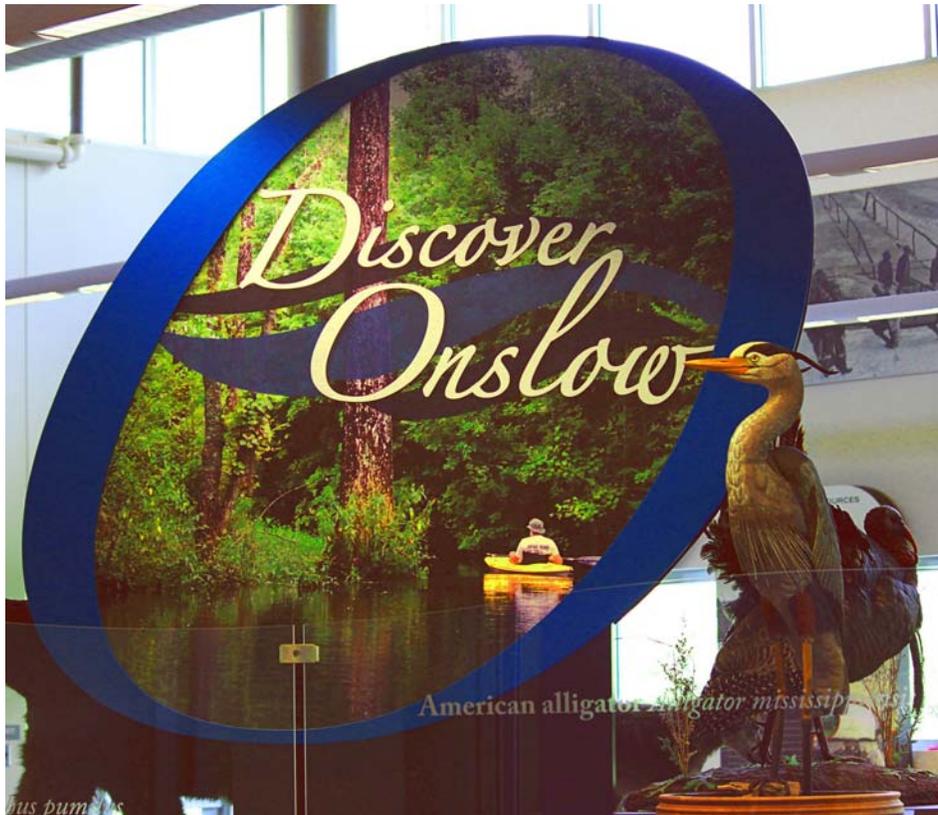


ONSLOW COUNTY NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2015*

ONSLOW COUNTY
NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2015

Submitted to
THE BOARD OF COMMISSIONERS

Paul Buchanan

Barbara Ikner

W. C. Jarman

Jack Bright

Million Heir-Williams

Prepared by
David McCole, Financial Officer

Onslow County, North Carolina
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INTRODUCTION SECTION

ONLSOW COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2015

BOARD OF COMMISSIONERS

Barbara Ikner, Chairman

Paul Buchanan, Vice-Chair

Jack Bright

W. C. Jarman

Million Heir-Williams

COUNTY OFFICIALS

Jeffrey L. Hudson, County Manager

David McCole, Finance Officer



Government Finance Officers Association

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

Presented to

**Onslow County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

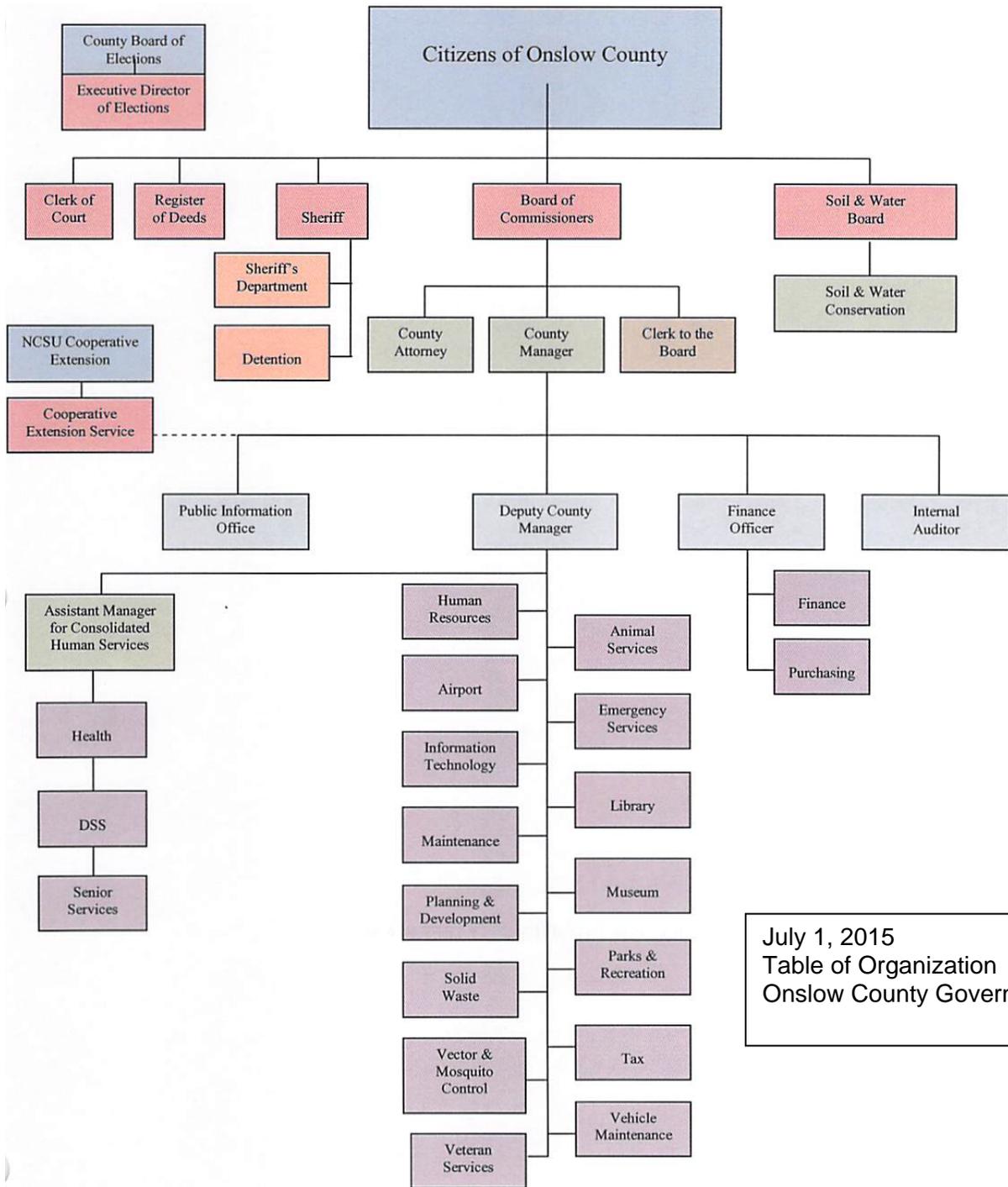
Finance Department
Onslow County, North Carolina



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date August 12, 2015



July 1, 2015
Table of Organization
Onslow County Government



COUNTY OF ONSLOW.

The Board of County Commissioners
Onslow County, North Carolina

December 15, 2015

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Onslow County for the fiscal year ended June 30, 2015.

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

Carr Riggs & Ingram, a firm of licensed certified public accountants have audited Onslow County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Onslow County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Onslow County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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 letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Onslow County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY:

Onslow County was formed in 1734 from a part of New Hanover County. The County is located in southeastern North Carolina and is bordered by Pender County to the south, Duplin County to the west, Lenoir and Jones counties to the northwest and north, and the Atlantic Ocean to the east. The County has a flat, gently rolling terrain, which slopes from an altitude of 63 feet at the town of Richlands to sea level and covers a total of 767 square miles encompassing approximately 484,000 acres. About 147,000 acres comprise the Camp Lejeune Marine Corps Base and New River Marine Corps Air Station, owned by the federal government. There are six municipalities within the County, the largest being the City of Jacksonville, which serves as the County seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected on a partisan basis for four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services that includes public safety; sanitation; health, mental health, and social services; cultural and recreational activities; general administration; and others. This report includes all of the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Onslow County Board of Education, Coastal Carolina Community College, and the East Carolina Council of Governments.

The annual budget serves as the foundation for Onslow County's financial planning and control. All agencies of Onslow County are required to submit requests for appropriation to Onslow County's manager on or before April 15 of each year. Onslow County's manager uses these requests as the starting point for developing a proposed budget. The County manager then presents this proposed budget to the Board of Commissioners for review prior to June 1. The Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. The appropriated budget is prepared by fund and department and adopted by function. As allowed by state law the Board has authorized the County Manager to transfer monies from one appropriation to another within the same funds, subject to limitations and procedures as it may authorize. Department heads may request transfers of appropriations within a department, which are subject to approval of the County Manager. The County Manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund but he may not transfer any amounts between funds without action of the Board of Commissioners except the County Manager may transfer amounts within and between funds for the sole purpose of funding salary and benefit adjustments consistent with the Onslow County Personnel Policy. Any budgetary adjustment that increases or decreases the amount appropriated must be approved by the Board of Commissioners. Budget-to-actual comparisons are provided in a report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 24 as part of the basic financial statements for governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 92. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the Community Development and Grant Project special revenue funds and the capital projects funds).

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY:

Construction activity in Onslow County has remained steady as evidenced by the 672 new units of residential construction and 400 new units of commercial construction totaling over \$112 million dollars in fiscal year 2015. This compares to new development totaling \$196 million in fiscal year 2014.

Agriculture remains a major economic factor in the County with gross agricultural income for 2012 estimated at \$109 million. Four major crops include corn at \$7.9 million, soybeans at \$9.8 million, wheat at \$3 million and cotton at \$5 million. The livestock industry continues to play a dominant role in farm income with a combined total of \$79.5 million. Poultry and pork production account for the majority of this at \$78.7 million. Additionally,

timber sales within the County total approximately \$3.37 million.

The Saturday Farmers' Market located at 4024 Richlands Highway is open an average of 36 days a year, and our Thursday market located at 100 Recreation Lane Market in The Commons is open an average of 26 days a year. The combined markets average number of shoppers per week is 505. This year's average dollars spent per shopper at the markets is \$22. The average number of vendors at our Saturday Richlands Highway market is 25 and the average number of vendors at our Thursday market is 14. The estimated gross annual receipts for the 2013 season is \$825,000 and the economic impact, using the multiplier effect of 1.5 is \$1,237,500.

Timber sales within the County are also a significant industry with the County's many acres of woodlands. There are approximately 326,000 acres of timberland in the County with 164,400 acres in public timberland and 161,600 in private timberland. The estimated income for stumpage (price paid to the timber owner for standing timber) for 2013 was \$3.37 million. For the same period the estimated income for delivered timber (price paid to the timber buyer upon delivery of the timber to the mill) was \$6.77 million.

The latest seafood dockside value figures available from the Division of Marine Fisheries in Morehead city are for 2012 which is \$4,603,765.

Military Camp Lejeune is the largest Marine Corps installation on the East Coast and occupies 246 square miles (153,439 acres). For the federal fiscal year 2013, the Marine Corps estimated that Camp Lejeune and New River Air Station contributed over \$3.0 billion and \$1.7 billion, respectively, to the local economy of the County and surrounding areas in the form of annual payroll to military, civilian employees and retirees, material, supply and service contracts, healthcare for service members and families and on-base construction.

Camp Lejeune is the home of Marine Corps Installations East which is the regional command for Marine Corps bases located on the East Coast. This command includes air stations and logistics bases. The bases also house a full component of Navy and Coast Guard personnel associated with port security as the base provides intensive training in shoreline operations.

The following installations are based at Camp Lejeune: II Marine Expeditionary Force, 2nd Marine Division, 2nd Marine Logistics Group, US Marine Corps Forces Special Operations Command ("*Special Operations Command*"), 2nd Expeditionary Brigade and II Marine Expeditionary Force Augmentation Command. Camp Lejeune is also the home of a Coast Guard Special Missions Training Center. Its mission is to train Marine Safety and Security Teams, port security units and law enforcement detachments. New River Air Station is the home of the Marine Tilt Rotor Test and Evaluation Squadron and Marine Tilt Rotor Training Squadron for the V-22 Osprey as well as the home for all Marine rotor aircraft.

County population levels and economic activity have generally remained steady through the significant military troop deployments of the last several years. Several programs to support military dependents have successfully encouraged more dependents to remain in the community during deployments of family members. Changes in troop rotation schedules and practices have also had the effect of reducing the effects of deployments on the County. With the end of the Iraq conflict and the winding down of the conflict in Afghanistan, there likely will be fewer deployments and more troops continue to remain in garrison at Camp Lejeune and New River Air Station.

The County's bases benefitted from Base Realignment and Closing Commission ("*BRAC*") recommendations, which were approved in 2005. Several units have been relocated to Camp Lejeune and New River Air Station since 2005 and the infrastructure of the bases has been extensively upgraded with a combined \$3.53 billion worth of military construction since the fiscal year ended June 30, 2008. This growth in the bases has brought approximately 11,500 new jobs for active duty service members and civilian employees to the area. The 2005 BRAC recommended that Congress authorize another BRAC in 2015 and then every 8 years thereafter. In 2012, the House Armed Services Committee rejected the Pentagon's calls for base closures outside a BRAC and, despite efforts by the Pentagon to include a BRAC in recent defense budgets, Congress has failed to fund these efforts.

In March 2012, Marine Corps officials announced plans for downsizing the entire force by 2016. The announcement indicated approximately 5,800 fewer troops are expected to be stationed at Camp Lejeune and New River Air Station by 2016 but that more of the remaining troops would be assigned to the Special Operations Command. The Special Operations Command, which reports directly to Central Command, is expected to grow considerably over the next few years as the role of highly specialized clandestine operations in the U.S. military's activities increases. The plan would take the authorized size of the Marine Corps to 174,100 from the current

authorization of 202,000. The authorized size of the Marine Corps was 178,000 prior to the build-up associated with the conflicts in Iraq and Afghanistan. Recently, Camp Lejeune officials provided an update regarding its military population projections. Although the original announcement projected approximately 5,800 fewer troops as a result of total force reductions, world events have delayed, and may even negate, this projection. After some recent force reductions, Camp Lejeune's military population has stabilized at approximately 44,000 and is expected to remain at this number for the foreseeable future.

Tourism continues to be a growing industry for the County. It is estimated that the local tourism industry generates more than \$37 million in wages for approximately 1,730 full time employees. Visitors to the County spent an estimated \$210 million in 2013 (the latest date for which information is available) for an increase of approximately 3.5% from 2012. The County is ranked 20th in travel impact among North Carolina's 100 counties. Finally, the City is a trade center and attracts shoppers from surrounding counties.

The unemployment rate for Onslow County as of June 30, 2015, was 6.2 percent as compared to the rate for North Carolina (seasonally adjusted) which was 5.8 percent. Economic development recruiting efforts are being focused on telecommunications "back office" type of companies, communications equipment, inbound logistic centers, assembly-light manufacturing industries, industries that are suppliers to the military, and marine trades such as boat building. With a large military dependent population, these industries are well suited for the existing workforce.

The County is marketing its 730-acre Industrial Park located on U.S. Highway 258 and within a 10-minute drive of Albert J. Ellis Airport, which serves the County. The landscape of the Industrial Park ranges from flat plains to gently rolling wooded hills and takes full aesthetic advantage of the New River and its creeks. The site offers office space, a common green, a scenic bike path, daycare facilities, and recreational boat access to the river. The N. A. Burton Industrial Park is a Certified Industrial Site with the North Carolina Department of Commerce. The park will play a critical role in the economic development of the County as the County works to encourage different businesses to locate in eastern North Carolina. Currently Cape Fear Precast, LLC and Southeastern Preschool Educational Center (SPEC) and S.T. Wooten Corporation, are operating in the Burton Industrial Park

The County completed the construction of the Onslow County Government Center at the Burton Industrial Park. The Government Center is a three-story building and annex of approximately 89,000 square feet to house various County departments, a storage building of approximately 10,000 square feet, approximately 490 parking spaces, sewage disposal facilities and appurtenant facilities. The County borrowed \$20.7 million to fund the entire project. The County moved into the Government Center December of 2014.

The County-owned and operated Albert J. Ellis Airport (the "Airport") is an FAA Class I certificated Part 139 commercial service airport that features a 7,100' x 150' paved and lighted runway with all-weather capability including a CAT I instrument landing system and modern GPS/LPV approaches. The Airport is currently served by two airlines, US Airways/American Airlines and Delta Air Lines. US Airways provides seven daily flights to their hub in Charlotte, North Carolina and Delta Air Lines offers four daily flights to their Atlanta, Georgia hub. Most flights are on regional jet aircraft with 50, 70 or 90 seats. Total passenger traffic for the fiscal year ended June 30, 2014 was 332,706, which represented a 27% increase over the past five years. The Airport has undertaken a significant redevelopment program to replace facilities and remove existing constraints to continued growth. Fixed-based aviation services such as fuel sales, maintenance, flight instruction and aircraft rentals are provided under an airport lease to a Fixed Based Operator, currently Volo-Skyport. The Airport typically generates revenues in excess of operation expenses and net income is reserved for future Airport-related capital expenditures.

The Airport has embarked on a multi-phase redevelopment program that began in FY11 with the construction of a new sanitary sewer connection. In FY13 construction of the program's centerpiece project began. A new 67,000sf two-story replacement passenger terminal building featuring additional room for airlines and passenger growth, covered loading bridges and efficient building systems. The new terminal facility opened in August 2015. Future phases of the program include a new corporate aviation facility, air traffic control tower, hangars, rental car facilities and related support buildings. The projects are primarily funded by federal and state grants and user fees with Airport and County funds providing the required local match.

According to the 2012 North Carolina Division of Aviation Economic Contribution Study, the estimated economic impact of the Airport was \$191 million. These impacts are of three types: direct (activities from tenants and other

business), indirect (activities that take place away from the Airport but are attributable to the Airport), and induced (activities that result from spending and are the multiplier effects of direct and indirect impacts).

The County and the municipalities within the County have formed the Onslow Water and Sewer Authority (“ONWASA”) to assume a lead role in operating and expanding public water and sewer service within the County. The County turned over operations of its water and sewer system to ONWASA on July 1, 2005 through a series of agreements that transferred its public water and sewer system assets to ONWASA pursuant to a long-term lease, in exchange for a payment from ONWASA to retire the County’s water and sewer-related debt. Municipalities in the County have entered or will enter into separate contracts with ONWASA; some may have agreements to convey assets similar to the County’s agreements, and others may be only wholesale customers of ONWASA. ONWASA has partnered with Camp Lejeune to secure waste water treatment capacity totaling 5 million gallons. Also within the County, the City and Swansboro provide public water and sewer service. Camp Lejeune provides its own service on the base.

LONG-TERM FINANCIAL PLAN:

The County operates a Subtitle D landfill, which has an estimated useful life until approximately 2016. For the fiscal year ended June 30, 2014, the landfill accepted over 115,000 tons of waste, including construction and demolition debris, into the Subtitle D facility. The landfill also accepted 7,859 tons of land clearing and inert debris material. All this waste was generated within the County since the landfill facility is not presently permitted to accept waste from outside the County borders. The County also transports solid waste from 10 common collection locations located remotely throughout the County. Camp Lejeune is responsible for the disposal of its own solid waste and is not permitted to bring any waste to the County landfill.

The County has begun the permitting process for the lateral and vertical expansion of the Subtitle D landfill. This is a multi-year project to construct five cells over five construction stages. The first cell will begin construction this fall and has an estimated cost of \$6.7 million. Once all five cells are completed, the landfill will provide disposal capacity for the County past 2040. This estimate will vary depending on County growth, economic factors, public recycling efforts as well as catastrophic events generating large amounts of debris.

The County’s Material Recovery Facility (MRF) is operated by SONOCO Recycling. SONOCO has completed a \$2.0 million upgrade to the facility. This includes building and site improvements and most notably, installation of a state-of-the-art automated sorting and processing system. This facility receives mixed clean recyclables such as newspaper, all plastics #1 thru #7, and glass. Since beginning operations in November 2011, SONOCO has reached full processing capacity and handles over 40,000 tons of materials annually at the MRF thus removing these items from the waste stream and further preserving Subtitle D landfill space.

In 2012, the County engaged Enerdyne to develop a landfill gas to energy project. Enerdyne determined there was sufficient landfill gas and completed installation of all necessary infrastructure, including piping, landfill gas extraction wells, control systems and electricity generator in late 2013. Enerdyne operates the system at no cost to the County and sells any electricity generated to Duke Energy and shares the revenue with the County. For the fiscal year ended June 30, 2014, revenues from the system were approximately \$31,000.

The Airport has embarked on a multi-phase redevelopment program that began in FY11 with the construction of a new sanitary sewer connection. In FY13 construction of the program’s centerpiece project began. A new 67,000sf two-story replacement passenger terminal building featuring additional room for airlines and passenger growth, covered loading bridges and efficient building systems. The new terminal facility opened in August 2015. Future phases of the program include a new corporate aviation facility, air traffic control tower, hangars, rental car facilities and related support buildings. The projects are primarily funded by federal and state grants and user fees with Airport and County funds providing the required local match.

The County has completed constructing a five-site simulcast 800 MHz Project 25 (standards-based digital) trunked radio communications system, interconnected by a digital loop microwave system, to support public safety and public safety support agencies operating within the County, including the construction of three towers, equipment shelters and appurtenant facilities and the acquisition of equipment. The County borrowed \$8.9 million to fund the project. The City of Jacksonville will reimburse the County 30% of the principal and interest on the life of the debt service payments. The majority of the project has been completed.

Year-to-year certainty in county budgeting rests, in part, on determining the funding level necessary for public education. In FY16 financial support for the K-12 public school system amounts to 24.42% of the General Fund budget of the county. Viewed in light of property tax revenues, 43.68¢ of the current 67.5¢ tax rate funds the school system in accordance with the adopted funding formula.

Counties in North Carolina are mandated to fund school systems in three areas: “current expense” or operational funding; annual capital funding; and capital construction.

