 <b>U. S. Department of Labor</b>			
<u>Passed through the N.C. Department of Commerce:</u>			
Workforce Investment Act - Title I Youth	17.259	PRC 314	<u>154,285</u>
 <b>U. S. Department of Defense</b>			
<u>Direct Programs:</u>			
Air Force/Naval Junior ROTC	NONE	PRC 301	178,699
Joining Forces to Read	12.030	PRC 350	312,297
Assistance to LEA's (PL 102-484)	NONE	PRC 345	231,251
			<u>722,247</u>
 Total Federal Assistance			 <u>22,080,133</u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>State Grants</b>			
<b>Cash Assistance</b>			
<b>N.C. Department of Public Instruction</b>			
State Public School Fund:			\$ 69,763,797
Driver Training - SPSF	N/A	PRC 012	250,546
School Technology Fund - SPSF	N/A	PRC 015	191,238
Vocational Education:			
State Months of Employment	N/A	PRC 013	3,563,668
Program Support Funds	N/A	PRC 014	252,325
Total N.C. Department of Public Instruction			<u>74,021,574</u>
<b>N.C. Department of Health and Human Services</b>			
Division of Child Development			
More at Four		PRC 413	1,043,492
Smart Start		PRC 402	210,335
Nursing Assistance Grant			2,154
Total N.C. Department of Health and Human Services			<u>1,255,981</u>
Total State Cash Assistance			<u>75,277,555</u>



**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2012**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA</b>	<b>State/Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>Other State Non-cash Assistance</b>			
<hr/>			
N.C. Department of Public Instruction			
Textbooks			\$ 16,149
Total N.C. Department of Public Instruction non-cash assistance			<u>16,149</u>
Total State Assistance			<u>75,293,704</u>
Total Federal and State Assistance			<u><u>\$ 97,373,837</u></u>

**CRAVEN COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2012**

**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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.