In 2014, the Onslow County Board of Commissioners and Onslow County Board of Education jointly adopted an educational funding policy to:

- Establish a collaborative and formal means for developing annual educational budgets
- Allow each party to conduct fiscal planning on a long-range basis
- To assure the citizens of Onslow County of a system of free public schools as defined by State law and State Board of Education policy
- Prevent the cost and disruptive community effects of school budget litigation

The proposed FY16 budget has been developed in accordance with the provisions of the jointly adopted public education funding policy. Through the new funding policy, annual “current expense” or operational budget numbers are tied to the most recently known state average per pupil appropriation. Onslow County will annually budget an amount equal to the most recent known second month average daily membership (ADM) count of students within the Onslow County Public School System times the most recent known statewide average per pupil appropriation by counties within the State of North Carolina.

Future student population numbers are not known. Therefore, tying appropriations to a “per pupil” basis grants funding flexibility (up or down) depending on the population served by the school system. With an increase of 313 county students in school year 2014-2015, the current expense (operating) and a statewide average per-pupil appropriation increase from \$ 1,742 to \$ 1,755, the current expense (operating) budget appropriation from the County to the Board of Education is proposed to increase by \$1,068,084.

With over 3.6 million heated square feet of buildings, hundreds of acres of property, and a large bus fleet, the school system’s annual capital needs are great. Onslow County’s proposed and future budgets increase funding to the school system in this area. The capital budget increase per the funding formula is \$400,000 for FY16.

The County facilities are in need of major renovation or replacement. We have continued to refine our capital improvement program to provide for orderly construction and funding of these projects. In FY 2015 we have continued the funding of a capital reserve fund to cover some of these costs and to provide funds to cover future debt payments without the need for massive changes in the tax rate due to the issuance of debt to fund some of the projects. The County issued limited obligation bonds in September for the following capital projects.

- Consolidated Human Service Building at a total issuance of \$20.4 million.
- Vehicle Maintenance Garage at a cost of \$4.9 million. \$2.8 million was financed. The Solid Waste fund is covering the other \$2.1 million.
- Dixon Middle School at a total issuance of \$28.8 million.

The County plans to issue debt in the near future for the following capital projects.

- Demolition of old buildings to build parking lot for the Consolidated Human Service Building in the estimated amount of \$3.3 million to be financed sometime in 2017.
- Richlands Steed Park Elementary School in the estimated amount of \$25.3 million. Total cost is planned to be financed August of 2016.
- Courthouse in the estimated amount of \$15.7 million. Total cost is planned to be financed August of 2016.

Cash, which is temporarily idle during the year, is invested in demand deposits, certificates of deposits, commercial paper, and the North Carolina Cash Management Trust. The County's cash management policy is designed to (1) assure the safety of principal, (2) provide for liquidity of funds, and (3) attain a market-average yield. Investments are placed on a competitive basis. Revenue generated from interest on investments of governmental funds for fiscal year 2015 totaled \$136,362.

The County continues to be committed to funding a capital reserve fund to help meet future capital needs without major swings in the property tax rates due to the capital outlay.

RISK MANAGEMENT:

Onslow County participates in three self-funded insurance programs. Our Health Insurance program is administered by Blue Cross and Blue Shield of North Carolina and our workers' compensation program is administered by PMA Companies. Dental insurance is provided for the County employees under a self-funded insurance program. The County's insurance for property and liability coverage is secured through the North Carolina Association of County Commissioners insurance pool. In addition, all County employees are covered by professional liability insurance.

PENSION AND OTHER POST EMPLOYMENT BENEFITS:

Onslow County sponsors a single-employer defined benefit pension plan for its public safety employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that Onslow County must make to the pension plan to ensure that the plan will be able to fully meet its obligation to retired employees on a timely basis. As a matter of policy, Onslow County fully funds each year's annual required contribution to the pension plan as determined by the actuary. Due to Onslow County's conservative funding policy, Onslow County has succeeded as of December 31, 2015, in funding 42.79 percent of the actuarial accrued liability of pension benefit obligations. The remaining unfunded amount is being systematically funded over 19 years as part of the annual required contribution calculated by the actuary.

Onslow County also provides post-retirement health care benefits for retirees who participate in the North Carolina Local Governmental Employees' Retirement System (System) and retire with full or reduced benefits from the County with at least ten years of continuous service who were hired prior to July 1, 2009. The County pays the full cost of coverage for these benefits. In addition, retirees can purchase coverage for their dependents at the County's group rates. This benefit ends at the employees 65th birthday. As of June 30, 2015, 116 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the County made payments for post-retirement health benefit premiums of \$759,690.

To evaluate the impact of meeting the reporting requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the County obtained an actuarial valuation of its OPEB liability based on data for December 31, 2013. The actuarial valuation quantified an unfunded liability of \$19,038,288 to be amortized over 30 years, and an annual required contribution ("ARC") of \$1,920,736, comprised of normal cost of \$862,096 and accrued liability of \$1,058,640. The valuation was completed using a 4.00 percent discount rate.

The County currently funds OPEB on an annual pay-as-you-go basis under a self-insured plan. The County will continue to evaluate its plan for adjustments, which may need to be made to meet future budget and other needs.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System, a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. For the fiscal year ended June 30, 2015, the County contributed \$37,000 to the State for death benefits.

Additional information on Onslow County's pension arrangements and post-employment benefits can be found in Note III (B) (3) (g) in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in

Financial Reporting to Onslow County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, Onslow County published an easily readable and efficiently organized financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Onslow County will be submitting the 2015 CAFR to the GFOA.

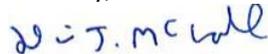
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Onslow County, North Carolina for its annual budget for the fiscal year beginning July 1, 2014. This is the eighth (8th) consecutive year we have received this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our 2015 current budget continues to conform to program requirements, and we will submit it to the GFOA to determine its eligibility for another award.

Preparation of this report would not have been possible without the efficient and dedicated efforts of the staff of the Finance Office. I would like to express special appreciation to Jessica Roberts, Amy Davis, Kim Rose and the rest of the Finance Office staff and Carr Riggs & Ingram for their assistance in the preparation of this report.

In closing, we would like to thank the members of the Onslow County Board of Commissioners for their continued support throughout the past year.

Sincerely,

A handwritten signature in blue ink that reads "D. J. McCole".

David J. McCole
Finance Officer

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Onslow County
Jacksonville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Onslow County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Onslow County ABC Board and Onslow County Hospital Authority. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Onslow County ABC Board and Onslow County Hospital Authority is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Onslow County ABC Board and Onslow County Hospital Authority were not audited in accordance with Governmental Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Onslow County, North Carolina, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-16 and the Law Enforcement Officers' Special Separation Allowance, Other Post-employment Benefit Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 77-83 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Onslow County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the Onslow County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onslow County's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 15, 2015

Management's Discussion and Analysis

As management of Onslow County, we offer readers of Onslow County's financial statements this narrative overview and analysis of the financial activities of Onslow County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

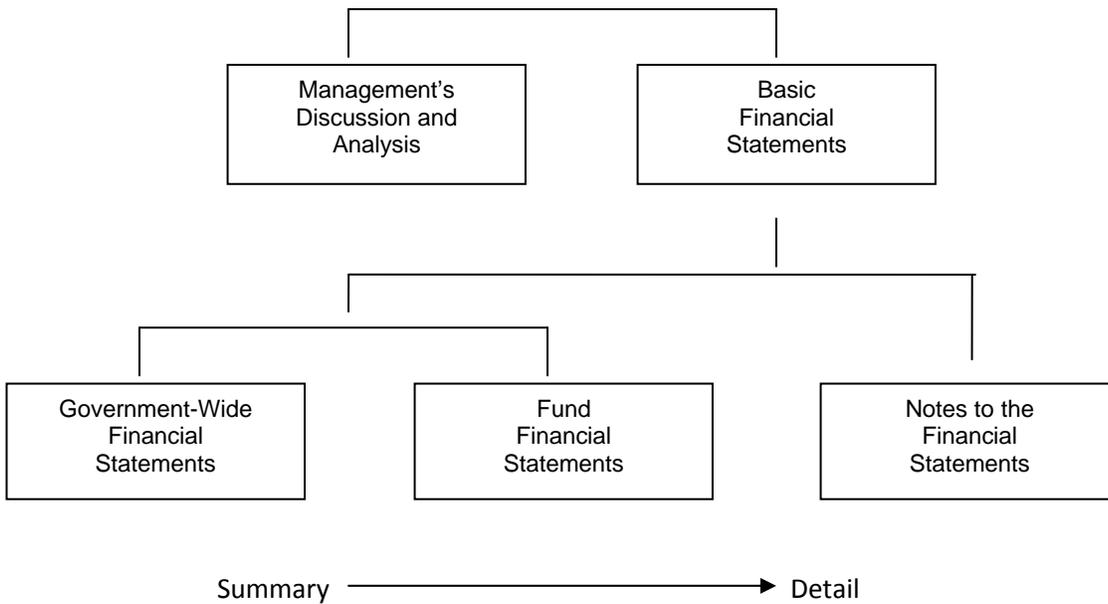
- The assets and deferred outflows of resources of Onslow County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$86,610,011. (*net position*).
- The government's total net position increased by \$44,159,475. (See Exhibit 2)
- As of the close of the current fiscal year, Onslow County's governmental funds reported combined ending fund balances of \$91,342,899 a net increase of \$2,250,286 in comparison with the prior year. The factors for this increase are due to the progress on the various capital projects. The general fund showed an increase of \$16,909,968 in fund balance. Approximately 13.07% of this total general fund amount or \$11,959,790 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,959,790 or 8% of total general fund expenditures for the fiscal year.
- Onslow County's governmental funds total debt had a net decrease of \$8.1 million during the current fiscal year.
- Onslow County held the following bond ratings:

Moody's	Aa2
Standard & Poor's	AA (Upgraded in September from AA-)

Overview of the Financial Statements

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

Required Components of the Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements and 4) the fiduciary and agency fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information on the County's pension plans.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the

County's basic services such as general government, public safety, human services, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. The business type fund for the county is the landfill services offered by Onslow County. The final category is the component units. Onslow County Hospital is a public hospital operated by a not-for-profit corporation that has leased the hospital from the County for a period of 99 years. The County appoints the board of trustees for the hospital and has previously issued debt on its behalf; however there is no outstanding county issued debt on behalf of the hospital at this time. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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

Onslow County adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges

Proprietary Funds – Onslow County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Onslow County uses enterprise funds to account for its Solid Waste operations. This fund is

the same as shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Onslow County has one fiduciary fund.

Agency Funds – Agency funds are used to account for assets the County holds on behalf of others. The County has three agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 33-86 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Onslow County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on pages 89-95 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Onslow County exceeded liabilities and deferred inflows of resources by \$86,810,011 as of June 30, 2015. The larger portion of Onslow County's net position reflect the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Onslow County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Onslow County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Also, the County implemented GASB Statement 68 this year. With the new reporting, the County is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$5,381,948. Decisions regarding the allocations are made by the administrators of the pension plan, not by Onslow County's management.

ONslow COUNTY'S NET POSITION

	Governmental Activities		
	2015	2014	2013
Current Assets	\$ 109,775,335	\$ 114,854,192	\$ 119,104,404
Land, Improvements and construction in progress	29,847,467	54,251,731	29,758,954
Capital assets net of depreciation	86,422,592	71,755,741	75,122,876
Total assets	226,045,394	240,861,664	223,986,234
Deferred outflows of resources	13,310,784	4,905,810	5,314,625
Long-term liabilities	196,424,662	203,080,879	206,440,521
Other liabilities	8,986,491	11,269,933	7,435,102
Total liabilities	205,411,153	214,350,812	213,875,623
Deferred inflows of resources	10,258,509	249,403	299,861
Net assets			
Investment in capital assets, net of related debt	21,751,936	35,009,562	52,499,284
Restricted	20,415,082	17,587,376	17,933,654
Unrestricted	(18,480,500)	(21,429,680)	(55,307,563)
Total net position	\$ 23,686,518	\$ 31,167,258	\$ 15,125,375

	Business-type Activities		
	2015	2014	2013
Current Assets	\$ 25,852,279	\$ 17,916,071	\$ 18,897,985
Land, Improvements and construction in progress	41,509,439	1,284,081	1,284,081
Capital assets net of depreciation	13,519,821	9,270,678	9,361,969
Total assets	80,881,539	28,470,830	29,544,035
Deferred outflows of resources	143,671	-	-
Long-term liabilities	11,591,716	11,382,179	11,533,882
Other liabilities	5,839,941	223,428	197,871
Total liabilities	17,431,657	11,605,607	11,731,753
Deferred inflows of resources	470,062	-	-
Net assets			
Investment in capital assets, net of related debt	52,764,262	7,584,760	6,996,050
Restricted	11,506,481	3,621,795	434,333
Unrestricted	(1,147,250)	5,658,668	10,381,899
Total net position	\$ 63,123,493	\$ 16,865,223	\$ 17,812,282

	Total		
	2015	2014	2013
Current Assets	\$ 135,627,614	\$ 132,770,263	\$ 138,002,389
Land, Improvements and construction in progress	71,356,906	55,535,812	31,043,035
Capital assets net of depreciation	99,942,413	81,026,419	84,484,845
Total assets	306,926,934	269,332,494	253,530,269
Deferred outflows of resources	13,454,455	4,905,810	5,314,625
Long-term liabilities	208,016,378	214,463,058	217,974,403
Other liabilities	14,826,432	11,493,361	7,632,973
Total liabilities	222,842,810	225,956,419	225,607,376
Deferred inflows of resources	10,728,571	249,403	299,861
Net assets			
Investment in capital assets, net of related debt	74,516,197	42,594,322	59,495,334
Restricted	31,921,562	21,209,171	18,367,987
Unrestricted	(19,627,750)	(15,771,012)	(44,925,664)
Total net position	\$ 86,810,011	\$ 48,032,482	\$ 32,937,657

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

Property taxes are a major source of revenue for the County. The overall collection rate for the current year taxes was 97.52 percent. The fiscal year 2015 tax rate was \$0.675 cents per \$100 valuation, which is well below the state legal limit of \$1.50.

Sales taxes are another major revenue source for the County. For FY 14, sales taxes receipts were \$1.235 million more than the County's budgeted estimate of \$37.4 million.

Additionally, the County's bonded debt per capita decreased from \$1,013 to \$820.

ONSLOW COUNTY'S CHANGE IN NET POSITION

	Governmental Activities		
	2015	2014	2013
Revenues			
Program revenues			
Charges for service	\$ 13,693,427	\$ 15,763,061	\$ 16,186,876
Operating grants & contributions	35,560,845	34,410,847	26,219,236
Capital grants & contributions	1,646,000	6,907,304	3,144,210
General revenues			
Property taxes	88,826,062	82,125,826	77,688,298
Other taxes	41,487,611	40,550,269	39,326,726
Grants & contributions not restricted to specific programs	518,230	472,153	1,155,823
Other	2,236,352	192,312	1,132,981
Total revenues	<u>183,968,528</u>	<u>180,421,772</u>	<u>164,854,150</u>
Expenses			
General government	30,659,150	22,777,670	14,799,009
Public safety	33,008,595	36,093,273	32,660,320
Transportation	256,337	2,690,594	2,661,338
Economic development	3,058,587	2,908,105	3,168,507
Human services	42,075,113	41,384,535	42,198,540
Environmental protection	375,724	428,552	431,598
Cultural & recreational	3,489,563	4,307,435	3,491,814
Education	39,606,710	48,109,492	48,109,492
Interest on long term debt	7,035,533	7,766,668	8,093,175
Solid Waste	-	-	-
Total expenses	<u>159,565,313</u>	<u>166,466,324</u>	<u>155,613,793</u>
Change in net position before transfers	24,403,216	13,955,448	9,240,357
Transfers	(26,768,971)	2,086,436	-
Change in net position	(2,365,755)	16,041,884	9,240,357
Net position, July 1	31,167,258	15,125,375	5,885,018
Prior restatements	(5,114,985)	-	-
Net position, June 30	<u>\$ 23,686,518</u>	<u>\$ 31,167,258</u>	<u>\$ 15,125,375</u>

	Business-type Activities		
	2015	2014	2013
Revenues			
Program revenues			
Charges for service	\$ 8,645,491	\$ 5,653,844	\$ 5,969,509
Operating grants & contributions	410,136	408,088	788,394
Capital grants & contributions	197,557	-	-
General revenues			
Property taxes	-	-	-
Other taxes	407,735	381,391	219,712
Grants & contributions not restricted to specific programs	18,541,290	291,299	-
Other	6,987	(222,942)	43,248
Total revenues	<u>28,209,196</u>	<u>6,511,680</u>	<u>7,020,863</u>
Expenses			
Solid Waste	5,544,747	5,372,303	5,808,913
Airport	2,908,190	-	-
Total expenses	<u>8,452,937</u>	<u>5,372,303</u>	<u>5,808,913</u>
Change in net position before transfers	19,756,259	1,139,377	1,211,950
Transfers	26,768,971	(2,086,436)	-
Change in net position	46,525,230	(947,059)	1,211,950
Net position, July 1	16,865,223	17,812,282	16,600,332
Prior restatement	(266,960)	-	-
Net position, June 30	<u>\$ 63,123,493</u>	<u>\$ 16,865,223</u>	<u>\$ 17,812,282</u>
	Total		
	2015	2014	2013
Revenues			
Program revenues			
Charges for service	\$ 22,338,918	\$ 21,416,905	\$ 22,156,385
Operating grants & contributions	35,970,981	34,818,935	27,007,630
Capital grants & contributions	1,843,557	6,907,304	3,144,210
General revenues			
Property taxes	88,826,062	82,125,826	77,688,298
Other taxes	41,895,346	40,931,660	39,546,438
Grants & contributions not restricted to specific programs	19,059,520	763,452	1,155,823
Other	2,243,339	-30,630	1,176,229
Total revenues	<u>212,177,724</u>	<u>186,933,452</u>	<u>171,875,013</u>
Expenses			
General government	30,659,150	22,777,670	14,799,009
Public safety	33,008,595	36,093,273	32,660,320
Transportation	256,337	2,690,594	2,661,338
Economic development	3,058,587	2,908,105	3,168,507
Human services	42,075,113	41,384,535	42,198,540
Environmental protection	375,724	428,552	431,598
Cultural & recreational	3,489,563	4,307,435	3,491,814
Education	39,606,710	48,109,492	48,109,492
Interest on long term debt	7,035,533	7,766,668	8,093,175
Solid Waste	5,544,747	5,372,303	5,808,913
Airport	2,908,190	-	-
Total expenses	<u>168,018,250</u>	<u>171,838,627</u>	<u>161,422,706</u>
Change in net position before transfers	44,159,474	15,094,825	10,452,307
Transfers	-	-	-
Change in net position	44,159,474	15,094,825	10,452,307
Net position, July 1	48,032,482	32,937,657	22,485,350
Prior restatement	(5,381,945)	-	-
Net position, June 30	<u>\$ 86,810,011</u>	<u>\$ 48,032,482</u>	<u>\$ 32,937,657</u>

Governmental activities. Governmental activities decreased the County's net position by \$2.3 million.

Sales tax revenues funded \$38.6 million of the Onslow County government activities. Property taxes and operating grants also provided a high source of revenue at \$88.8 million and \$35.9 million respectively.

Business-type activities: Business-type activities increased Onslow County's net position by \$46.5 million primarily due to increase in investment in capital assets.

Charges for services and operating costs were lower as compared to the prior year.

Financial Analysis of the County's Funds

As noted earlier, Onslow County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Onslow County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Onslow County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Onslow County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.9 million, with a total fund balance of \$82.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8 percent of total General Fund expenditures, while total general fund balance represents 52.25 percent of that same amount.

At June 30, 2015, the governmental funds of Onslow County reported a combined fund balance of \$91.3 million, for a \$2.25 million increase over last year. The factors for this increase are due to the progress on the various capital projects.

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

Total amendments to the General Fund increased the budget by approximately \$1.7 million. The majority of these changes were the result of changes in funding received from the State of North Carolina.

For the fiscal year the General Fund fund balance had a net increase of \$16.9 million or 25.67%. The county is conservative in its budget estimates. This can be seen as our revenues were \$840,393 more than our budget estimate. Our expenditures were less than budgeted by approximately \$11.8 million.

A review of actual revenues versus expenditures shows that the revenues exceeded expenditures by \$15.2 million. After transfers to and from other funds, our net revenues over expenditures were \$16.9 million.

The actual operating revenues for the General Fund were more than the budgeted amount by \$840,393. This was mainly due to sales taxes collected over estimates by \$1.2 million.

The restricted intergovernmental revenues were less than expected by approximately \$1.7 million.

The major variance from our budgeted expenditures was in the Human Services area where our expenditures were \$8.1 million less than estimated. Expenditures for health programs were approximately \$1.2 million under budget and social service programs \$6.2 million under budget.

Public Safety expenditures were \$1.7 million under budget. The jail expenditures were \$865,277 less than what was budgeted. Communication expenditures were \$232,286 less than what was budgeted. Emergency Medical Services expenditures were \$285,745 less than what was budgeted.

General governmental expenditures were \$1.6 million under budget. Of this amount \$338,209 is Vehicle Maintenance expenditures. Another \$558,079 is Non-departmental expenditures. ITS expenditures were \$322,039 less than what was budgeted.

Proprietary Funds. Onslow County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$3.5 million. The total increase in net position for the Solid Waste Fund was \$1.1 million. Total net position of the Airport is \$45.2 million, which primarily reflect the transfer of capital assets from the governmental activities of \$26.7 million.

Special Revenue Funds

Special Revenue Funds of the County cover such items as Emergency 911 fees, Register of Deeds Automation funds, CDBG projects and grant projects. These activities showed total revenues for FY 14 of \$531,916 and total expenditures of \$441,170. This represented a 58% decrease in revenues and a 490% increase in expenditures from FY 13. The Emergency 911 fund, Register of Deeds Automation fund accounted for 90% of the revenues and 85% of the expenditures.

The fund balance for the special revenue funds is \$1,303,594. This is a net increase of \$90,745 from the prior year.

Capital Project Funds

The Capital Project fund accounts for those projects that will extended over more than one fiscal year. For FY 14 the total revenues of these funds were \$5,213,005 while expenditures were \$27,254,998.

Capital Asset and Debt Administration

Capital assets. Onslow County's investment in capital assets for its governmental and business type activities as of June 30, 2015, totals \$171.3 million (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

At the current time the following projects are included and make up the majority of the construction in progress.

- AIP32 Airport Terminal Design
- 800 Mega-Hertz Project
- Old Jail Demolition
- Coastal Carolina Community College Maintenance Building

ONSLow COUNTY'S CAPITAL ASSETS

	Governmental Activities		
	2015	2014	2013
Land	\$ 13,977,146	\$ 14,229,346	\$ 14,196,694
Buildings & systems	103,688,437	90,377,151	89,754,131
Improvements	17,684,139	33,767,154	34,202,919
Equipment	17,177,688	17,400,722	17,282,282
Vehicles	9,919,114	10,583,018	10,199,109
Heavy Equipment	280,232	341,670	331,496
Construction in progress	15,870,320	40,022,385	15,562,260
Subtotal	178,597,077	206,721,446	181,528,891
Less accumulated depreciation	62,327,019	80,713,974	76,647,061
Total	<u>\$ 116,270,059</u>	<u>\$ 126,007,472</u>	<u>\$ 104,881,830</u>

	Business-type Activities		
	2015	2014	2013
Land	\$ 1,559,496	\$ 1,284,081	\$ 1,284,081
Buildings & systems	6,260,650	2,213,018	2,213,018
Improvements	38,370,378	22,134,795	21,741,312
Equipment	655,754	372,894	342,892
Vehicles	2,093,776	869,659	796,105
Heavy Equipment	4,499,750	3,524,074	3,402,609
Construction in progress	39,949,943	-	-
Subtotal	93,389,747	30,398,520	29,780,017
Less accumulated depreciation	38,360,486	19,843,761	19,133,967
Total	<u>\$ 55,029,261</u>	<u>\$ 10,554,759</u>	<u>\$ 10,646,050</u>

	Total		
	2015	2014	2013
Land	\$ 15,536,642	\$ 15,513,427	\$ 15,480,775
Buildings & systems	109,949,088	92,590,169	91,967,149
Improvements	56,054,517	55,901,949	55,944,231
Equipment	17,833,442	17,773,616	17,625,174
Vehicles	12,012,890	11,452,677	10,995,214
Heavy Equipment	4,779,982	3,865,744	3,734,105
Construction in progress	55,820,264	40,022,385	15,562,260
Subtotal	271,986,824	237,119,967	211,308,908
Less accumulated depreciation	100,687,504	100,557,735	95,781,028
Total	<u>\$ 171,299,320</u>	<u>\$ 136,562,232</u>	<u>\$ 115,527,880</u>

Additional information on the County's capital assets can be found in Note II (A) (5) of the Basic Financial Statements, beginning on page 50.

Long-term Debt. As of June 30, 2015 Onslow County had total general obligation bonded debt outstanding of \$67.5 million all of which is debt backed by the full faith and credit of the County.

Onslow County's Outstanding Debt
General Obligation, Certificates of Participation, Special Obligation Bonds and Installment Purchases

	Governmental Activities		
	2015	2014	2013
General obligation bonds	\$ 67,455,000	\$ 74,275,000	\$ 79,990,000
Premium on GO bonds	9,393,934	6,965,776	7,557,123
Certificates of Participation	51,095,000	53,610,000	57,555,000
Premium on COP's	4,422,814	-	-
Installment purchase	11,783,044	16,722,910	10,129,133
Limited Obligation Bonds	38,500,000	38,500,000	38,500,000
Premium on LOBS Debt	2,496,930	2,496,930	2,496,930
Special obligation bonds	-	-	-
Total	\$ 185,146,722	\$ 192,570,616	\$ 196,228,186

	Business-type Activities		
	2015	2014	2013
General obligation bonds	\$ -	\$ -	\$ -
Premium on GO bonds	-	-	-
Certificates of Participation	-	-	-
Premium on COP's	-	-	-
Installment purchase	-	-	-
Limited Obligation Bonds	-	-	-
Premium on LOBS Debt	-	-	-
Special obligation bonds	2,265,000	2,970,000	3,650,000
Total	\$ 2,265,000	\$ 2,970,000	\$ 3,650,000

	Total		
	2015	2014	2013
General obligation bonds	\$ 67,455,000	\$ 74,275,000	\$ 79,990,000
Premium on GO bonds	9,393,934	6,965,776	7,557,123
Certificates of Participation	51,095,000	53,610,000	57,555,000
Premium on COP's	4,422,814	-	-
Installment purchase	11,783,044	16,722,910	10,129,133
Limited Obligation Bonds	38,500,000	38,500,000	38,500,000
Premium on LOBS Debt	2,496,930	2,496,930	2,496,930
Special obligation bonds	2,265,000	2,970,000	3,650,000
Total	\$ 187,411,722	\$ 195,540,616	\$ 199,878,186

Onslow County's total debt had a net decrease of \$8.1 million during the current fiscal year.

All of the principal and interest due on the special obligation bonds will be paid from our landfill operations.

As mentioned in the financial highlights section of this document, Onslow County maintains an Aa2 bond rating from Moody's Investor Service and AA rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Onslow County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Onslow County is \$797,196,612.

Additional information regarding Onslow County's long-term debt can be found in Note II (B) (7) on page 74 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The unemployment rate (seasonally adjusted) for the county as of June 30, 2015 is 6.2%, which is above the state average of 5.8%.
- The 2015 property revaluation resulted in an overall increase of 1% in real property values.
- Our population has continued to increase as it has over the past few years. Per the state demographics website estimates our current population at 193,925. Onslow County is the 12th largest county out of 100 in NC.. The county seat, Jacksonville is the 13th largest city in NC.
- The County continues to become a retail center with taxable sales of \$1.876 billion in FY 2015, this is an increase of \$27.5 million over last year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The County approved a \$195.1 million general fund budget. This represents a \$6.4 million or 3.40% increase from the amended budget for FY 2015. There was an increase in the Educational function in the amount of \$1.5 million.

Property tax revenue estimates are based on a tax rate of \$0.6750 per \$100 assessed valuation. This rate is the same as Fiscal Year 2015. The projected collection rate was 97.27%. It is estimated that property tax revenue for FY 15-16 will be \$91.1 million or 46.73% of the general fund budget.

Year-to-year certainty in county budgeting rests, in part, on determining the funding level necessary for public education. In FY16 financial support for the K-12 public school system amounts to 24.42% of the General Fund budget of the county. Viewed in light of property tax revenues, 43.68¢ of the current 67.5¢ tax rate funds the school system in accordance with the adopted funding formula.

Counties in North Carolina are mandated to fund school systems in three areas: "current expense" or operational funding; annual capital funding; and capital construction.

In 2014, the Onslow County Board of Commissioners and Onslow County Board of Education jointly adopted an educational funding policy to:

- Establish a collaborative and formal means for developing annual educational Budgets
- Allow each party to conduct fiscal planning on a long-range basis
- To assure the citizens of Onslow County of a system of free public schools as defined by State law and State Board of Education policy
- Prevent the cost and disruptive community effects of school budget litigation

The proposed FY16 budget has been developed in accordance with the provisions of the jointly adopted public education funding policy. Through the new funding policy, annual “current expense” or operational budget numbers are tied to the most recently known state average per pupil appropriation. Onslow County will annually budget an amount equal to the most recent known second month average daily membership (ADM) count of students within the Onslow County Public School System times the most recent known statewide average per pupil appropriation by counties within the State of North Carolina.

Future student population numbers are not known. Therefore, tying appropriations to a “per pupil” basis grants funding flexibility (up or down) depending on the population served by the school system. With an increase of 313 county students in school year 2014-2015, the current expense (operating) and a statewide average per-pupil appropriation increase from \$ 1,742 to \$ 1,755, the current expense (operating) budget appropriation from the County to the Board of Education is proposed to increase by \$1,068,084.

With over 3.6 million heated square feet of buildings, hundreds of acres of property, and a large bus fleet, the school system’s annual capital needs are great. Onslow County’s proposed and future budgets increase funding to the school system in this area. The capital budget increase per the funding formula is \$400,000 for FY16.

To balance the general fund budget the county appropriated \$13.1 million in fund balance for FY 2016. This practice, of appropriating fund balance, is common. In FY 2015 \$13.1 million was appropriated to cover the expenditures over revenues and other funding sources. Per the audit you will notice that the county actually increased in fund balance by \$17.5 million. The majority of the increase is due to allocating \$15.6 million to set up a capital reserve fund for future school construction projects. Of the \$15.6 million, \$13 million was a one-time appropriation that normally would fund school current expense. The Board of Education appropriated their fund balance to cover the \$13 million reduction in funding of current expense by the County in FY 15. The county feels that there is a slight chance that a small portion of fund balance will be used in FY 16.

The County facilities are in need of major renovation or replacement. We have continued to refine our capital improvement program to provide for orderly construction and funding of these projects. In FY 2015 we have continued the funding of a capital reserve fund to cover some of these costs and to provide funds to cover future debt payments without the need for massive changes in the tax rate due to the issuance of debt to fund some of the projects. The County issued limited obligation bonds in September for the following capital projects.

- Consolidated Human Service Building at a total issuance of \$20.4 million.
- Vehicle Maintenance Garage at a cost of \$4.9 million. \$2.8 million was financed. The Solid Waste fund is covering the other \$2.1 million.
- Dixon Middle School at a total issuance of \$28.8 million.

The County plans to issue debt in the near future for the following capital projects.

- Demolition of old buildings to build parking lot for the Consolidated Human Service Building in the estimated amount of \$3.3 million to be financed sometime in 2017.
- Richlands Steed Park Elementary School in the estimated amount of \$25.3 million. Total cost is planned to be financed August of 2016.
- Courthouse in the estimated amount of \$15.7 million. Total cost is planned to be financed August of 2016.

Business – type Activities: The County operates two business type activities, which is our Solid Waste and Airport Enterprise fund. For FY 15-16 the Solid Waste Fund budget is \$6.6 million. For FY 15-16 the Airport Fund budget is \$3.1 million. Both funds are fully funded through revenues and reserves of the respective funds and are not dependent on the General Fund for support.

Requests for Information

This report is designed to provide an overview of the County’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Onslow County Finance Office, 234 Northwest Corridor Boulevard, Jacksonville, N.C. 28540.

BASIC FINANCIAL STATEMENTS

Exhibit 1
Onslow County, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
ASSETS					
Cash and cash equivalents	\$ 73,077,185	\$ 12,651,081	\$ 85,728,266	\$ 5,091,273	\$ 2,435,335
Receivables, net	11,470,902	745,415	12,216,317	21,882,594	-
Due from other funds	(914)	913	(1)	-	-
Due from other governments	10,083,554	737,744	10,821,298	-	-
Inventories	157,261	6,638	163,899	2,103,795	1,307,714
Prepaid expenses and other	1,605,926	12,250	1,618,176	3,392,766	5,560
Net pension asset	4,580,470	191,757	4,772,227	-	100,198
Restricted assets					
Cash and investments	8,800,951	11,506,481	20,307,432	-	-
Assets limited by board				34,914,683	-
Other investments	-	-	-	11,907	-
Other assets	-	-	-	1,675,849	-
Capital assets:					
Land, improvements, and construction in progress	29,847,467	41,509,439	71,356,906	6,156,645	1,500,445
Other capital assets, net of depreciation	86,422,592	13,519,821	99,942,413	67,493,786	3,265,880
Total capital assets	116,270,059	55,029,261	171,299,320	73,650,431	4,766,325
Total assets	226,045,395	80,881,538	306,926,934	142,723,298	8,615,132
DEFERRED OUTFLOWS OF RESOURCES	13,310,784	143,671	13,454,455	-	86,102
LIABILITIES					
Accounts payable and accrued liabilities	8,986,491	5,839,941	14,826,432	18,237,400	1,006,553
Noncurrent liabilities:					
Due within one year	16,034,637	1,254,985	17,289,622	1,760,365	-
Due in more than one year	180,390,025	10,336,731	190,726,756	51,991,320	208,318
Total liabilities	205,411,153	17,431,657	222,842,810	71,989,085	1,214,871
DEFERRED INFLOWS OF RESOURCES	10,258,509	470,062	10,728,571	-	244,206
NET POSITION					
Investment in capital assets	21,751,936	52,764,262	74,516,197	32,103,354	4,766,325
Restricted for:					
Register of deeds	290,077	-	290,077	-	-
Stabilization by State Statute	19,096,177	-	19,096,177	4,340,575	447,302
Adoption programs	13,273	-	13,273	-	-
Drug enforcement	194,718	-	194,718	-	-
Emergency services	820,837	-	820,837	-	-
Grant project	-	11,506,481	11,506,480	-	-
Capital projects	-	-	-	-	865,747
Unrestricted	(18,480,500)	(1,147,250)	(19,627,750)	34,290,284	1,162,783
Total net position	\$ 23,686,518	\$ 63,123,493	\$ 86,810,011	\$ 70,734,213	\$ 7,242,157

The accompanying notes are an integral part of this statement

Exhibit 2
Onslow County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 30,299,162	3,446,028	\$ 7,192,983	\$ -
Public safety	33,008,595	4,967,549	703,787	-
Transportation	256,337	-	256,337	-
Economic and physical development	3,058,587	106,112	1,005,327	-
Human services	42,075,113	4,360,533	26,159,904	-
Environmental protection	375,724	411,026	-	-
Culture and recreation	3,489,563	402,178	242,506	-
Workers Comp	359,988	-	-	-
Education	39,606,710	-	-	1,646,000
Interest on debt	7,035,533	-	-	-
Total governmental activities	159,565,313	13,693,427	35,560,845	1,646,000
Business-type activities:				
Solid waste	5,544,747	5,634,478	410,136	197,557
Airport	2,908,190	3,011,013		
Total business-type activities	8,452,937	8,645,491	410,136	197,557
Total primary government	\$ 168,018,250	\$ 22,338,918	\$ 35,970,981	\$ 1,843,557
Component units:				
Onslow County Hospital Authority	\$ 141,727,958	\$ 142,641,930	\$ -	\$ -
Onslow County ABC Board	11,143,136	11,629,845	-	-
Total component units	\$ 152,871,094	\$ 154,271,775	\$ -	\$ -

General revenues:
Property taxes, levied for general purposes
Local option sales taxes
Other taxes and licenses
Investment earnings, unrestricted
Grants and contributions not restricted to specific programs
Gain (loss) on disposal of assets
Miscellaneous, unrestricted
Total general revenues and special items
Transfers
Transfer of airport capital project fund balance
Change in net position
Net position - beginning
Prior restatement
Net position - ending

The accompanying notes are an integral part of this statement

Exhibit 2
Onslow County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
\$ (19,660,150)	\$ -	\$ (19,660,150)		
(27,337,259)	-	(27,337,259)		
1	-	1		
(1,947,148)	-	(1,947,148)		
(11,554,676)	-	(11,554,676)		
35,303	-	35,303		
(2,844,879)	-	(2,844,879)		
(359,988)	-	(359,988)		
(37,960,710)	-	(37,960,710)		
(7,035,533)	-	(7,035,533)		
(108,665,041)	-	(108,665,041)		
-	697,424	697,424		
-	102,823	102,823		
-	800,247	800,247		
(108,665,041)	800,247	800,247		
			\$ 913,972	\$ -
			-	486,709
			913,972	486,709
88,826,062	-	88,826,062	-	-
38,646,343	-	38,646,343	-	-
2,841,268	407,735	3,249,003	-	-
402,355	42,795	445,150	-	1,146
518,230	18,541,290	19,059,520	240,483	-
841,700	(37,426)	804,273	-	-
992,297	1,619	993,916	769,670	55
133,068,256	18,956,012	152,024,268	1,010,153	1,201
-	-	-	-	-
(26,768,971)	26,768,971	-	-	-
(2,365,755)	46,525,230	44,159,475	1,924,125	487,910
31,167,261	16,865,223	48,032,484	68,810,088	6,877,648
(5,114,988)	(266,960)	(5,381,948)	-	(123,401)
\$ 23,686,518	\$ 63,123,493	\$ 86,810,011	\$ 70,734,213	\$ 7,242,157

The accompanying notes are an integral part of this statement

Exhibit 3
Onslow County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 71,792,143	\$ -	\$ -	\$ 1,285,042	\$ 73,077,185
Receivables, net	11,393,092	235	-	77,572	11,470,899
Due from other funds	1,235,600	-	-	-	1,235,600
Due from other governments	9,607,452	459,541	-	16,561	10,083,554
Inventories	157,261	-	-	-	157,261
Prepaid expenditures	681,502	-	-	-	681,502
Restricted assets					
Cash and investments	-	8,800,951	-	-	8,800,951
Total assets	\$ 94,867,050	\$ 9,260,727	\$ -	\$ 1,379,175	\$ 105,506,952
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 8,235,244	510,695	229,667	10,880	\$ 8,986,486
Due to other funds	25,247	107	1,192,613	18,547	1,236,514
Total liabilities	8,260,491	510,802	1,422,280	29,427	10,222,999
DEFERRED INFLOWS OF RESOURCES	3,894,899	-	-	46,154	3,941,053
Fund balances:					
Nonspendable					
Inventory and prepaids	838,763	-	-	-	838,763
Restricted					
Register of Deeds	-	-	-	290,077	290,077
Stabilization by State Statute	18,588,421	459,776	-	47,980	19,096,177
Health Programs	3,807,635	-	-	-	3,807,635
Adoption Programs	13,273	-	-	-	13,273
Drug Enforcement	194,718	-	-	-	194,718
Occupancy Tax	1,915,809	-	-	-	1,915,809
Economic Development	2,014,023	-	-	-	2,014,023
Emergency Services	-	-	-	820,837	820,837
Committed					
Diaster Contingency	5,078,515	-	-	-	5,078,515
Capital improvements	23,788,480	8,290,150	-	-	32,078,630
Other Employee Benefits	822,577	-	-	-	822,577
Workers' compensation insurance	514,238	-	-	-	514,238
Community Assistance	-	-	-	59,908	59,908
Assigned					
Subsequent year's expenditures	13,175,417	-	-	103,339	13,278,756
Unassigned	11,959,790	-	(1,422,280)	(18,547)	10,518,963
Total fund balances	82,711,660	8,749,926	(1,422,280)	1,303,594	91,342,899
Total liabilities, deferred inflows of resources and fund balances	\$ 94,867,050	\$ 9,260,727	\$ -	\$ 1,379,175	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	116,270,059
Net pension asset	4,580,470
Contributions to penion plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,075,538
Postemployment benefit obligation	(8,284,890)
Deferred inflows related to pensions	(9,965,179)
Deferred charge on refunding	10,235,246
Prepaid pension obligation, law enforcement	924,424
Deferred inflows of resources for taxes receivable	3,647,723
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 7).	(188,139,772)
Net assets of governmental activities	\$ 23,686,518

The accompanying notes are an integral part of this statement

Exhibit 4
Onslow County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 90,012,138	\$ -	\$ -	\$ -	\$ 90,012,138
Local option sales taxes	38,646,343	-	-	-	38,646,343
Other taxes and licenses	2,841,268	-	-	-	2,841,268
Unrestricted intergovernmental	518,230	-	-	-	518,230
Restricted intergovernmental	37,174,567	-	-	-	37,174,567
Permits and fees	2,757,484	-	-	-	2,757,484
Sales and services	10,561,689	-	-	-	10,561,689
E-911 fees	-	-	-	374,253	374,253
Grant revenue	-	-	-	32,277	32,277
Investment earnings	390,953	8,901	-	2,501	402,355
Miscellaneous	858,958	10,456	-	122,885	992,299
Total revenues	183,761,632	19,357	-	531,916	184,312,905
EXPENDITURES					
Current:					
General government	22,561,318	-	-	78,639	22,639,958
Public safety	33,994,452	-	-	-	33,994,452
Transportation	256,337	-	-	-	256,337
Economic and physical development	3,125,569	-	-	-	3,125,569
Human services	42,979,592	-	-	-	42,979,592
Environmental protection	418,666	-	-	-	418,666
Cultural and recreational	4,067,374	-	-	-	4,067,374
Workers' comp	359,988	-	-	-	359,988
E-911	-	-	-	304,588	304,588
Intergovernmental	-	-	-	-	-
Education	39,606,710	-	-	-	39,606,710
Capital projects	513,555	13,989,630	1,249,656	57,943	15,810,784
Debt service:	-	-	-	-	-
Principal	12,083,616	-	-	-	12,083,616
Interest and other charges	8,077,532	-	-	-	8,077,532
Total expenditures	168,044,709	13,989,630	1,249,656	441,170	183,725,165
Excess (deficiency) of revenues over expenditures	15,716,922	(13,970,273)	(1,249,656)	90,745	587,739
OTHER FINANCING SOURCES (USES)					
Transfers to (from) other funds	(469,502)	469,502	-	-	-
Proceeds from refunding of bonds	61,671,787	-	-	-	61,671,787
Payment to refunded bond escrow agent	(61,299,846)	-	-	-	(61,299,846)
Sale of capital assets	1,290,607	-	-	-	1,290,607
Total other financing sources (uses)	1,193,046	469,502	-	-	1,662,548
Net change in fund balance	16,909,968	(13,500,771)	(1,249,656)	90,745	2,250,286
Fund balances-beginning	65,801,702	22,250,697	(172,624)	1,212,849	89,092,623
Fund balances-ending	\$ 82,711,670	\$ 8,749,925	\$ (1,422,281)	\$ 1,303,594	\$ 91,342,908

The accompanying notes are an integral part of this statement

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

Net changes in fund balances - total governmental funds	\$ 2,250,286
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures recorded as assets	13,772,752	
Depreciation expense	(4,930,652)	
Basis in assets contributed to Airport Fund	(18,130,586)	
Basis in capital assets that were retired	<u>(448,907)</u>	(9,737,394)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,186,076)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences	3,090	
Prepaid pension obligation, law enforcement officers	154,382	
Net pension obligation	2,805,817	
Other postemployment benefits	(771,148)	
Transfer of prior year airport capital project fund balance	<u>(8,638,387)</u>	(6,446,246)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principle payments on long-term debt	12,083,616	
Proceeds from refunding of bonds	(61,671,787)	
Payment to refunded bond escrow agent	61,299,846	
Amortized loss on defeasance of debt	(408,817)	
Amortization of bond premium	<u>1,450,816</u>	12,753,674

<u>Total changes in net position of governmental activities</u>	<u>\$ (2,365,755)</u>
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Exhibit 5
Onslow County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2015

	General Fund			Variance With Final - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	90,401,812	\$ 90,401,812	\$ 90,012,138	\$ (389,674)
Local option sales taxes	37,411,667	37,411,667	38,646,343	1,234,676
Other taxes and licenses	2,650,000	2,650,000	2,841,268	191,268
Unrestricted intergovernmental	350,000	350,000	518,230	168,230
Restricted intergovernmental	29,823,542	30,140,577	28,423,986	(1,716,591)
Permits and fees	2,708,465	2,708,465	2,757,484	49,019
Sales and services	9,847,339	9,929,911	10,561,689	631,778
Investment earnings	100,000	100,000	334,676	234,676
Miscellaneous	364,985	365,285	802,295	437,010
Total revenues	173,657,810	174,057,717	174,898,110	840,393
EXPENDITURES				
Current:				
General government	17,798,326	16,734,685	15,151,950	1,582,735
Public safety	34,507,500	35,668,314	33,994,452	1,673,862
Transportation	288,887	256,337	256,337	-
Economic and physical development	3,403,472	3,679,497	3,011,965	667,532
Human services	49,952,449	51,067,487	42,979,592	8,087,895
Environmental protection	462,969	536,454	418,666	117,788
Cultural and recreational	4,255,944	4,431,031	4,067,374	363,657
Intergovernmental:				
Education	39,606,710	39,606,710	39,606,710	-
Debt service:				
Principal	12,083,905	12,107,655	12,083,616	24,039
Interest and other charges	7,439,754	7,416,004	8,077,532	(661,528)
Total expenditures	169,799,916	171,504,174	159,648,193	11,855,981
Revenues over (under) expenditures	3,857,894	2,553,543	15,249,917	12,696,374
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,646,000	1,646,000	1,646,000	-
Transfers to other funds	(18,707,057)	(18,838,798)	(18,740,730)	98,068
Proceeds from sale of bonds	-	61,672,286	61,671,787	(499)
Transfer to bond escrow agent	-	(61,672,286)	(61,299,846)	372,440
Proceeds from sale of capital assets	40,000	70,049	1,290,607	1,220,558
Total other financing sources and uses	(17,021,057)	(17,122,749)	(15,432,182)	1,690,567
Revenues and other financing sources over (under) expenditures and other financing uses	(13,163,163)	(14,569,206)	(182,265)	14,386,941
Appropriated fund balance	13,163,163	14,569,206	-	(14,569,206)
Net change in fund balance	\$ -	\$ -	(182,265)	\$ (182,265)
Fund balances - beginning			51,688,702	
Fund balances-ending			\$ 51,506,437	
Legally budgeted Self Insurance, Burton Industrial Park, FSA Special Account, Reserve, Revaluation and Capital Improvement Funds are consolidated into the General Fund for reporting purposes				
Restricted intergovernmental			\$ 8,750,581	
Investment earnings			56,277	
Other revenues			56,663	
Transfers (to) from General Fund			16,625,227	
Expenditures			(8,396,515)	
Fund balance, beginning			14,113,000	
Fund balance, ending (Exhibit 4)			<u>\$ 82,711,670</u>	

The accompanying notes are an integral part of this statement

Exhibit 6
Onslow County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2015

	Solid Waste	Airport	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,106,700	\$ 544,381	\$ 12,651,081
Receivables, net	578,876	166,539	745,415
Due from other funds	913	-	913
Due from other governments	327,498	410,246	737,744
Inventories	6,638	-	6,638
Prepaid Expenses	8,000	4,250	12,250
Net pension asset	95,698	96,059	191,757
Total current assets	13,124,323	1,221,475	14,345,798
Noncurrent assets:			
Restricted cash and cash equivalents	6,354,898	5,151,583	11,506,481
Capital assets:			
Land and construction in progress	1,284,081	40,225,358	41,509,439
Buildings, improvements, and equipment	24,605,983	20,680,798	45,286,781
Vehicles and motorized equipment	5,199,258	1,394,268	6,593,526
Less accumulated depreciation	(20,864,898)	(17,495,586)	(38,360,484)
Total capital assets	10,224,424	44,804,838	55,029,262
Total noncurrent assets	16,579,322	49,956,421	66,535,743
Total assets	29,703,645	51,177,896	80,881,541
DEFERRED OUTFLOWS OF RESOURCES	71,700	71,971	143,671
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	405,904	107,536	513,440
Accounts payable to be paid from restricted assets	-	5,326,501	5,326,501
Accrued landfill closure and postclosure care costs	483,000	-	483,000
Compensated absences	22,154	19,831	41,985
Special obligation bonds payable	730,000	-	730,000
Total current liabilities	1,641,058	5,453,868	7,094,926
Noncurrent liabilities:			
Accrued landfill closure and postclosure care costs	8,202,504	-	8,202,504
Compensated absences	66,463	59,492	125,955
OPEB obligation	263,306	209,966	473,272
Special obligation bonds payable	1,535,000	-	1,535,000
Total noncurrent liabilities	10,067,273	269,458	10,336,731
Total liabilities	11,708,331	5,723,326	17,431,657
DEFERRED INFLOWS OF RESOURCES	234,588	235,474	470,062
NET POSITION			
Net investment in capital assets	7,959,424	44,804,838	52,764,262
Restricted	6,354,898	5,151,583	11,506,481
Unrestricted	3,518,104	(4,665,354)	(1,147,250)
Total net position	\$ 17,832,426	\$ 45,291,067	\$ 63,123,493

The accompanying notes are an integral part of this statement

Exhibit 7
Onslow County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Solid Waste	Airport	Total
OPERATING REVENUES			
Charges for services	\$ 5,634,478	\$ 2,006,758	\$ 7,641,236
Other operating revenues	410,136	1,004,255	1,414,391
Total operating revenues	6,044,614	3,011,013	9,055,627
OPERATING EXPENSES			
Administration	316,730	491,261	807,991
Facility operations	2,757,974	1,665,622	4,423,596
Recycling	340,801	-	340,801
Electronics Recycling	25	-	25
Refuse site	815,041	-	815,041
Keep Onslow Beautiful	20,937	-	20,937
White goods	80,255	-	80,255
Depreciation	1,138,028	654,938	1,792,966
Total operating expenses	5,469,791	2,811,821	8,281,612
Operating income (loss)	574,823	199,192	774,015
NONOPERATING REVENUES (EXPENSES)			
Solid waste disposal tax	86,027	-	86,027
Tire disposal tax	245,066	-	245,066
White goods disposal tax	61,724	-	61,724
NCDENR Electronics program	14,918	-	14,918
State NCDENR Grant	197,556	-	197,556
Other reimbursements	1,619	-	1,619
Sale of fixed assets	(37,426)	-	(37,426)
Capital contributions	-	45,310,261	45,310,261
Interest and investment revenue	31,080	11,715	42,795
Interest and fees	(106,397)	(130,769)	(237,166)
(Increase) Decrease in pension benefit obligation	31,441	34,400	65,841
Total nonoperating revenue (expenses)	525,608	45,225,607	45,751,215
Income (loss) before transfers	1,100,431	45,424,799	46,525,230
Transfers from (to) other funds	-	-	-
Change in net position	1,100,431	45,424,799	46,525,230
Total net position, beginning	16,865,223	-	16,865,223
Restatement	(133,228)	(133,732)	(266,960)
Net position, beginning, restated	16,731,995	(133,732)	16,598,263
Total net position, ending	\$ 17,832,426	\$ 45,291,067	\$ 63,123,493

The accompanying notes are an integral part of this statement

Exhibit 8
Onslow County, North Carolina
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2015

	Solid Waste	Airport	Total
Cash flows from operating activities:			
Cash received from customers	\$ 6,094,757	\$ 1,840,219	\$ 7,934,976
Cash paid for goods and services	(2,172,327)	(994,162)	(3,166,489)
Cash paid to employees for services	(1,592,630)	(1,286,166)	(2,878,796)
Other operating revenue	410,136	1,004,255	1,414,391
Net cash provided by operating activities	2,739,936	564,146	3,304,082
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	(182)	-	(182)
Net cash provided by noncapital financing activities	(182)	-	(182)
Cash flows from capital and related financing activities:			
Capital contributions	212,474	36,671,875	36,884,349
Disposal taxes	65,319	-	65,319
Other reimbursements	1,619	-	1,619
Principal paid on bond maturities and equipment contracts	(705,000)	-	(705,000)
Interest paid on bond maturities and equipment contracts	(106,397)	(130,769)	(237,166)
Proceeds from sale of capital assets	28,632	-	28,632
Acquisition of capital assets	(873,751)	(40,257,292)	(41,131,043)
Pension deferrals	194,329	197,903	392,232
Net cash used by capital and related financing activities	(1,182,776)	(3,518,283)	(4,701,058)
Cash flows from investing activities:			
Interest on investments	31,080	11,715	42,795
Net increase (decrease) in cash and cash equivalents	1,588,058	(2,942,422)	(1,354,364)
Cash and cash equivalents, July 1	16,873,540	-	16,873,540
Cash and cash equivalents, June 30	\$ 18,461,598	\$ (2,942,422)	\$ 15,519,176

The accompanying notes are an integral part of this statement

**Reconciliation of operating income (loss)
to net cash provided by (used in) operating
activities:**

	Solid Waste	Airport	Total
Operating income (loss)	\$ 574,823	\$ 199,192	\$ 774,015
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	1,138,028	654,938	1,792,966
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	460,279	(453,478)	6,801
(Increase) decrease in inventory	(6,242)	-	(6,242)
(Increase) decrease in prepaid items	(5,750)	(4,250)	(10,000)
(Increase) decrease in pension asset	(95,698)	(96,059)	(191,757)
Increase (decrease) in accounts payable and accrued liabilities	182,476	108,246	290,722
Increase (decrease) in pension liability	(133,228)	(133,732)	(266,960)
Increase in accrued landfill costs	592,015	-	592,015
Increase in accrued OPEB obligation	34,597	209,966	244,563
Increase (decrease) in accrued vacation pay	(1,364)	79,323	77,959
Total adjustments	2,165,113	364,954	2,530,067
Net cash provided by (used in) operating activities	\$ 2,739,936	\$ 564,146	\$ 3,304,082

The accompanying notes are an integral part of this statement

Exhibit 9
Onslow County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 668,493	\$ 590,575
Accounts receivable	161	-
Total assets	\$ 668,654	\$ 590,575
 Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 459,115
Intergovernmental payable	-	131,460
Total liabilities	-	590,575
 Net position:		
Held in trust for pension benefits	\$ 668,654	\$ -

The accompanying notes are an integral part of this statement

Exhibit 10
Onslow County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

Additions:	
Employer contributions	\$ 230,971
Investment income:	510
Total additions	231,481
Deductions:	
Benefits paid	159,057
Change in net position	72,424
Net position - beginning of year	596,230
Net position - end of year	\$ 668,654

The accompanying notes are an integral part of this statement

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Onslow County, North Carolina and its discretely presented component units 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 County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units; legally separate entities for which the County is financially accountable. Onslow County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Onslow County Hospital Authority (the Hospital), which has a September 30 year-end, is presented as if it were a proprietary fund. The Onslow County ABC Board (the Board), which has a June 30 year-end, is presented as if it were a proprietary fund.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Onslow County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Onslow County Hospital Authority	Discrete	The Hospital is a public hospital operated by a not-for-profit corporation, which has leased the hospital facilities from the County until September 30, 2030. The County appoints the board of trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital.	Onslow County Hospital Authority 317 Western Boulevard Jacksonville, NC 28540
Onslow County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Onslow County ABC Board 409 Center Street Jacksonville, NC 28540

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except when services are provided or used. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Reserve Fund, Benefit Fund, Burton Park Fund, Workers Compensation Fund, Health Insurance Fund, Disaster Contingency Fund, and Capital Improvement Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, they are consolidated into the General Fund.

Capital Project Fund and School Construction Fund. These funds account for various construction projects. These projects will normally expand over more than one year.

The County reports the following major enterprise funds:

Solid Waste Fund. This fund is used to account for the operations of the County landfill.

Airport Operations Fund. This fund is used to account for the operations of the Albert J. Ellis Airport.

The County reports the following fund types:

Trust Funds. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The LEO Special Separation Allowance Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The resources in the LEO Special Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains seven agency funds: the Social Services Fund, which accounts for moneys deposited with the Social Services Department for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Onslow County Board of Education; the DMV Interest Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Agriculture Fund that accounts for moneys deposited with the Agriculture Department for the benefit of certain groups; the Sheriff's Department Fund that accounts for moneys collected by the Sheriff's Department on judgments and executions, and the Municipal Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities within the County but are not revenues to the County, and the Register of Deeds Trust Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains six legally budgeted funds. The Emergency 911 Fund, Register of Deeds Fund, Memorial Fund, Community Development Fund, Grant Project Fund, and Community Assistance Fund are reported as non-major special revenue funds. The Capital Projects Fund and the School Construction Fund are reported as capital projects funds.

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and pension trust fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

is adopted for the general, special revenue, capital project (excluding Community Development Fund, Capital Project Fund, and Grant Project Fund), and the Enterprise Funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Capital Reserve Special Revenue Fund, the Capital Projects Fund, the School Construction Fund, and the Enterprise Capital Projects Funds. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level (the legal level of budgetary control) for the general fund, special revenue, enterprise and the capital project funds. As allowed by statute, the Board has authorized the County Manager to transfer monies from one appropriation to another within the same fund, subject to such limitations and procedures as it may authorize. Department heads may request transfers of appropriations within a department. These requests are subject to the approval of the County Manager. The County Manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund. He may not transfer any amounts between funds without action of the Board of Commissioners except the County Manager may transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Onslow County Personnel Policy. The Finance Officer is to ensure that procedures are implemented to administer this policy. During the year, several amendments to the original budget were necessary.

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law [G.S. 159-26(d)], the County 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. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the governmental funds balance sheet and will be charged against the subsequent year's budget.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County, the ABC Board, and Onslow County Hospital Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Hospital, and the ABC Board may designate, as an official depository, any bank or savings association whose

Onslow County, North Carolina
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For the Fiscal Year Ended June 30, 2015

principal office is located in North Carolina. Also, the County, the Hospital, and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, the Hospital, and the ABC 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 and the North Carolina Capital Management Trust (NCCMT).

The County, the Hospital, and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. The ABC Board considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents, and records them at cost. For the Hospital Authority, cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

3. Restricted Assets

The unexpended bond proceeds of the Capital Projects installment purchases, limited obligation bonds, and general obligation bonds; and, the Water and Sewer special obligation bonds are classified as restricted assets on the balance sheet because their use is completely restricted to the purpose for which the bonds were originally issued.

Governmental Activities		
Capital Projects	Unexpended loans and bond proceeds	\$ 8,800,951
Business-Type Activities		
Water and Sewer	Unexpended bond proceeds	\$ 6,354,898
Water and Sewer	Unexpended bond proceeds	5,151,583
		11,506,481
Total Restricted Cash		\$ 20,307,432

Restricted funds of the hospital are used to differentiate resources, the use of which is restricted by donors, or grantors, from resources of general funds on which donors or grantors place no restriction or that arise as a result of the operations of the Hospital for its stated purposes. Funds restricted by donors for plant replacement and expansion are reclassified to the unrestricted fund balance to the extent expended within the period. Funds restricted by donors for specific operating purposes are reported in

other revenue to the extent used within the period for the designated purpose. Restricted cash and investments include assets set aside by the Hospital's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, therefore these assets are not considered to be cash equivalents.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies annual ad valorem taxes on real and personal property on July 1, the beginning of the fiscal year. The taxes are due on September 1(lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1 each year. Personal property values are determined annually, while real estate values are based on the rates adopted during the last countywide revaluation, which was effective January 1, 2014

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the County are valued using the average cost method, while the hospital, and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed. The inventory of the County's enterprise funds as well as those of the Hospital and the ABC Board consists of materials and supplies held for consumption. The cost of the inventory carried in the County's enterprise funds and that of the Hospital and the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The County has established capitalization thresholds of \$1,500 for technological equipment and \$5,000 for all other capital items. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Onslow County Board of Education properties that have not been included in capital assets. 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 of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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The properties are reflected as capital assets in the financial statements of the Onslow County Board of Education.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Furniture and office equipment	3-5 years
Maintenance and construction equipment	10 years
Building and improvements	15-30 years
Automobiles and trucks	4 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20 years
Furniture and equipment	10 years
Vehicles	3-5 years
Leasehold improvements	10-20 years

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Life</u>
Buildings and improvements	10-40 years
Land improvements	10-40 years
Equipment	5-15 years

8. Deferred outflows / inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meets this criterion – a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this

category – prepaid taxes, property taxes receivable, loans receivable, and other pension related deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expenses over the life of the debt.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources

10. Compensated Absences

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund, and Hospital statements.

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

Onslow County, North Carolina
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Inventories and prepaids – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid expenditures, which are not spendable resources.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

Restricted for Stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(s)].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Health Programs – portion of fund balance to be used to pay employee health care costs.

Restricted for Adoption Programs – portion of fund balance that is restricted by revenue source for adoption program expenditures.

Restricted for Drug Enforcement – portion of fund balance that is restricted by revenue source for drug enforcement expenditures.

Restricted for Occupancy Tax – portion of fund balance that is restricted to further the development of travel, tourism, and convention

Restricted for Economic Development – portion of fund balance that can only be used for economic development.

Restricted for Emergency Services – portion of fund balance that is restricted by revenue source for emergency services.

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

Committed for Disaster Contingency – portion of fund balance that can only be used for public safety activities.

Committed for Capital Improvements – portion of fund balance that can only be used for capital improvements.

Committed for Other Employee Benefits – portion of fund balance to be used to pay employees other employee benefits

Committed for Workers' Compensation Insurance – portion of fund balance to be used to pay workers compensation claims.

Committed for Community Assistance – portion of fund balance that can only be used for community assistance

Assigned Fund Balance – portion of fund balance that the Onslow County governing board has budgeted.

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 the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(67,656,371) consists of the following:

Onslow County, North Carolina
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Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 116,270,059
Net pension asset	4,580,470
Prepaid pension obligatin, law enforcement	924,424
Liabilities for deferred inflows or resources reported in the fund statements but not the governmental funds	3,647,723
Net pension outflows (inflows)	(6,889,641)
Deferred charges related to advance refunding bond issued-included on government-wide statement of net position but are not current financial resources	10,235,246
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(185,146,409)
Post-employment benefit obligation	(8,284,891)
Compensated absences	(2,993,352)
Total adjustment	\$ (67,656,371)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$(4,616,039) is composed of the following:

Onslow County, North Carolina
Notes to the Financial Statements
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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,772,752
Basis in retired capital assets	(448,907)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,930,652)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	73,383,462
Transfer of capital assets to Enterprise Fund	-26,768,971
Amortization of loss on defeasance of school debt	(408,817)
Amortization of bond premium	1,450,816
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Compensated absences	3,090
Other postemployment benefits	(771,148)
Prepaid pension obligation	154,382
Net pension obligation	2,805,817
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(61,671,787)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in deferred inflows of resources – taxes receivable – at end of year	<u>(1,186,076)</u>
Total adjustment	<u>\$ (4,616,039)</u>

13. Reclassifications

Certain reclassifications have been made to the 2014 comparative information to conform to the 2015 presentation. Such reclassifications have no effect on net position or fund balances.

14. Stewardship, Compliance, and Accountability

Deficit Fund Balance

At June 30, 2015, the Grant Project Fund had a deficit fund balance of \$16,243, primarily due to the timing of project expenditures, and the related deposit of proceeds from issuance of bonds revenue. The expenditures were advanced to enable the construction of a new school building to begin and County management has determined that such advanced costs are not typical and are not normal operating procedures.

At June 30, 2015, the School Construction Fund had a deficit fund balance of \$1,422,280, primarily due to the timing of project expenditures, and the related deposit of proceeds from issuance of bonds revenue. The expenditures were advanced to enable the construction of a new school building to begin and County management has determined that such advanced costs are not typical and are not normal operating procedures.

Note II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the Hospital's, and the ABC 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 are collateralized with securities held by the County's, the Hospital's, or the ABC Board's names. 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 County, the Hospital, and the ABC Board, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for 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 County, the Hospital, or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, or the ABC 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 State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The County, ABC Board, and the Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County, ABC Board, and the Hospital have no formal policies regarding custodial credit risk for deposits. At June 30, 2015, the carrying amount of the County's deposits was \$27,310,260, and the bank balance was \$27,811,241. Of the bank balance, \$766,244 was covered by federal depository insurance and \$27,045,017 was covered by collateral held under the Pooling Method. At June 30, 2015, the County had \$9,642 cash on hand.

At June 30, 2015, the carrying amount of deposits for Onslow County ABC Board was \$2,418,835 and the bank balance was \$2,468,050. Of the bank balance, \$2,218,060 was not covered by federal depository insurance.

At September 30, 2014, the Hospital's deposits had a carrying amount of \$5,091,273, and a bank balance of \$5,593,601. There is Federal Depository Corporation insurance of \$250,000 that is applicable to the bank balance as of September 30, 2014. The remaining balance was covered by collateral held under the Pooling Method.

2. Investments

At June 30, 2015, the County had the following investments and maturities:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Investment Type	Cost	Fair Value	Less than 6 Months	6-12 Months
Abbey International	\$ 5,987,624	\$ 6,000,000	\$ 6,000,000	\$ -
Agricultural Bank	999,850	1,000,000	1,000,000	-
Barclays US Funding	1,995,765	2,000,000	2,000,000	-
Basin Electric	999,887	1,000,000	1,000,000	-
Coca Cola Company	1,098,197	1,100,000	1,100,000	-
Credit Agricole	1,992,556	2,000,000	2,000,000	-
Dealers Capital LLC	11,657,634	11,660,000	11,660,000	-
General Electric	2,996,602	3,000,000	3,000,000	-
ING US	998,707	1,000,000	1,000,000	-
JP Morgan	7,983,493	8,000,000	6,000,000	2,000,000
Kook Min Bank	3,993,946	4,000,000	4,000,000	-
Microsoft Corp	1,999,872	2,000,000	2,000,000	-
Natixis US Finance	999,300	1,000,000	1,000,000	-
PNC Bank	1,994,808	2,000,000	2,000,000	-
Toyoto Motor Corp	3,994,555	4,000,000	4,000,000	-
NC Cash Management Trust-Cash Portfolio	24,245,903	24,245,903	-	-
NC Cash Management Trust-Term Portfolio	6,036,169	6,036,169	-	-
	<u>\$ 79,974,868</u>	<u>\$ 80,042,072</u>	<u>\$ 47,760,000</u>	<u>\$ 2,000,000</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment practice is to limit the County's investment portfolio to maturities of less than one year. The County's investment policy also requires staggered investments so that maturities will coincide with necessary cash flows throughout the fiscal year.

Credit Risk . The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by a nationally recognized statistical rating organizations (NRSRO's); however the County had no formal policy on managing credit risk. As of June 30, 2015, the County's investments in commercial paper were rated at least P -1 by Moody's Investors Service and A - 1 by Standard & Poor's. The County's investments in the NC Capital Management Trust Cash Portfolio carried a rating of AAA by Standard & Poor's as of June 30, 2015.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk. The County utilizes a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

Concentration of Credit Risk – The County has no formal policy regarding the amount that may be invested in any one issuer of investments. More than 5% of the County's investments are invested in each of the listed bank's commercial paper.

At September 30, 2014, the Hospital had the following investments and maturities.

Onslow County, North Carolina
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Investment Type	2014		
	Fair Value	Modified Duration	Allocation Percentage
Liquid Funds and Interest Receivable			
Short-term, noncurrent, and board designated investments	\$ 13,186,851	2.7	37.8%
Other trustee assets - bond related	<u>9,095,065</u>	n/a	26.0%
Subtotal of liquid funds and interest receivable	22,281,916		
Equities			
Domestic - other trustee assets - bond related	11,132,963	n/a	31.9%
Foreign - foreign other trustee assets - bond related	<u>1,499,804</u>	n/a	4.3%
Subtotal of short-term, intermediate, and broad duration funds	<u>12,632,767</u>		
Total fair value	<u>\$ 34,914,683</u>		<u>100.0%</u>

The Hospital's investment policy is subject to the Hospital Authorities Act North Carolina General Statute 159-30. The Hospital may, for funds not required for immediate disbursement, make investments which are permissible for trustees, executors, and other fiduciaries under North Carolina law. Funds designated by the Board of Commissioners are not needed for immediate operating needs and, as such, are invested in a mix of eligible investments, including cash equivalents.

Interest Rate Risk – The Hospital's fixed-income portfolio, the asset class within the total pension plan that is most susceptible to changes in interest rates, is bound with respect to duration (a measure of an investment's sensitivity to interest rate changes). The duration of the fixed-income portfolio should not exceed 130%, nor should it be less than 70%, of the Barclay Capital Aggregate Index (formerly the Lehman Brothers Aggregate Index), a fixed-income benchmark.

Credit Risk – The following details the Hospital's policy regarding credit risk

Allowable Instruments – The fixed-income manager must adhere to the following portfolio guidelines for investments:

- (a) Instruments issued and fully guaranteed by the U.S. government or any of its agencies and instrumentalities.
- (b) Mortgage-backed securities and collateralized mortgage obligations are acceptable, as long as the manager can demonstrate that they meet the specific maturity guidelines outlined for the portfolio. Mortgages are limited to 40% of the fixed-income portfolio.
- (c) Instruments issued by domestic corporations, including corporate notes and floating rate notes. Commercial paper must be rated A1, P1 or F1 by the appropriate and approved rating agencies.
- (d) Obligations of domestic banks, including banker's acceptances, certificates of deposit, time deposits, notes and other debt instruments.
- (e) Instruments of foreign countries, foreign banks, or foreign corporations must be denominated in U.S. dollars. These instruments are limited to 15% of the fixed-income portfolio.
- (f) The following types of Euro issues are permitted: Euro CD's banker's acceptances, time deposits, bonds, and floating rate notes.

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(g) Yankee securities (dollar-denominated securities of foreign issues) are permitted subject to the quality constraints outlined below.

Credit Quality – This guideline is intended to give the investment manager sufficient latitude to periodically take advantage of bond-quality yield spreads. The average quality shall be no less than 3.0 based on the following scale:

U.S. government and agencies	5.0
AAA	4.0
AA	3.0
A	2.0
BBB	1.0

The minimum quality of any individual security is BBB. If a security is downgraded to below BBB, the manager has the latitude to hold the security if deemed prudent. No more than 10% of the portfolio can be held in bonds rated below A-. The Authority was in compliance with credit quality guidelines as of September 30, 2012.

Custodial Credit Risk – All investments are uninsured and unregistered and are held by the broker's or dealer's trust department or agent in the Hospital's name.

Concentration of Credit Risk – Except for issues guaranteed directly or indirectly by the U.S. government, the holdings of securities from one issuer shall not constitute more than 10% of the fixed-income allocation. All letters of credit shall be part of the invested amount of the guarantor for purposes of the 10% rule.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, the Authority's investments are categorized by investment type. The Hospital had \$19,926,184 of its Board designated assets, limited as to use, invested with Vanguard, as a mix of equity and fixed investment securities.

Investments with indicated modified duration of "N/A" in the table above are highly liquid investments available to the Hospital immediately. Modified duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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

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

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Year Levied	Tax	Interest	Total
2013	\$ 929,384	\$ 220,729	\$ 1,150,113
2014	954,170	140,740	1,094,910
2015	1,086,961	62,500	1,149,461
	<u>\$ 2,970,515</u>	<u>\$ 423,969</u>	<u>\$ 3,394,484</u>

4. Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

	Accounts	Property Taxes	Special Assessments	Total
Governmental Activities:				
General	\$ 19,950,453	\$ 6,892,642	\$ 115	\$ 26,843,210
Other Governmental	<u>77,572</u>	-	-	<u>77,572</u>
Total Receivables	20,028,025	6,892,642	115	26,920,781
Allowance for Doubtful Accounts	<u>(12,204,846)</u>	<u>(3,244,919)</u>	<u>(115)</u>	<u>(15,449,879)</u>
Total Governmental Activities	<u>\$ 7,823,179</u>	<u>\$ 3,647,723</u>	<u>\$ -</u>	<u>\$ 11,470,902</u>
Business-type Activities:				
Landfill	\$ 1,121,642	\$ -	\$ -	\$ 1,121,642
Airport	166,539	-	-	\$ 166,539
Total Receivables	<u>1,288,181</u>	-	-	<u>1,288,181</u>
Allowance for Doubtful Accounts	<u>(542,766)</u>	-	-	<u>(542,766)</u>
Total for Business-Type Activities	<u>\$ 745,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745,415</u>

The due from other governments that is owed the County consists of the following:

	General
Local option sales tax	\$ 9,144,796
Sales tax refunds	1,428,138
Solid Waste taxes	248,363
Total	<u>\$ 10,821,298</u>

The Hospital's accounts receivable are presented net of the allowance for uncollectible accounts of \$23,390,459.

5. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 14,229,346	\$ 83,880	\$ (275,415)	\$ 60,665	\$ 13,977,146
Construction in progress	40,022,385	13,882,828	(12,648,255)	25,386,638	15,870,320
Total capital assets not being depreciated	54,251,731	13,966,708	(12,923,670)	25,447,303	29,847,467
Capital assets being depreciated					
Buildings	90,377,151	22,499,198	(4,047,632)	5,140,280	103,688,437
Improvements	33,767,154	432,935	(16,230,269)	285,681	17,684,139
Equipment	11,270,990	578,933	(348,566)	201,500	11,299,857
Computer Equipment	6,129,732	218,466	(54,331)	416,035	5,877,832
Vehicles	10,583,018	1,386,084	(1,228,263)	821,725	9,919,114
Heavy Equipment	341,670	77,065	(138,503)	0	280,232
Total capital assets being depreciated	152,469,715	25,192,681	(22,047,564)	6,865,221	148,749,611
Less accumulated depreciation for:					
Buildings	32,046,782	2,682,843	(3,016,644)	5,137,693	26,575,288
Improvements	24,370,957	554,344	(12,190,661)	251,369	12,483,272
Equipment	9,672,122	630,773	(285,883)	617,871	9,399,141
Computer equipment	5,415,654	365,922	(7,677)		5,773,899
Vehicles	8,991,047	670,677	(1,224,988)	470,047	7,966,689
Heavy Equipment	217,431	26,094	(114,795)		128,730
Total accumulated depreciation	80,713,993	\$ 4,930,652	\$ (16,840,648)	\$ 6,476,979	62,327,019
Total capital assets being depreciated, net	71,755,721				86,422,592
Governmental activity capital assets, net	\$ 126,007,452				\$ 116,270,059

Primary Government

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

Governmental activities:	
General government	\$ 905,387
Public Safety	3,424,996
Economic and physical development	64,135
Human services	256,307
Cultural and recreational	234,328
Environmental Protection	45,498
Total depreciation expense - governmental activities	<u>\$ 4,930,652</u>
Business-type activities	
Solid waste	\$ 1,138,028
Airport	654,938
Total depreciation expense - business-type activities	<u>\$ 1,792,966</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
<u>Business-type activities:</u>					
Solid waste					
Capital assets not being depreciated:					
Land	\$ 1,284,081	\$ -	\$ -	\$ -	\$ 1,284,081
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	1,284,081	-	-	-	1,284,081
Capital assets being depreciated					
Buildings	2,213,018	-	-	-	2,213,018
Improvements	22,134,795	5,314	-	-	22,140,109
Equipment	366,447	-	-	120,036	246,411
Computer equipment	6,446	-	-	-	6,446
Vehicles	869,659	30,493	-	62,141	838,011
Heavy Equipment	3,524,074	837,944	-	771	4,361,247
Total capital assets being depreciated	29,114,438	873,751	-	182,948	29,805,241
Less accumulated depreciation for:					
Buildings	2,076,929	10,407	-	-	2,087,336
Improvements	15,340,077	635,088	-	-	15,975,165
Equipment	328,285	16,129	-	102,295	242,119
Computer Equipment	6,446	-	-	-	6,446
Vehicles	578,609	74,593	-	1,803	651,400
Heavy Equipment	1,513,414	401,811	-	12,793	1,902,432
Total accumulated depreciation	19,843,760	\$ 1,138,028	\$ -	\$ 116,890	20,864,898
Total capital assets being depreciated, net	9,270,678				8,940,344
Solid Waste capital assets, net	\$ 10,554,759				\$ 10,224,424

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
<u>Business-type activities:</u>					
Airport					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ 275,415	\$ -	\$ 275,415
Construction in progress	-	27,301,688	12,648,255	-	39,949,943
Total capital assets not being depreciated	-	27,301,688	12,923,670	-	40,225,358
Capital assets being depreciated					
Buildings	-	-	4,047,632	-	4,047,632
Improvements	-	-	16,230,269	-	16,230,269
Equipment	-	-	348,566	-	348,566
Computer equipment	-	-	54,331	-	54,331
Vehicles	-	27,502	1,228,263	-	1,255,765
Heavy Equipment	-	-	138,503	-	138,503
Total capital assets being depreciated	-	27,502	22,047,565	-	22,075,067
Less accumulated depreciation for:					
Buildings	-	84,957	3,016,644	-	3,101,601
Improvements	-	512,009	12,190,661	-	12,702,670
Equipment	-	25,826	285,416	-	311,241
Computer Equipment	-	15,119	7,677	-	22,796
Vehicles	-	12,662	1,210,478	-	1,223,140
Heavy Equipment	-	4,366	129,772	-	134,138
Total accumulated depreciation	-	\$ 654,938	\$ 16,840,648	\$ -	17,495,586
Total capital assets being depreciated, net	-				4,579,481
Airport capital assets, net	\$ -				\$ 44,804,838

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The Hospital leases the Hospital's property and plant from the County of Onslow. The real estate is leased to the Hospital Authority under a long term lease that ends December 31, 2056. Under this lease agreement, the Hospital Authority has the ability to grant a mortgage on the hospital's leasehold interest over the real estate to the holder of the mortgage securing the hospital financing for the repaying of principal and interest on any of the bonds originally issued to partially finance construction of the Hospital's expansion of its facilities.

Construction commitments

The County has active construction projects at June 30, 2015. These projects include airport upgrades, recreational and tourism related facilities, economic development projects and general facility needs. At year-end, the County's commitments with contractors are as follows:

Project	Budget	Spent-to-date	Remaining Commitment
Tax Office Software	\$ 1,255,000	\$ 1,172,349	\$ 82,651
Government Center	20,701,942	19,581,498	1,120,444
Discovery gardens	866,242	430,845	435,397
Sylvester House Preservation	100,000	16,600	83,400
800 MHZ Infrastructure	12,255,525	8,209,698	4,045,827
Onslow Pines Redevelopment	110,000	103,801	6,199
Sneads Ferry Library & Education Center	4,596,580	4,515,815	80,765
Jail Demolition	1,022,908	909,765	113,143
Vehicle Maintenance Building	5,216,087	449,902	4,766,185
CHS Building	17,406,130	1,160,499	16,245,631
Total	<u>\$ 63,530,414</u>	<u>\$ 36,550,771</u>	<u>\$ 26,979,642</u>

Enterprise Fund Commitments

Project	Budget	Spent-to-date	Remaining Commitment
Airport Improvement Projects	\$ 48,670,283	\$ 37,896,167	\$ 10,774,116
Airport Projects	2,270,475	1,919,480	350,995
Total	<u>\$ 50,940,758</u>	<u>\$ 39,815,647</u>	<u>\$ 11,125,111</u>

School Fund Commitment

Project	Budget	Spent-to-date	remaining commitment
CCCC Maintenance Facility	\$ 5,577,092	\$ 4,236,130	\$ 1,340,962
Dixon Middle School	32,000,000	1,422,280	30,577,720
Total	<u>\$ 37,577,092</u>	<u>\$ 5,658,410</u>	<u>\$ 31,918,682</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Discretely presented component units:

Capital asset activity for the ABC Board for the year ended June 30, 2015, was as follows:

Land	\$ 1,341,955	\$ 158,490	\$ -	\$ 1,500,445
Construction in progress	<u>59,207</u>	<u>-</u>	<u>59,207</u>	<u>-</u>
Total capital assets not being depreciated	1,401,162	158,490	59,207	1,500,445
Capital assets being depreciated				
Buildings	3,957,230	-	-	3,957,230
Furniture/Equipment	868,052	29,435	-	897,487
Vehicles	67,167	100,626	-	167,793
Leasehold Improvements	<u>112,104</u>	<u>282,298</u>	<u>-</u>	<u>394,402</u>
Total capital assets being depreciated	5,004,553	412,359	-	5,416,912
Less accumulated depreciation for:				
Buildings	1,112,499	113,516	-	1,226,015
Furniture/Equipment	694,869	78,230	-	773,099
Vehicles	67,167	-	-	67,167
Leasehold Improvements	<u>73,424</u>	<u>11,327</u>	<u>-</u>	<u>84,751</u>
Total accumulated depreciation	<u>1,947,959</u>	<u>\$ 203,073</u>	<u>\$ -</u>	<u>2,151,032</u>
Total capital assets being depreciated, net	<u>3,056,594</u>			<u>3,265,880</u>
ABC Board capital assets, net	<u>\$ 4,457,756</u>			<u>\$ 4,766,325</u>

Capital asset activity for the Hospital for the year ended September 30, 2014 was as follows:

Land Improvements	\$ 845,323	\$ 74,298	\$ -	\$ 919,621
Buildings and Improvements	77,520,398	808,667	-	78,329,065
Equipment	<u>58,503,030</u>	<u>4,085,436</u>	<u>(367,348)</u>	<u>62,221,118</u>
Total capital assets being depreciated	136,868,751	4,968,401	(367,348)	141,469,804
Capital assets not being depreciated:				
Construction in progress	705,276	484,539	(950,531)	239,284
Land	<u>5,237,024</u>	<u>-</u>	<u>-</u>	<u>5,237,024</u>
Total capital assets not being depreciated	5,942,300	484,539	(950,531)	5,476,308
Less accumulated depreciation	<u>(65,939,609)</u>	<u>(7,675,227)</u>	<u>319,155</u>	<u>(73,295,681)</u>
Total capital assets	<u>\$ 76,871,442</u>	<u>\$ (2,222,287)</u>	<u>\$ (998,724)</u>	<u>\$ 73,650,431</u>

Onslow County, North Carolina
Notes to the Financial Statements
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B. Liabilities

1. Payables

Payables at June 30, 2015 were as follows:

	Vendors	Salaries & Benefits	Customer Deposits	Other	Total
Governmental Activities:					
General	\$ 3,962,739	\$ 2,690,213	\$ 1,579,730	\$ 2,553	\$ 8,235,235
Other Governmental Activities	751,255	-	-	-	751,255
Total Governmental Activities	<u>\$ 4,713,994</u>	<u>\$ 2,690,213</u>	<u>\$ 1,579,730</u>	<u>\$ 2,553</u>	<u>\$ 8,986,491</u>
Business-Type Activities:					
Solid Waste	\$ 349,416	\$ 54,956	\$ -	\$ 1,532	\$ 405,904
Airport	5,381,928	50,108	-	2,002	5,434,037
Total Business-Type Activities	<u>\$ 5,731,344</u>	<u>\$ 105,064</u>	<u>\$ -</u>	<u>\$ 3,534</u>	<u>\$ 5,839,941</u>

2. Pension Plan Obligations

a. Local Governmental Employee's Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for

Onslow County, North Carolina
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firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's and ABC Board's contractually required contribution rate for the year ended June 30, 2015 was 7.41% for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,188,587 for the year ended June 30, 2015. Contributions to the pension plan by the ABC Board were \$74,647 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$4,255,855 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .722% which was a decrease of .025% from its proportion measured as of June 30, 2013.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$266,819. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 465,025
Net difference between projected and actual earnings on pension plan investments	-	9,907,511
Changes in proportion and difference between County contributions and proportionate share of contributions	-	59,926
County contributions subsequent to the measurement date	3,188,587	-
Total	\$ 3,188,587	\$ 10,432,462

\$3,188,587 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (2,608,444)
2017	(2,608,444)
2018	(2,608,444)
2019	(2,607,129)
2020	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:	
Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Onslow County, North Carolina
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For the Fiscal Year Ended June 30, 2015

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the forgoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed income 2.2%, Global Equity 5.3%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following represents the County's proportionate share of the net pension asset calculated using the

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	14,446,178	(4,255,855)	(20,002,343)

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

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

At June 30, 2015, the Board reported an asset of \$100,198 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Board's proportion was .029% which was a decrease (or increase) of .001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Board recognized pension expense of \$9,152. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,948
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	223,258
Changes in proportion and differences between Board contributions and proportionate share of contributions	11,455	-
ABC Board's contributions subsequent to the measurement date	74,647	-
Total	\$ 86,102	\$ 234,206

\$74,647 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2016	\$ (58,188)
2017	(58,188)
2018	(58,188)
2019	(58,189)
2020	-
Thereafter	-
	<u>\$ (232,753)</u>

The Board's plan uses the same Actuarial Assumptions, and Discount Rate information as previously reported.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following represents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate (7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
ABC Board's proportionate share of the net pension liability (asset)	\$ 340,115	\$ (100,198)	\$ (470,927)

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description*

Onslow County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan	
Members entitled to but not yet receiving	12

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benefits	
Active plan members	126
	138

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$391,351 or 6.51% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are not charged to the proceeds but are covered through normal operations.

The annual required contribution for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2014 was 20 years.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2015

Employer annual required contribution	\$ 210,421
Interest on net pension obligation	(38,502)
Adjustment to annual required contribution	65,050
Annual pension cost	236,969
Employer contributions made for fiscal year ending 6/30/2015	391,351
Increase(decrease) in net pension obligation	(154,382)
Net pension obligation (prepaid) beginning of fiscal year	(770,042)
Net pension obligation (prepaid) end of fiscal year	(924,424)

The prepaid pension obligation is included in pension trust assets shown on Exhibit 9.

4. Funded Status and Funding Progress

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Prepaid) End of Year
6/30/2013	182,708	154.72%	(642,954)
6/30/2014	197,259	164.43%	(770,042)
6/30/2015	236,969	165.15%	(924,424)

As of December 31, 2014, the most recent actuarial valuation date, the plan was 28.14% funded. The actuarial accrued liability for benefits was \$2,198,063, and the actuarial value of assets was \$618,430, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,579,633. The covered payroll (annual payroll of active employees covered by the plan) was \$6,013,481 and the ratio of the UAAL to the covered payroll was 26.27%.

The Schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan (401K) for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR included the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$484,359 which consisted of \$319,863 from the County and \$164,496 from the law enforcement officers.

d. Supplemental Retirement Income Plan (401K) for Non Law Enforcement Officers

The County has chosen to extend the supplemental retirement income plan (401K) to non law enforcement employees. The county contributes an amount equal ranging from .5% to 1% of all gross earnings for qualified permanent full-time and part-time employees, and additionally matches the employee contribution up to a total from 2% to 4% of gross earnings depending on employment date. Contributions for the year ended June 30, 2015 were \$2,266,272, which consisted of \$1,075,388 from the County and \$1,190,884 from employees.

e. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts, which had been deferred by the plan participants, were required to be reported as assets of the County. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

f. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contributions. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$18,601 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$516,372 for its proportionate share of the net

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pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .088% which was a decrease of .045% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(1,357). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,739	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,779
Changes in proportion and difference between County contributions and proportionate share of contributions	25,883	-
County contributions subsequent to the measurement date	30,622	-
Total	\$ 61,244	\$ 2,779

\$30,622 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 13,224
2017	13,225
2018	2,089
2019	(695)
2020	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Assumptions:

Inflation	3.0 percent
Salary increases	4.25 to 7.25 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following represents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

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	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	(463,678)	(516,372)	(561,662)

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

g. Other Post-employment Benefits (OPEB)

Healthcare benefits

Plan Description. Under County policy, Onslow County provides postemployment healthcare benefits through a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of July 1, 2009, this plan does not provide postemployment healthcare benefits to retirees of the County with a hire date after June 30, 2009. For employees hired prior to July 1, 2009, this plan provides postemployment healthcare benefits to retirees who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of continuous employment with Onslow County Government immediately preceding retirement, twelve months of which may be represented by accumulated sick leave as calculated by the System. The County has elected to pay the full cost of coverage for these benefits to qualified retirees until the age of 65. Also, qualified County retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	103	13
Active plan members	514	79
Total	617	92

Funding Policy. The Board of Commissioners established and may amend the contribution requirements of plan members. The County members pay an average of \$300 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 3.57% of annual covered payroll. For the current year, the County contributed \$759,690 or 3.15% of annual covered payroll. The County is self-insured for healthcare coverage with stop loss claims over \$100,000 through private insurers. Contributions by retirees include dependent coverage in the amount of \$27,460 and \$1,150 by retirees not participating in the health assessment program. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting, and the Solid Waste Fund, which is maintained on an accrual basis. No funds are set aside to pay benefits and administration costs.

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These expenditures are paid as they come due.

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

Annual required contribution	\$ 1,920,736
Interest on net OPEB obligation	301,422
Adjustment to annual required contribution	<u>(419,021)</u>
Annual OPEB cost (expense)	1,803,137
Contributions made	<u>(759,690)</u>
Increase in net OPEB obligation	1,043,447
Net OPEB obligation, beginning of year	<u>7,742,530</u>
Net OPEB obligation, end of year	<u><u>\$ 8,785,977</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ending June 30, 2015 are as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$2,260,630	27.60%	\$7,516,762
2014	\$1,742,145	87.04%	\$7,742,530
2015	\$1,803,137	42.13%	\$8,758,162

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,038,288. The covered payroll (annual payroll of active employees covered by the plan) was \$24,140,813, and the ratio of the UAAL to the covered payroll was 78.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used.

The actuarial assumptions include a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75% and 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, of any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

h. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$ 50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
less than 10	1	2014
10-20	2	2015
20 or more	3	2016

i. Healthcare Benefits- Onslow County ABC Board

Plan Description Under the terms of a Board resolution, the Board administers a single-employer defined benefit, Healthcare Benefits Plan (the HCB Plan). As of February 19, 2008, this plan provides post employment healthcare benefits to retirees of the Board, provided they participate in the North Carolina Local Governmental Employee's Retirement System (System) and have thirty continuous years of

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creditable service with the Board. The Board contributes the full cost of premium payments for the remainder of their lives. At the age of sixty-five retirees must secure their Medicare Part D prescription drug coverage. The Board will continue to pay 100% of the medical supplement plan and prescription drug insurance premiums. Also, the Board's retirees cannot purchase spouse or dependant coverage.

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

MEMBERSHIP		
Active Members		
General Employees		
Number		29
Covered Payroll	\$	938,622
Valuation Compensation	\$	966,932
Retired Members		
		3

Funding Policy. The Board pays for the full cost of coverage for the healthcare benefits paid to qualified retirees under a Board resolution that can be amended by the Board. The Board has chosen to fund healthcare benefits on a pay as you go basis.

The current ARC rate is 4.46% of annual covered payroll. For the current year, the Board contributed \$22,746 or 2.42% of annual covered payroll. The board obtains healthcare coverage through private insurers. The Board's required contributions under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 100% and 0% of covered payroll respectively. There were no contributions made by employees. The Board's obligation to contribute to HCB Plan is established and may be amended by the Board.

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

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

Annual required contribution	\$	37,850
Interest on net OPEB obligation		7,715
Adjustments to annual required contribution		(7,370)
Annual OPEB cost (expense)		<u>38,195</u>
Contributions made		(22,746)
Increase (decrease) in net OPEB obligation		<u>15,449</u>
Net OPEB obligation, beginning of year		192,869
Net OPEB obligation, end of year	\$	<u><u>208,318</u></u>

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follow:

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For Year Ended June30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$38,195	59.6%	\$208,318
2014	\$37,037	19.2%	\$192,869
2013	\$37,037	20.9%	\$177,515

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$732,651. The covered payroll (annual payroll of active employees covered by the plan) was \$938,622 and the ratio of the UAAL to the covered payroll 78.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

j. Onslow County Hospital Authority Retirement Plan

The Hospital offers a voluntary 403(b) retirement savings plan that is available to all employees. Participants are fully vested in all funds they contribute to the plan. The Hospital matches 50% of each employee's contribution up to a maximum of 3% of eligible earnings. Employees do not become vested in the Hospital's matching contribution until the completion of five years of employment involving a minimum of 1,000 hours of service in each year. Employees become 100% vested in the Hospital's matching contribution to the plan upon completion of the fifth year of employment.

The Hospital recognized expense for contributions and plan fees totaling approximately \$812,091 for the year ended September 30, 2014.

k. Onslow County Hospital Authority Pension Plan

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The Hospital has a single-employer, defined benefit pension plan (the "Plan"). The Plan provides pension benefits to vested participants who have attained at least five years of service. The benefits are based on years of service, age, and the employee's compensation. The Board of Commissioners has the ability to amend benefit provisions. Accordingly, the amounts disclosed herein relate to the Plan as a whole. Separate financial statements for the Plan have not been issued. The Plan is not subject to the requirements of the Employee Retirement Income Security Act of 1974, and the assets and liabilities of the Plan are not recorded in the basic financial statements in accordance with governmental accounting standards.

Effective January 1, 1997, employees are eligible for Plan participation after completing one year of credited service (Plan year with 1,000 or more hours of service) and the attainment of age 21. Benefits are vested after five years of credited service. Normal retirement benefit upon retirement is 0.6% of final average compensation (best five years out of last 10 years) times years of credited service (maximum of 40 years). Normal retirement age under the Plan is 65, with provisions for early retirement if the participant is 55 to 64 years of age and has attained 10 years of credited service. These benefit levels may be modified upon approval by the Board of Commissioners. Benefits under the early retirement provision are reduced to reflect the Plan participant's age at the time benefits begin.

Contribution Requirements and Contributions Made- Amounts funded for the Plan are based on actuarial calculations. The Plan used the aggregate actuarial cost method to determine annual contributions. There are no employee contributions to the Plan. The annual required contribution for the current year was determined as part of the actuarial valuation using the entry age normal actuarial cost method with frozen initial supplemental present value, normal cost, and supplemental present value. The Plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. All contributions to the Plan are made by the employer and are intended to fund both the actuarially determined costs as well as the Plan's operating costs. The summary of annual pension cost and the change in the net pension obligation as of September 30, 2014 are as follows:

Annual required contribution	\$ 1,177,239
Interest on net pension obligation	(9,654)
Adjustment to annual required contribution	29,631
Annual pension costs	<u>1,197,216</u>
Contributions made	<u>(3,375,000)</u>
Decrease in pension obligation	(2,177,784)
Net pension obligation - beginning of year	<u>1,105,766</u>
Net pension obligation - end of year	<u><u>\$ (1,072,018)</u></u>

The annual required contributions for 2014 were determined as part of the September 30, 2014 actuarial valuations. Actuarial assumptions and participant date used for 2014 is as follows:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Covered payroll as a percentage of total payroll 80.90%

Participant data as of October 1, 2013 (date of most recent valuation):

Active	934
Retired	56
Terminated vested	<u>241</u>
Total	<u>1231</u>

The Hospital's actuarial accrued liability (AAL) as of September 30, 2014, was \$28.9 million. The actuarial value of the Plan assets available to pay these benefits at September 30, 2014, totaled \$28.2 million, leaving a deficit as compared to the AAL of \$721,996 at September 30, 2014. The AAL and the actuarial value of Plan net assets for the current year are based upon the 2014 actuarial valuation.

The trend information below gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Three Year Trend Information		
	Annual Pension Cost (APC)	Percent APC Contributed	Net Pension Obligation
2014	\$ 1,197,216	282%	\$ 1,072,018
2013	\$ 1,473,644	222%	\$ (1,105,766)
2012	\$ 1,543,298	90%	\$ (2,907,122)

I. Onslow County ABC Board Commitments

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

3. Closure and Postclosure Care Costs – Onslow County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its two landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$8,685,504 reported as landfill closure and post-closure care liability at June 30, 2015 represents a cumulative amount reported to date based on the percentage used of the total estimated capacity of all county landfills. Onslow County closed one facility in the fiscal year ended 1998. Total costs incurred to date on the final closure of this landfill have been \$3,181,529. Final costs may be higher due to inflation,

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

changes in technology, or changes in regulations. The remaining estimated cost of closure and post-closure care on the current landfill of \$1.861 million will be recognized as the remaining capacity is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. The County is not currently required to fund the estimated closure costs of this facility based upon its present financial stability. As of June 30, 2015, the County has used approximately 85.58% of its landfill currently in operation.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 10,235,246	\$ -
Pensions - difference between expected and actual experience	-	465,025
Pensions - difference between projected and actual investment earnings	-	9,910,290
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	59,926
Contributions to pension plan in 2014-2015 fiscal year	3,219,209	
Prepaid taxes not yet earned (General)	-	293,330
Total	\$ 13,454,455	\$ 10,728,571

5. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Onslow County is self-insured for worker's compensation coverage and contracts with Compensation Claims Solutions for the administration of the plan. The County provides coverage up to the statutory limits, and acquires excess loss coverage from a third party provider.

Employer's liability coverage is provided up to \$1,000,000 for bodily injury by accident or disease. Current year operations are reported in the Worker's Compensations Fund.

The County is self-insured for its employee health insurance. The plan is administered by Blue Cross Blue Shield of NC. There is a specific stop loss of \$100,000 per covered employee/dependent and an aggregate stop loss of 125% of expected net paid claims. Blue Cross Blue Shield underwrites the reinsurance policies for the specific and aggregate stop-loss coverage. The County pays 100% of the premium for employees only coverage for those employees who participate in an annual health risk assessment and the employees pay 100% of the premium for dependent coverage. Additionally, those employees who do not participate in the health risk assessment pay \$50 monthly of the employee coverage. The plan is self-sustaining through premiums. The estimated liability for claims is based on all known claims filed as of June 30, 2015, as determined by the plan administrator.

The County is fully-insured for its employee dental insurance. The policy is provided by Shenandoah Life Insurance Company of Roanoke, Va. The County pays 100% of the premium for employees only coverage and the employees pay 100% of the premium for dependent coverage. The plan is self-

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

sustaining through premiums.

A summary of changes in the aggregate liabilities for health claims are as follows:

Fiscal Year Ending June 30	Liability For Claims - Beginning of Year	Net Fees Credited	Paid Claims and Charges	Liability For Claims - End of Year
2006	(781,223)	4,242,496	5,477,719	454,000
2007	454,000	5,351,424	5,043,991	146,567
2008	146,567	5,178,710	5,019,015	(13,128)
2009	(13,128)	5,380,851	5,464,772	70,794
2010	70,793	5,346,799	5,401,140	125,134
2011	125,134	6,179,484	6,123,666	69,316
2012	69,316	6,965,789	7,062,727	166,253
2013	166,253	6,252,315	6,237,491	151,429
2014	151,429	6,110,938	6,066,802	107,294
2015	107,294	7,327,009	7,342,000	122,285

A summary of changes in the aggregate liabilities for workers compensation claims are as follows:

Fiscal Year Ending June 30	Liability For Claims- Beginning of Year	Net Fees Credited	Paid Claims and Charges	Liability for Claims - End of Year
2011	45,256	600,290	585,102	30,068
2012	30,068	753,128	774,579	51,519
2013	51,519	704,659	656,638	3,498
2014	3,498	356,781	359,515	6,232
2015	6,232	249,642	243,526	116

The County carries commercial insurance for all other risks of loss such as general liability, buildings & contents, flood, auto, and wind & hail. There have been no significant reductions in insurance coverage from the previous year and settled claims from these risks have not exceeded the total commercial insurance coverage in any of the last three fiscal years.

In addition to the insurance above the County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County has purchased flood coverage for its beach access site #2. The County was unable to purchase coverage for their other two beach access sites as they are in a coastal Barrier Resources Area (CBRA).

In accordance with G.S. 159-29, County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$250,000 and the tax collector is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000 with a deductible of \$2,500.

Onslow County ABC 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; and natural disasters. The ABC Board

has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

6. Claims and Judgments

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

The Hospital Authority is subject to legal proceedings and claims that arise in the course of providing health care services. The Hospital Authority maintains malpractice insurance coverage (after self-insured retention limits) for claims made during the policy year, up to the maximum amounts stated in the insurance policy. The Hospital also carries excess malpractice coverage up to specified limits to cover claims in excess of the maximum amounts stated in the basic policy. In the Hospital Authority's management opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for asserted and unasserted claims not covered by the policy and any uninsured liability.

Debt related to Capital Activities – Of the total Governmental Activities debt listed only \$97,671,182 related to assets the County holds title. Restricted cash related to this debt amounts to \$38,286,720.

7. Long-Term Obligations

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

a. Installment Purchase

As authorized by State law (G.S. 160A-20 and 153A-158.1) the County has entered in installment purchase contracts for the purchase of capital equipment needs of the County. The installment purchases were issued pursuant to a deed of trust, which requires that legal title remain with the County as long as the debt is outstanding. The lease term is the same as that of the installment purchase obligation. The capital assets associated with the installment purchase obligation are recorded in the capital assets of the County.

The County's installment purchase obligations payable at June 30, 2015 are comprised of the following:

County Building executed on December 21, 2000 for a 15 year period at 5.41% with semi - annual installments of principal of \$ 107,567 plus accrued interest	\$ 107,567
Schools executed on October 22, 2002 for a 15 year period at 3.96% with semi-annual payments of \$300,000 principal plus interest beginning November 1, 2003 through November 1, 2017	1,500,000
Library and EMS bay executed on December 10, 2002 for a 15 year period at 4.27% with semi annual payments of \$23,000 principal plus interest beginning June 10, 2003 and ending December 10, 2017	115,000
Schools executed on February 13, 2004 for a 15 year period at 4.18% with quarterly payments of 41,667 principal plus interest beginning May 1, 2004 through February 1, 2019	625,000
County Building executed on March 1, 2004 for a 15 year period at 3.90% with quarterly installments of principal of \$ 28,667 plus	401,333
Energy management executed June 14, 2007 for a 12 year period at 3.909% with quarterly principal payments plus accrued interest.	375,481
800 MHZ Radio Equipment executed October 8, 2013 for a 7 year period at 1.88% with yearly payments of \$434,777.14 plus interest beginning October 8, 2014	2,608,664
Maintenance Building Coastal Carolina Community College and Demolition of the Old Jail Facility executed October 8, 2013 for a 12 year period at 2.56% with yearly payments of \$550,000 plus intrest beginning October 8, 2014	<u>6,049,999</u>
	<u>\$ 11,783,044</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Installment purchase debt service requirements to maturity are as follows

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2016	\$ 2,103,748	\$ 380,767	\$ 2,484,515
2017	2,002,486	250,012	2,252,498
2018	1,686,127	186,966	1,873,093
2019	1,271,128	143,179	1,414,307
2020-2024	3,619,555	376,521	3,996,076
2025-2028	1,100,000	42,240	1,142,240
Total minimum lease payments	<u>\$ 11,783,044</u>	<u>\$ 1,379,685</u>	13,162,729
Amount representing interest			<u>1,379,685</u>
Present value of net minimum lease payments			<u>\$ 11,783,044</u>

b. Certificates of Participation

Through Onslow County Facilities Company we have issued the following Certificate of Participation Contracts:

Series 2015 Advanced Refunding COPS

Total issue of \$30,500,000. Payments are due in December and June with interest from 2.00% to 5.00%

Premium on bonds issued	\$ 30,500,000
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Series 2008 Justice Complex COPS for Jail and Sheriff Administration Building. Total issue of \$57,000,000. Payments are due in December and June with interest at 5.2% with BB&T & 3.50% with PNC

	<u>20,595,000</u>
	<u>\$ 55,517,814</u>

Debt service requirements to maturity are as follows

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>
2016	\$ 4,115,000	\$ 340,216	\$ 3,293,830
2017	4,095,000	340,216	3,124,670
2018	4,075,000	340,216	2,946,810
2019	4,115,000	340,216	1,654,200
2020-2024	20,230,000	1,701,082	5,680,175
2025-2028	14,465,000	1,360,866	1,310,375
Total	<u>\$ 51,095,000</u>	<u>\$ 4,422,812</u>	<u>\$ 18,010,060</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

c. Limited Obligations Bonds

The following limited obligation bonds have been issued:

Series 2012A Limited Obligation Bonds for 800 MHZ, Sneads Ferry Library/Environmental Center & Government Center		
Total issue of \$30,035,000. Payments are due in December and June with interest from 1.49% to 3.17%	\$	30,035,000
 Series 2012B Limited Obligation Bonds for Albert J. Ellis Airport		
Total issue of \$8,465,000 Payments are due in December and June with interest from 1.088% to 1.970%		8,465,000
 Premium on bonds issued		2,496,930
	\$	40,996,930

Debt service requirements to maturity are as follows

<u>Year Ending June 30</u>	Government Activities		
	Principal	Premium	Interest
2016	\$ 2,140,000	\$ 138,718	\$ 1,227,306
2017	2,140,000	138,718	1,204,023
2018	2,140,000	138,718	1,174,320
2019	2,140,000	138,718	1,137,512
2020-2024	10,700,000	693,592	4,546,924
2025-2029	10,700,000	693,592	2,564,750
2030-2033	8,540,000	554,874	725,900
 Total	\$ 38,500,000	\$ 2,496,930	\$ 12,580,734

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

d. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit and taxing power of the County.

The County's general obligation bonds payable at June 30, 2015 are comprised of the following individual issues and serviced by the General Fund:

<p>\$975,000 Courthouse Refunding Bonds Series 2013 Payments are due December and June through 2018 with interest from 1% to 4.00%</p>	<p>\$ 715,000</p>
<p>\$ 33,325,000 School Refunding Bonds Series 2013 Payments are due December and June through 2026 with interest from 3.00% to 5.00% Premium on bond issue</p>	<p>33,325,000 5,514,960</p>
<p>\$ 11,575,000 School Refunding Bonds Series 2004 Payments are due March and September through 2016 with interest from 3.00% to 4.00%</p>	<p>950,000</p>
<p>\$ 50,000,000 School Bonds Series 2006 Payments are due December and June through 2026 with interest from 4.00% to 5.00%</p>	<p>1,500,000</p>
<p>\$12,025,000 School Refunding Bonds Series 2006 Payments are due December and June through 2017 with interest from 4.00% to 5.25%</p>	<p>1,992,280</p>
<p>\$620,000 Capital Improvement Refunding Bonds Series 2006 Payments are due December and June through 2017 with interest from 4.00% to 5.25%</p>	<p>102,720</p>
<p>\$40,000,000 School Bonds Series 2008 Payments are due October and April through 2018 no principal payments the first two years with interest from 3.00% to 5.00%</p>	<p>6,000,000</p>
<p>\$ 22,870,000 School Refunding Bonds Series 2015 Payments are due October and April through 2027 no principal payments the first three years with interest from 3.00% to 5.00% Premium on bonds issued</p>	<p>22,870,000 3,878,673</p>
<p>Carrying value of bonds</p>	<p><u>\$ 76,848,633</u></p>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>
2016	\$ 5,625,000	\$ 823,617	\$ 3,937,255
2017	5,830,000	823,617	3,909,550
2018	7,725,000	823,617	3,635,900
2019	5,715,000	823,617	2,195,375
2020-2024	28,215,000	4,118,084	7,133,375
2025-2028	14,345,000	1,981,382	1,167,950
TOTAL	\$ 67,455,000	\$ 9,393,934	\$ 21,979,405

At June 30, 2015, Onslow County has no bonds authorized by unissued and a legal debt margin of \$797,196,612.

e. Special Obligation Bonds

In December 2007, the County issued \$ 8,022,838.04 of special obligation bonds at 3.54% interest, for the purpose of construction a Subtitle D landfill. These bonds are authorized under the North Carolina Solid Waste management Loan Program, Chapter 159I, of the North Carolina General Statutes in accordance with a bond resolution adopted by the County Board of Commissioners. The bond is secured by a first lien on the net revenues of the Solid Waste Fund. The interest on the bonds is payable semi-annually on June 1 and December 1. The special obligation which mature through June 1, 2018, will be reported on the solid waste fund's financial statements.

2,265,000
<u>\$ 2,265,000</u>

f. Advance Refundings

On June 1, 2015, the County issued \$30,500,000 of limited obligation advance refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$29,075,000 of limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$6,216. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$2,692,533 and resulted in an economic gain of \$1,987,012.

On June 25, 2015, the County issued \$22,870,000 of general obligation advance refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$24,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,749,132. This amount is being netted against the new debt

Onslow County, North Carolina
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For the Fiscal Year Ended June 30, 2015

and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$2,513,183 and resulted in an economic gain of \$1,898,929.

	Balance			Balance	Current
	June 30, 2014	Increases	Decreases	June 30, 2015	Portion of
					Balances
<u>Governmental Activities</u>					
General obligation debt	\$ 74,275,000	\$ 22,870,000	\$ 29,690,000	\$ 67,455,000	\$ 5,625,000
Premium on GO debt	6,965,776	3,878,673	1,450,515	9,393,934	823,617
Installment Purchase	16,722,910	-	4,939,866	11,783,044	2,103,748
Certificates of Participation	53,610,000	30,500,000	33,015,000	51,095,000	4,115,000
Premium on COP's	-	4,422,814	-	4,422,814	\$ 340,216
Limited Obligation Bonds	38,500,000	-	-	38,500,000	2,140,000
Premium on LOBS Debt	2,496,930	-	-	2,496,930	138,718
Net OPEB obligation	7,513,821	949,148	178,078	8,284,891	-
Compensated absences	2,996,442	-	3,090	2,993,352	748,338
Net pension liability (LGERS)	8,595,054		8,595,054	-	-
Total	<u>\$ 211,675,933</u>	<u>\$ 62,620,635</u>	<u>\$ 77,871,603</u>	<u>\$ 196,424,965</u>	<u>\$ 16,034,637</u>
<u>Business-type activities</u>					
Special obligation bonds	\$ 2,970,000	\$ -	\$ 705,000	\$ 2,265,000	\$ 730,000
Accrued landfill closure cost	8,093,489	592,015	-	8,685,504	483,000
Net OPEB obligation	228,709	244,562	-	473,271	-
Compensated absences	89,981	77,959	-	167,940	41,985
Net pension liability (LGERS)	405,549	-	405,549	-	-
Total	<u>\$ 11,787,728</u>	<u>\$ 502,491</u>	<u>\$ 680,000</u>	<u>\$ 11,356,373</u>	<u>\$ 1,254,985</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

Compensated absences typically have been liquidated in the general fund and the proprietary funds and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

h. Hospital Long-Term Debt

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

A summary of long-term debt at September 30, 2014, is as follows:

2006 FHA Insured Mortgage Revenue Bond, including interest through October, 2034 (interest with a minimum of 4.27% and a maximum of 5.13%), face value of \$28,100,000 and original issuance premium of \$1,381,416	\$	50,365,000
Add net premium on debt issuance		664,668
Equipment loan, payable in monthly installments of \$24,335, including interest at 4.75%, through October, 2016		556,100
Other		<u>295,032</u>
Total	\$	<u>51,880,800</u>

During 2006, the Hospital issued a \$58,100,000 FHA insured Mortgage Revenue Bond ("2006 HUD Revenue Bond") to finance the cost of expanding and constructing the Hospital, and to redeem the existing 1998 Revenue Bond. The Hospital constructed a new Emergency Department and Surgical Pavilion adjacent to the existing hospital facility as Phase I of its long range plan to develop a replacement hospital. The 2006 HUD Revenue Bond is secured by a first lien on the Hospital's leasehold interest in the property and original buildings, the improvements thereon; and certain fixtures, equipment, and personal property of the Authority. The associated bond agreements require the Hospital to maintain specific financial qualitative covenants. The Hospital was in compliance as of September 30, 2014.

The bonds were issued as fully registered bonds, whereby interest is payable as a fixed rate percentage, with rates of 4.75% at a minimum and 5.13% at maximum.

The Hospital debt service requirements of the 2006 HUD Revenue Bond, equipment loan and other long-term debt as of September 30, 2014, (over the next five years and in five-year increments thereafter), are as follows

Year Ending September 30,	<u>Principal/Sinking Fund</u>	<u>Interest</u>
2015	\$ 1,759,415	\$ 2,546,161
2016	1,856,892	2,459,401
2017	1,655,896	2,372,381
2018	1,758,929	2,286,785
2019	1,770,000	2,197,722
2020-2024	10,325,000	9,515,072
2025-2029	6,235,000	6,939,500
2030-2034	<u>25,855,000</u>	<u>4,795,750</u>
Total	\$ 51,216,132	\$ 33,112,772
Premium on bonds	664,668	
Total carrying value of debt	<u>\$ 51,880,800</u>	

The Hospital made sinking fund payments of \$25,000 during the year ended September 30, 2014, that are included in board-designated assets limited as to use as of September 30, 2014.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

A summary of changes in debt during 2014 is as follows:

	Balance			Current	
	July 5, 1905	Increases	Decreases	Balance July 6, 1905	Portion of Balances
Hospital revenue bonds	\$ 51,725,000	\$ -	\$ 1,360,000	\$ 50,365,000	
Premium on revenue bonds	738,852	-	74,184	664,668	
Equipment loan	814,992	-	258,892	556,100	
Other	739,428	-	444,396	295,032	
Total component unit	\$ 54,018,272	\$ -	\$ 2,137,472	\$ 51,880,800	\$ 1,760,365

i. Component Unit Term Debt

Onslow County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015 there were no outstanding bonds.

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2015 for operating loans are as follows:

	Interfund	
	Receivables	Payables
General Fund	Benefit Fund \$ 24,334	\$ -
	Capital Project Fund 106	
	Grant Fund 18,547	
	School Capital Project Fund 1,192,613	
Benefit Fund	General Fund 24,334	
	Solid Waste Fund 913	
Grant Fund	General Fund 18,547	
School Capital Project Fund	General Fund 1,192,613	
Capital Project Fund	General Fund 106	
Solid Waste Fund	General Fund 913	
	\$ 1,236,513	\$ 1,236,513

Transfers to/from other funds to supplement other funding sources:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Workers Comp Fund	\$ -	\$ 399,100
Health Insurance Fund	-	759,690
Burton Park Fund	-	64,100
Capital Improvement Fund	-	568,440
Capital Reserve Fund	1,646,000	16,479,897
Capital Project Fund	-	469,502
 Workers Comp Fund		
General Fund	399,100	-
 Health Insurance Fund		
General Fund	759,690	-
 Burton Park Fund		
General Fund	64,100	-
 Capital Reserve Fund		
General Fund	16,479,897	1,646,000
 Capital Improvement Fund		
General Fund	568,440	-
 Capital Project Fund		
General Fund	469,502	-
 Solid Waste Fund		
Solid Waste Project Fund	-	2,959,449
 Solid Waste Project Fund		
Solid Waste	2,959,449	-
 Airport Operations		
Airport Construction	18,000	
 Airport Construction		
Airport Operations		18,000
 Total operating transfers-other funds	\$ 23,346,179	\$ 23,346,179
 Operating Transfers From/To Component Units:		
General Fund		
Component Units - discretely presented		
Onslow County ABC Board	\$ 460,143	\$ -
 Component Units - discretely presented		
Onslow County ABC Board		
General Fund	-	460,143
 Total operating transfers - component units	\$ 460,143	\$ 460,143

The purposes for the transfers above are as follows:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The General Fund has advanced funds to the Health Insurance Fund to cover eligible employee benefits.

The General Fund has advanced funds to the Workers Comp Fund for related insurance costs.

The General Fund advanced funds to the Capital Reserve Funds to cover expenditures in advance securing of debt for a project.

The County fulfilled its obligation on a project funded with occupancy tax. Any interest earned in excess of the obligation is being returned to the General Fund (Occupancy Tax).

Various Project funds have refunded previous contributions to the General Fund from prior years upon completion of various projects. In addition interest earned on investments for major projects has been transferred to General Fund to assist in covering the cost of debt incurred.

D. Fund Balance

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

The following schedule provides management and citizens with information on the portion of General fund balance that is available to appropriation:

Total Fund Balance - General Fund	\$ 82,711,660
Less:	
Inventory and prepaids	838,763
Stabilization by State Statute	18,588,421
Appropriated Fund Balance in 2014 budget	13,175,417
Health Programs	3,807,635
Adoption Programs	13,273
Drug Enforcement	194,718
Occupancy Tax	1,915,809
Economic Development	2,014,023
Diaster Contingency	5,078,515
Capital improvements	23,788,480
Other Employee Benefits	822,577
Workers' compensation insurance	514,238
Remaining Fund Balance	\$ 11,959,790

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 8% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	General Fund	Non-Major Funds
Encumbrances	\$824,764	\$216,006

NOTE III. Joint Ventures

The County, in conjunction with the State of North Carolina and the Onslow County Board of Education, participates in a joint venture to operate the Onslow County Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$3,981,968 and \$2,462,500 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the community college may be obtained from the community college's administrative offices at 444 Western Boulevard, Jacksonville, NC 28546.

The County in conjunction with the City of Jacksonville and the Town of Richlands, Swansboro, Holly Ridge, and North Topsail Beach, participates in a joint venture to operate the Onslow County Water and Sewer Authority. The County and the City each appoint two members of the nine-member board with each town appointing one member each. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at 232 Georgetown Road, Jacksonville, NC, 28546.

NOTE IV. Jointly Governed Organization

The County, in conjunction with eight other counties and sixty-two municipalities, established the East Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$13,309 to the Council during the fiscal year ended June 30, 2015. The County was the sub recipient of various grants totaling \$700,824 from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture that was passed through the Council.

NOTE V. Benefit payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and state moneys. Onslow County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the state. These amounts disclose the additional aid to County recipients that do not appear in the financial statements because they are not revenues and expenditures of the County.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Federal	State
Special Supplemental Food Program for Women, Infants and Children	\$ 7,051,871	\$ -
Medical Assistance	104,819,920	56,050,001
Food Stamp Program	31,547,329	
IV-E Adoptions Subsidy Payments	433,251	113,153
IV-E Foster Care	221,490	57,396
IV-E Foster Care in Excess	114,229	29,623
Refugee Assistance Payments	724	
Temporary Assistance for Needy Families	700,038	-
CWS Adoption Subsidy Payments	-	538,412
Foster Care at Risk Maximization	-	2,278
Special Assistance to Adults (SC/SA Domiciliary Care)	-	619,316
State Foster Home Facility Maximization	-	354,586
State Foster Home	-	226,756

NOTE VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County 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 moneys 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 moneys.

NOTE VII. Special Items

Effective July 1, 2005, the County divested itself of mental health services by turning the operations over to the newly formed Onslow-Carteret Behavioral Health Care Services, an area Authority approved by the State of North Carolina. In conjunction with this divestiture, the County maintained title to all real estate previously utilized by the mental health department, and currently leases these facilities to the area Authority. The minimum lease payments expected to be realized by the County under this operating lease are as follows:

Fiscal year Ended June 30,	Amount
2016	\$ 114,667
2017	114,667
2018	114,667
2019	57,331
	\$ 401,332

NOTE VIII. Change in Accounting Principles/Restatement

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No.27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$5,114,988 and \$266,960 respectively.

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTAL

FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of the County's Proportionate Share of Net Pension Liability (Asset) of the Local Government Employees' Retirement System
- Schedule of County Contributions to the Local Government Employees' Retirement System
- Schedule of the County's Proportionate Share of Net Pension Liability (Asset) of the Register of Deeds Supplemental Pension Fund
- Schedule of County Contributions to the Register of Deeds Supplemental Pension Fund

Please Note: The Schedule of Funding Progress for the Onslow County ABC Board and the Onslow County Hospital Authority can be found in the separately issued financial statements for the ABC Board and the Hospital. The financial statements are available from the ABC Finance Office and the Hospital Finance Office (see Note I.A. to the County statements for contact information).

Schedule 1
Onslow County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2005	200,649	964,842	764,193	20.80%	3,586,500	21.31%
12/31/2006	235,597	1,032,229	796,632	22.82%	4,057,340	19.63%
12/31/2007	256,243	1,186,845	930,602	21.59%	4,461,757	20.86%
12/31/2008	268,048	1,196,682	928,634	22.40%	4,476,646	20.74%
12/31/2009	292,230	1,591,636	1,299,406	18.36%	5,032,553	25.82%
12/31/2010	328,638	1,497,398	1,168,760	21.95%	5,153,228	22.68%
12/31/2011	419,791	1,648,226	1,228,435	25.47%	5,208,552	23.58%
12/31/2012	485,836	1,704,138	1,218,302	28.51%	5,267,188	23.13%
12/31/2013	547,068	1,852,718	1,305,650	29.53%	5,666,439	23.04%
12/31/2014	618,430	2,198,063	1,579,633	28.14%	6,013,481	26.27%

* Presented for the most recent ten year period

Schedule 2
Onslow County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2005	104,014	95.75%
2006	98,426	126.63%
2007	109,356	102.30%
2008	109,356	104.60%
2009	120,409	195.10%
2010	124,774	201.45%
2011	171,066	151.24%
2012	168,590	228.35%
2013	176,067	160.56%
2014	177,024	183.22%
2015	210,421	185.98%

* Presented for the most recent ten year period

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

Valuation date	12/31/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
	4.25 - 7.85%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

Schedule 3
Onslow County, North Carolina
Post-Employment Health Benefit Obligation
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2013	\$ -	\$ 19,038,288	\$ 19,038,288	0.00%	\$ 24,140,813	78.90%
12/31/2011	-	17,007,072	17,007,072	0.00%	28,181,069	60.35%
12/31/2009	-	17,221,120	17,221,120	0.00%	33,614,928	51.23%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2013	2,343,273	26.63%
2014	1,859,451	81.55%
2015	1,920,736	39.55%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/13
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Annual medical cost trend increase*	
Pre-Medicare trend rate	7.75% - 5.00%
Post-Medicare trend rate	5.75% - 5.00%
Year of Ultimate trend ratee	2019
* Includes inflation at	3.00%

Schedule 4
Onslow County, North Carolina
Schedule of the County's Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.722%	0.747%
County's proportionate share of the net pension liability (asset) \$	\$ (4,255,843)	\$ 9,000,602
County's covered-employee payroll	\$ 38,191,416	\$ 37,331,335
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.14%	24.11%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

Schedule 5
Onslow County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,700,127	\$ 2,639,887
Contributions in relation to the contractually required contribution	<u>2,700,127</u>	<u>2,639,887</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 38,191,416	\$ 37,331,335
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

Schedule 6
Onslow County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deed's Supplemental Pension Fund

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.088%	-0.043%
County's proportionate share of the net pension liability (asset) \$	\$ (516,372)	\$ (524,266)
County's covered-employee payroll	\$ 263,098	\$ 269,519
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-196.27%	-194.52%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	94.35%

Schedule 7
Onslow County, North Carolina
Schedule of County Contributions
Register of Deed's Supplemental Pension Fund

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 18,601	\$ 19,055
Contributions in relation to the contractually required contribution	<u>18,601</u>	<u>19,055</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 263,098	\$ 269,519
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUNDS

The General Fund is used to account for resources traditionally associated with government which are required legally or by sound financial management to be accounted for in another fund.

Schedule 8
Onslow County, North Carolina
General Funds
Combining Balance Sheet
June 30, 2015

	General Fund	Workers Comp Fund	Burton Industrial Park Fund	Benefit Fund	Reserve	Disaster Contingency Fund	Capital Improvement	Health Insurance Fund	Totals
ASSETS									
Cash and investments	\$ 40,824,664	\$ 514,354	\$ 64,638	\$ 74,701	\$ 23,269,800	\$ 5,078,515	\$ 616,520	\$ 1,348,951	\$ 71,792,143
Accounts receivable, net	10,528,518	288	-	-	5,680	1,227	57	857,322	11,393,092
Due from other funds	1,235,600	-	-	-	-	-	-	-	1,235,600
Due from other governments	9,592,124	-	989	-	-	-	14,339	-	9,607,452
Inventories	157,261	-	-	-	-	-	-	-	157,261
Prepaid expenditures	681,502	-	-	-	-	-	-	-	681,502
Total assets	\$ 63,019,669	\$ 514,642	\$ 65,627	\$ 74,701	\$ 23,275,480	\$ 5,079,742	\$ 630,916	\$ 2,206,273	\$ 94,867,050
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable and accrued liabilities	\$ 7,618,344	\$ 116	\$ 17,259	\$ 49,291	\$ -	\$ -	\$ 23,698	\$ 526,536	\$ 8,235,244
Due to other funds	-	-	-	25,247	-	-	-	-	25,247
Total liabilities	7,618,344	116	17,259	74,538	-	-	23,698	526,536	8,260,491
DEFERRED INFLOWS OF RESOURCES	3,894,899	-	-	-	-	-	-	-	3,894,899
Fund balances:									
Nonspendable									
Inventory and prepaids	838,763	-	-	-	-	-	-	-	838,763
Restricted									
Stabilization by State Statute	17,708,519	288	989	-	5,680	1,227	14,396	857,322	18,588,421
Health programs	3,807,635	-	-	-	-	-	-	-	3,807,635
Adoption programs	13,273	-	-	-	-	-	-	-	13,273
Drug enforcement	194,718	-	-	-	-	-	-	-	194,718
Occupancy Tax	1,915,809	-	-	-	-	-	-	-	1,915,809
Economic Development	2,014,023	-	-	-	-	-	-	-	2,014,023
Committed									
Airport	-	-	-	-	-	-	-	-	-
Disaster Contingency	-	-	-	-	-	5,078,515	-	-	5,078,515
Capital Improvements	-	-	47,379	-	23,269,800	-	471,301	-	23,788,480
Other Employee Benefits	-	-	-	162	-	-	-	822,415	822,577
Workers' Compensation Insurance	-	514,238	-	-	-	-	-	-	514,238
Assigned									
Subsequent year expenditures	13,053,896	-	-	-	-	-	121,521	-	13,175,417
Unassigned	11,959,790	-	-	-	-	-	-	-	11,959,790
Total equity	51,506,426	514,526	48,368	162	23,275,480	5,079,742	607,218	1,679,737	82,711,660
Total liabilities, deferred inflows of resources, and fund balances	\$ 63,019,669	\$ 514,642	\$ 65,627	\$ 74,701	\$ 23,275,480	\$ 5,079,742	\$ 630,916	\$ 2,206,273	\$ 94,867,050

Schedule 9
Onslow County, North Carolina
General Funds
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	General	Workers Comp Fund	Burton Industrial Park	Benefit Fund	Reserve	Disaster Contingency Fund	Capital Improvement	Health Insurance Fund	Totals
Revenues:									
Ad valorem taxes	\$ 90,012,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,012,138
Local option sales taxes	38,646,343	-	-	-	-	-	-	-	38,646,343
Other taxes and licenses	2,841,268	-	-	-	-	-	-	-	2,841,268
Unrestricted intergovernmental	518,230	-	-	-	-	-	-	-	518,230
Restricted intergovernmental	28,423,986	-	-	-	1,646,000	-	-	7,104,581	37,174,567
Permits and fees	2,757,484	-	-	-	-	-	-	-	2,757,484
Sales and services	10,561,689	-	-	-	-	-	-	-	10,561,689
Investment Earning	334,676	15	16	11	41,994	12,955	612	674	390,953
Other revenues	802,295	-	-	-	-	-	-	56,663	858,958
Total revenues	174,898,110	15	16	11	1,687,994	12,955	612	7,161,919	183,761,632
Expenditures									
General Government	15,151,950	-	-	-	-	-	-	7,409,368	22,561,318
Public safety	33,994,452	-	-	-	-	-	-	-	33,994,452
Transportation	256,337	-	-	-	-	-	-	-	256,337
Economic and Physical Development	3,011,965	-	113,604	-	-	-	-	-	3,125,569
Human Services	42,979,592	-	-	-	-	-	-	-	42,979,592
Environmental protection	418,666	-	-	-	-	-	-	-	418,666
Cultural and recreational	4,067,374	-	-	-	-	-	-	-	4,067,374
Workers' Comp	-	359,988	-	-	-	-	-	-	359,988
Intergovernmental									
Education	39,606,710	-	-	-	-	-	-	-	39,606,710
Capital Projects	-	-	-	-	-	-	513,555	-	513,555
Debt service:									
Principal	12,083,616	-	-	-	-	-	-	-	12,083,616
Interest and other charges	8,077,532	-	-	-	-	-	-	-	8,077,532
Total expenditures	159,648,193	359,988	113,604	-	-	-	513,555	7,409,368	168,044,709
Revenues over (under) expenditures	15,249,916	(359,973)	(113,589)	11	1,687,994	12,955	(512,943)	(247,449)	15,716,922
Other financing sources:									
Proceed from sale of bonds	61,671,787	-	-	-	-	-	-	-	61,671,787
Transfer to bond escrow agent	(61,299,846)	-	-	-	-	-	-	-	(61,299,846)
Sale of fixed assets	1,290,607	-	-	-	-	-	-	-	1,290,607
Transfers from (to) other funds	(17,094,730)	399,100	64,100	-	14,833,897	-	568,440	759,690	(469,502)
Total other financing sources	(15,432,182)	399,100	64,100	-	14,833,897	-	568,440	759,690	1,193,046
Revenues and other financing sources over (under) expenditures	(182,266)	39,127	(49,489)	11	16,521,891	12,955	55,497	512,241	16,909,968
FUND BALANCES, beginning of year	51,688,702	475,399	97,857	151	6,753,589	5,066,787	551,721	1,167,496	65,801,702
FUND BALANCES, end of year	\$ 51,506,436	\$ 514,526	\$ 48,368	\$ 162	\$ 23,275,480	\$ 5,079,742	\$ 607,218	\$ 1,679,737	\$ 82,711,670

Schedule 10
Page 1 of 16
Onslow County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 89,901,812	\$ 89,274,247		\$ 81,884,843
Penalties and interest	500,000	737,892		497,119
Total	90,401,812	90,012,138	\$ (389,674)	82,381,962
Local option sales taxes:				
Article 39 one percent	12,556,352	11,949,166		12,425,628
Article 40 one-half of one percent	8,812,836	9,763,913		8,859,487
Article 42 one-half of one percent	7,940,835	7,935,577		7,895,661
Article 44 one-half of one percent	-	3,394		9,558
Article 46 one-half of one percent	4,590,525	4,559,939		4,548,625
Medicaid Hold Harmless	3,511,119	4,434,353		4,010,785
Total	37,411,667	38,646,343	1,234,677	37,749,743
Other taxes and licenses:				
Deed stamp excise tax	700,000	728,713		667,160
Motor vehicles taxes	340,000	358,699		358,295
Occupancy and tourism tax	1,600,000	1,740,989		1,743,210
Privilege licenses	10,000	12,867		31,860
Total	2,650,000	2,841,268	191,268	2,800,525
Unrestricted intergovernmental :				
Beer and wine tax	350,000	518,230		467,197
Sales Tax Refund	-	-		4,956
Total	350,000	518,230	168,230	472,153
Restricted intergovernmental:				
Onslow County ABC Board:				
Law enforcement	30,000	33,505		45,291
Profit distribution	530,000	426,638		561,469
Social service	22,554,138	21,132,531		17,824,070
Health department	3,404,709	3,393,843		3,534,222
Mental health	106,000	91,604		107,215
Council on Aging	684,816	690,361		708,419
Federal grants	115,617	109,637		213,634
State grants	708,099	468,830		742,839
Local grants	949,983	1,005,327		3,262,083
Court facility fees	330,000	344,739		331,003
Library	237,406	242,506		230,867
Youth services	464,809	424,927		420,085
Drug enforcement revenues	25,000	59,538		28,126
Total	30,140,577	28,423,986	(1,716,591)	28,009,323

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Permits and fees:				
Clerk of Court fees	\$ 250,000	\$ 314,879		\$ 293,957
Building permits and inspection fees	1,090,450	1,064,997		1,128,201
Register of deeds	812,500	860,410		859,592
Elections fees	-	60		7,299
Environmental Health inspections	442,015	411,026		454,545
Other fees	113,500	106,112		110,876
Total	2,708,465	2,757,484	49,019	2,854,470
Sales and services:				
Airport	-	-		1,938,644
Rescue Squad	3,327,000	3,178,552		3,441,753
Cablevision fees	1,000,000	1,001,798		970,457
Library fees	128,550	121,602		122,488
Rents and other	252,255	203,884		294,509
Sheriff's department fees	571,000	1,414,744		1,110,523
Health department fees	743,092	1,020,660		879,678
Animal services fees	173,400	185,515		118,599
DSS fees	12,000	(4,300)		11,900
Senior services fees	3,415,600	3,158,658		3,072,686
Recreation fees	307,014	280,576		292,177
Total	9,929,911	10,561,689	631,778	12,253,414
Investment earnings	100,000	334,676	234,676	122,167
Miscellaneous:				
Other revenues	365,285	802,295	437,010	660,343
Total revenues	174,057,717	174,898,111	840,394	167,304,099
Expenditures				
General Government:				
Governing body				
Salaries and employee benefits	212,316	200,811		189,411
Other operating expenditures	122,176	117,750		122,193
Capital Outlay	-	-		11,263
Total	334,492	318,561	15,931	322,867
Administration:				
Salaries and employee benefits	628,337	616,941		470,139
Other operating expenditures	82,689	81,432		105,177
Capital Outlay	-	-		4,939
Total	711,026	698,373	12,653	580,255

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Operations:				
Salaries and employee benefits	-	-		54,334
Other operating expenditures	-	-		538
Total	-	-	-	54,872
Elections:				
Salaries and employee benefits	347,369	293,539		311,925
Other operating expenditures	197,637	128,955		255,118
Capital outlay	-	-		-
Total	545,006	422,494	122,512	567,043
Finance:				
Salaries and employee benefits	649,416	640,583		633,152
Other operating expenditures	99,903	94,459		68,339
Total	749,319	735,042	14,277	701,491
Legal:				
Salaries and employee benefits	401,752	369,240		367,505
Other operating expenditures	173,458	118,579		121,941
Total	575,210	487,819	87,391	489,446
Jury selection:				
Salaries and employee benefits	538	194		4,717
Other operating expenditures	14,550	9,394		9,004
Total	15,088	9,588	5,500	13,721
Taxes:				
Salaries and employee benefits	1,624,643	1,580,213		1,491,903
Other operating expenditures	837,078	788,609		625,762
Capital outlay	31,410	26,196		20,341
Total	2,493,131	2,395,018	98,113	2,138,006
Facilities and maintenance:				
Salaries and employee benefits	1,186,508	1,133,304		1,047,812
Other operating expenditures	426,028	291,783		243,912
Capital outlay	51,135	22,309		0
Total	1,663,671	1,447,396	216,275	1,291,724
Court facilities:				
Other operating expenditures	265,221	262,132	3,089	239,841
Purchasing:				
Salaries and employee benefits	331,160	309,082		274,637
Other operating expenditures	87,143	39,306		44,229
Capital outlay	36,852	36,848		-
Total	455,155	385,236	69,919	318,866

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Register of Deeds:				
Salaries and employee benefits	\$ 393,137	\$ 370,810		\$ 323,735
Other operating expenditures	33,175	30,896		27,963
Capital outlay	10,500	9,805		-
Total	436,812	411,511	25,301	351,698
Information Technology Systems:				
Salaries and employee benefits	1,116,684	1,072,961		1,088,176
Other operating expenditures	1,304,487	1,211,313		1,048,486
Capital outlay	317,250	132,108		288,391
Total	2,738,421	2,416,382	322,039	2,425,053
Revaluation:				
Salaries and employee benefits	252,056	220,216		227,436
Other operating expenditures	59,850	51,954		93,664
Total	311,906	272,170	39,736	321,100
District Attorney:				
Other operating expenditures	60,615	56,572	4,043	59,793
Probation Office:				
Other operating expenditures	8,325	3,896	4,429	6,807
Public Works Garage:				
Salaries and employee benefits	490,888	492,158		431,780
Other operating expenditures	71,405	63,338		71,751
Capital outlay	389,978	58,565		33,346
Total	952,271	614,061	338,210	536,877
Planning:				
Salaries and employee benefits	309,794	299,657		288,745
Other operating expenditures	54,292	30,870		119,300
Capital Outlay	-	-		-
Total	364,086	330,527	33,559	408,045
Human Resources:				
Salaries and employee benefits	607,350	566,154		502,187
Other operating expenditures	244,630	149,466		133,161
Total	851,980	715,620	136,360	635,348

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Non-departmental:				
Professional fees	\$ 384,119	\$ 304,661		\$ 397,264
Employee benefits	412,050	189,818		285,330
Contingency	77,892	-		-
Wellness Clinic	911,667	836,696		319,556
Insurance	830,000	767,751		758,268
Tax refunds	120,000	114,866		123,788
Other expenditures	417,033	296,494		295,016
Capital outlay	27,940	27,940		15,093
Contributions to municipalities	22,249	631,326		22,249
Total	3,202,950	3,169,552	33,398	2,216,564
Total general government	16,734,685	15,151,950	1,582,735	13,679,417
Public Safety:				
Sheriff:				
Salaries and employee benefits	8,591,804	8,734,031		7,908,157
Other operating expenditures	1,342,202	1,221,004		1,301,111
Capital outlay	513,502	504,578		540,463
Total	10,447,508	10,459,613	(12,105)	9,749,731
Sheriff NARC funds	30,000	16,372	13,628	43,219
Jail:				
Salaries and employee benefits	6,477,843	5,982,204		5,695,153
Other operating expenditures	2,254,144	1,892,522		1,676,223
Capital outlay	105,000	96,984		-
Total	8,836,987	7,971,710	865,277	7,371,376
Communications:				
Salaries and employee benefits	1,587,607	1,425,523		1,292,691
Other operating expenditures	318,046	247,844		265,450
Capital outlay	-	-		3,515
Total	1,905,653	1,673,367	232,286	1,561,656
Emergency management:				
Salaries and employee benefits	512,271	471,720		431,831
Other operating expenditures	101,158	82,043		79,491
Capital outlay	-	-		-
Total	613,429	553,763	59,666	511,322
Fire and Rescue Commission:				
Assistance to volunteer fire & rescue	2,916,515	2,916,513		2,738,766
Operating expenses	26,700	21,189		26,437
Total	2,943,215	2,937,702	5,513	2,765,204

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Code Enforcement:				
Salaries and employee benefits	\$ 809,015	\$ 792,372		\$ 771,394
Other operating expenditures	86,567	66,997		74,015
Capital outlay	22,309	22,309		-
Total	917,891	881,678	36,213	845,409
Animal services:				
Salaries and employee benefits	865,553	771,752		744,897
Other operating expenditures	490,720	417,015		306,700
Capital outlay	63,948	53,891		0
Total	1,420,221	1,242,658	177,563	1,051,597
Medical examiner:				
Professional services	90,000	105,500	(15,500)	84,250
Medical Reserve Corp Grant:				
Other operating expenditures	-	-	-	3,599
Onslow E.M.S.:				
Salaries and employee benefits	5,964,831	5,664,766		5,764,870
Other operating expenditures	1,290,856	1,073,663		1,083,984
Capital outlay	71,025	302,539		448,866
Total	7,326,712	7,040,968	285,744	7,297,720
Emergency Responders:				
Salaries and employee benefits	870,354	866,445		830,483
Other operating expenditures	265,344	243,676		240,744
Capital outlay	-	-		-
Total	1,135,698	1,110,121	25,577	1,071,227
National Night Out contribution	1,000	1,000	-	-
Total public safety	35,668,314	33,994,452	1,673,862	32,356,310
Transportation:				
Airport-Administration:				
Salaries and employee benefits	-	-		233,548
Other operating expenditures	-	-		37,226
Capital outlay	-	-		-
Total	-	-	-	270,774
Airport-Airside:				
Salaries and employee benefits	-	-		384,314
Other operating expenditures	-	-		147,408
Total	-	-	-	531,722

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Airport-Terminal:				
Salaries and employee benefits	\$ -	\$ -		\$ 477,675
Other operating expenditures	-	-		179,507
Capital outlay	-	-		4,898
Total	-	-	-	662,080
Airport-Landside:				
Salaries and employee benefits	-	-		25,845
Other operating expenditures	-	-		5,506
Capital outlay	-	-		-
Total	-	-	-	31,351
Airport-Parking:				
Salaries and employee benefits	-	-		167,186
Other operating expenditures	-	-		34,729
Capital outlay	-	-		47,323
Total	-	-	-	249,238
Airport-undesignated:				
Salaries and employee benefits	-	-		-
Other operating expenditures	-	-		-
Capital outlay	-	-		-
Total	-	-	-	-
OUTS grant and county funding	256,337	256,337	-	278,887
Total transportation	256,337	256,337	-	2,024,052
Economic and Physical Development:				
Tourism:				
Other operating expenditures	1,983,020	1,504,868		1,120,242
Capital outlay	-	-		1,697
Total	1,983,020	1,504,868	478,152	1,121,939
Agriculture extension:				
Salaries and employee benefits	12,496	11,835		10,776
Other operating expenditures	492,821	380,839		402,487
Capital outlay	5,198	5,198		-
Total	510,515	397,872	112,643	413,263
Soil and water conservation:				
Salaries and employee benefits	165,545	163,156		147,474
Other operating expenditures	14,685	11,939		6,822
Total	180,230	175,095	5,135	154,296

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Land use management:				
Salaries and employee benefits	\$ 686,502	\$ 637,570		\$ 622,351
Other operating expenditures	106,730	84,289		117,544
Capital outlay	37,500	37,271		-
Total	830,732	759,130	71,602	739,895
Contributions	175,000	175,000	-	175,000
Total economic and physical development	3,679,497	3,011,965	667,532	2,604,393
Human Services:				
Consolidated Human Services Admin:				
Salaries and employee benefits	202,069	202,101		182,279
Other operating expenditures	20,650	10,611		10,683
Total Consolidated Human Serv	222,719	212,712	10,007	192,962
Health:				
Administration:				
Salaries and employee benefits	406,875	353,487		336,386
Other operating expenditures	331,647	309,945		194,351
Capital outlay	60,650	14,975		-
Total	799,172	678,407	120,765	530,737
AIDS Education:				
Salaries and employee benefits	20,609	20,901		16,230
Other operating expenditures	5,443	4,559		4,695
Total	26,052	25,460	592	20,925
Communicable diseases:				
Salaries and employee benefits	373,385	330,185		311,906
Other operating expenditures	46,496	38,596		42,157
Capital outlay	-	-		3,271
Total	419,881	368,781	51,100	357,334
Immunization:				
Salaries and employee benefits	258,536	265,787		259,031
Other operating expenditures	239,378	222,236		235,245
Total	497,914	488,023	9,891	494,276
W.I.C. breast feeding:				
Salaries and employee benefits	34,634	25,999		33,999
Other operating expenditures	19,328	11,533		9,531
Total	53,962	37,532	16,430	43,530
W.I.C.:				
Salaries and employee benefits	28,044	25,150		23,876
Other operating expenditures	12,420	8,629		10,933
Total	40,464	33,779	6,685	34,809

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
W.I.C. nutrition:				
Salaries and employee benefits	\$ 307,950	\$ 247,610		\$ 227,997
Other operating expenditures	18,670	12,651		30,172
Total	326,620	260,261	66,359	258,169
W.I.C. client services:				
Salaries and employee benefits	1,097,802	936,339		869,616
Other operating expenditures	93,470	76,234		83,246
Capital Outlay	-	-		-
Total	1,191,272	1,012,573	178,699	952,862
W.I.C. breast feeding peer counselor:				
Salaries and employee benefits	60,570	49,741		29,756
Other operating expenditures	10,850	4,869		5,192
Total	71,420	54,610	16,810	34,948
Environmental health:				
Salaries and employee benefits	1,349,531	1,191,648		1,169,664
Other operating expenditures	121,391	78,338		78,844
Capital outlay	8,796	7,996		-
Total	1,479,718	1,277,982	201,736	1,248,508
Bioterrorism:				
Salaries and employee benefits	17,870	17,370		16,537
Other operating expenditures	38,488	33,218		23,350
Total	56,358	50,588	5,770	39,887
Tuberculosis:				
Salaries and employee benefits	148,917	105,781		85,283
Other operating expenditures	11,631	7,859		2,701
Total	160,548	113,640	46,908	87,984
Tuberculosis CDC:				
Salaries and employee benefits	-	-		21,315
Other operating expenditures	-	-		5,711
Capital outlay	-	-		1,090
Total	-	-	-	28,116
Maternal CareCoordination:				
Salaries and employee benefits	311,883	310,343		252,875
Capital outlay	15,985	12,336		18,433
Total	327,868	322,679	5,189	271,308

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Health promotions:				
Salaries and employee benefits	\$ 344,833	\$ 344,367		\$ 282,787
Other operating expenditures	47,100	42,024		67,129
Capital outlay	1,800	1,641		-
Total	393,733	388,032	5,701	349,916
Child health:				
Salaries and employee benefits	122,868	106,732		117,230
Other operating expenditures	110,815	109,693		111,428
Capital outlay	-	-		1,090
Total	233,683	216,425	17,258	229,748
Women's preventive health:				
Salaries and employee benefits	534,522	504,032		502,404
Other operating expenditures	120,656	86,476		108,923
Total	655,178	590,508	64,670	611,327
Child service coordination:				
Salaries and employee benefits	430,470	373,725		329,850
Other operating expenditures	20,194	15,396		22,510
Total	450,664	389,121	61,543	352,360
Maternal health:				
Salaries and employee benefits	593,927	551,126		547,483
Other operating expenditures	73,115	58,720		88,093
Total	667,042	609,846	57,196	635,576
LEAP-Diabetes Program:				
Salaries and employee benefits	196,964	-		-
Other operating expenditures	18,036	-		-
Total	215,000	-	215,000	-
Medical Reserve Corp:				
Other operating expenditures	3,500	742		-
Total	3,500	742	2,758	-
Total health	8,070,049	6,918,989	1,151,060	6,582,320
Social services:				
Administration:				
Salaries and employee benefits	1,352,021	1,221,844		1,380,683
Other operating expenditures	1,649,698	1,235,145		1,020,321
Capital outlay	93,391	51,249		-
Total	3,095,110	2,508,238	586,872	2,401,004
Day care:				
Salaries and employee benefits	-	-		198,485
Assistance payments	9,015,177	8,457,467		6,863,530
Other operating expenditures	523,852	637,555		0
Total	9,539,029	9,095,022	444,007	7,062,015
Smart Start day care:				
Salaries and employee benefits	-	-		116,648
Other operating expenditures	1,517,200	-		469,914
Total	1,517,200	-	1,517,200	586,562

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Project Heart:				
Operating expenditures	\$ -	\$ -	\$ -	\$ -
Public assistance:				
Medical assistance payments	810,000	564,280	245,720	691,077
Medicaid unit:				
Salaries and employee benefits	4,150,984	3,750,859		2,524,154
Other operating expenditures	1,255,040	822,943		534,352
Total	5,406,024	4,573,802	832,222	3,058,506
Food and Nutrition Services:				
Salaries and employee benefits	750	-		1,213,924
Other operating expenditures	-	-		62,403
Total	750	-	750	1,276,327
Work first employment services:				
Salaries and employee benefits	643,778	585,903		597,581
Other operating expenditures	260,490	170,644		100,973
Total	904,268	756,547	147,721	698,554
Child support enforcement IV-D:				
Other operating expenditures	1,850,000	1,386,644	463,356	1,643,350
Child protective services:				
Salaries and employee benefits	6,475,011	5,490,758		5,439,794
Other operating expenditures	3,423,597	2,717,825		2,494,385
Total	9,898,608	8,208,583	1,690,025	7,934,179
Smart Start adolescent parenting:				
Salaries and employee benefits	149,294	127,397		152,394
Other operating expenditures	3,738	1,294		2,268
Total	153,032	128,691	24,341	154,662
PEERS program:				
Salaries and employee benefits	230,486	157,845		187,322
Other operating expenditures	23,580	6,523		9,995
Total	254,066	164,368	89,698	197,317
Parent Education Enhancement:				
Salaries and employee benefits	106,923	97,651		94,699
Other operating expenditures	2,180	521		1,494
Total	109,103	98,172	10,931	96,193

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
DSS - Special Children Adoptions:				
Other operating expenditures	\$ 25,000	\$ 2,157	\$ 22,843	\$ 14,232
Crisis intervention:				
Operating expenditures	1,148,549	1,126,052	22,497	1,036,264
Juvenile Crime Prevention:				
Operating expenditures	3,000	2,840	160	2,603
Youth services:				
Salaries and employee benefits	17,282	16,894		13,598
Other operating expenditures	274,429	133,654		201,747
Total	291,711	150,548	141,163	215,345
Restitution program:				
Salaries and employee benefits	150,499	145,641		142,659
Other operating expenditures	38,121	32,200		24,662
Total	188,620	177,841	10,779	167,321
SHARP Program:				
Other operating expenditures	52,920	43,242	9,678	6,410
School Treatment Program:				
Salaries and employee benefits	76,103	74,379		64,551
Other operating expenditures	65,794	57,366		43,966
Capital outlay	-	-		-
Total	141,897	131,745	10,152	108,517
Day Services:				
Salaries and employee benefits	71,292	68,225		55,627
Other operating expenditures	25,711	24,481		17,621
Total	97,003	92,706	4,297	73,248
Total social services	35,485,890	29,211,477	6,274,413	27,423,686
Senior Services:				
Administration:				
Salaries and employee benefits	780,309	731,685		641,972
Other operating expenditures	102,774	86,050		91,215
Capital outlay	-	-		-
Total	883,083	817,735	65,348	733,187
Adult Day Care:				
Salaries and employee benefits	132,892	131,843		129,454
Other operating expenditures	7,070	5,808		5,652
Total	139,962	137,651	2,311	135,106

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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Transportation - nutritional:				
Other operating expenditures	\$ 204,315	\$ 180,358	\$ 23,957	\$ 203,453
Transportation - medical:				
Other operating expenditures	20,795	19,290	1,505	20,000
Home Delivered Meals:				
Salaries and employee benefits	36,245	17,085		16,920
Other operating expenditures	126,371	87,913		89,063
Total	162,616	104,998	57,618	105,983
In home chore (III B):				
Salaries and employee benefits	918,308	820,787		897,136
Other operating expenditures	95,731	70,916		64,672
Total	1,014,039	891,703	122,336	961,808
CAP - Chore:				
Salaries and employee benefits	339,931	332,982		327,145
Other operating expenditures	84,400	78,891		72,754
Total	424,331	411,873	12,458	399,899
Title III D:				
Other operating expenditures	7,220	7,145	75	6,978
Congregate meals:				
Salaries and employee benefits	61,925	59,914		57,459
Other operating expenditures	168,331	161,134		159,864
Total	230,256	221,048	9,208	217,323
Senior Center:				
Other operating expenditures	17,205	16,198	1,007	16,028
Home health:				
Salaries and employee benefits	955,755	855,797		802,549
Other operating expenditures	1,603,170	1,484,229		1,601,322
Total	2,558,925	2,340,026	218,899	2,403,871
Hospice:				
Salaries and employee benefits	246,770	224,984		238,544
Other operating expenditures	137,415	99,523		118,923
Total	384,185	324,507	59,678	357,467
Outreach Coordination:				
Other operating expenditures	5,793	3,989	1,804	2,694
Total Senior Services	6,052,725	5,476,521	576,204	5,563,797

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Onslow County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Veteran's Services:				
Salaries and employee benefits	\$ 367,662	\$ 301,144		\$ 274,376
Other operating expenditures	21,377	11,972		18,204
Total	389,039	313,116	75,923	292,580
Other Human Services:				
Other contributions	847,065	846,777	288	1,067,936
Total human services	51,067,487	42,979,592	8,087,895	41,123,281
Environmental Protection:				
Vector control:				
Salaries and employee benefits	245,859	226,163		190,193
Other operating expenditures	65,547	56,907		60,835
Capital Outlay	27,587	27,586		22,225
Total	338,993	310,656	28,337	273,253
Contribution to NC Forestry Service	197,461	108,010	89,451	115,381
Total environmental protection	536,454	418,666	117,788	388,634
Cultural and Recreational:				
Recreation and parks:				
Salaries and employee benefits	1,290,692	1,234,267		1,202,941
Other operating expenditures	367,548	353,154		351,052
Capital outlay	87,915	87,914		19,875
Total	1,746,155	1,675,335	70,820	1,573,868
Library:				
Salaries and employee benefits	1,048,015	970,847		956,347
Other operating expenditures	428,030	369,487		320,962
Capital outlay	32,275	31,201		7,484
Total	1,508,320	1,371,535	136,785	1,284,793
Museum:				
Salaries and employee benefits	253,750	233,402		233,550
Other operating expenditures	59,721	42,889		38,334
Total	313,471	276,291	37,180	271,884
Swansboro library:				
Salaries and employee benefits	178,521	137,100		150,161
Other operating expenditures	87,121	75,251		60,162
Capital outlay	-	-		7,484
Total	265,642	212,351	53,291	217,807

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Onslow County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Sneads Ferry library:				
Salaries and employee benefits	\$ 178,891	\$ 173,957		\$ 153,649
Other operating expenditures	161,471	125,481		338,901
Capital outlay	-	-		28,304
Total	340,362	299,438	40,924	520,854
Richlands library:				
Salaries and employee benefits	175,781	169,532		165,741
Other operating expenditures	67,100	52,892		45,458
Capital outlay	4,200	-		7,484
Total	247,081	222,424	24,657	218,683
Contributions	10,000	10,000	-	10,000
Total cultural and recreational	4,431,031	4,067,374	363,657	4,097,889
Education:				
Public schools - current	30,987,242	30,987,242		40,691,952
Public schools - capital outlay	2,175,000	2,175,000		1,775,000
Community colleges - current	3,981,968	3,981,968		3,617,540
Community colleges - capital outlay	2,462,500	2,462,500		2,025,000
Total education	39,606,710	39,606,710	-	48,109,492
Debt service:				
Principal	12,107,655	12,083,616		12,709,662
Interest and fees	7,416,004	8,077,532		7,932,612
Total debt service	19,523,659	20,161,148	(637,489)	20,642,274
Total expenditures	171,504,174	159,648,193	11,855,981	165,025,743
Revenues over expenditures	2,553,543	15,249,917	12,696,374	2,278,356
Other financing sources (uses):				
Proceed from refunding of bonds	61,672,286	61,671,787	(499)	-
Payment to refunded bond escrow agent	(61,672,286)	(61,299,846)	372,440	-
Sale of fixed assets	70,049	1,290,607	1,220,558	117,640
Transfers from other funds	1,646,000	1,646,000	-	1,835,525
Transfers to other funds	(18,838,798)	(18,740,730)	98,068	(3,037,226)
Total	(17,122,749)	(15,432,182)	1,690,567	(1,084,061)

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Onslow County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues and other financing sources over expenditures and other financing uses	\$ (14,569,206)	\$ (182,265)	\$ 14,386,941	\$ 1,194,295
Appropriated fund balance	14,569,206	-	(14,569,206)	-
Revenues, other financing sources, and appropriated fund balance under expenditures and other financing uses	\$ -	(182,265)	\$ (182,265)	1,194,295
Fund balance, beginning		51,688,702		50,494,407
Fund balance, end of year		\$ 51,506,437		\$ 51,688,702

Schedule 11
Onslow County, North Carolina
Workers Compensation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 2,679	\$ 15	\$ (2,664)	\$ 1,228
Other Revenues	-	-	-	-
Total Revenues	2,679	15	(2,664)	1,228
Expenditures:				
Workers' Comp Fund	801,779	359,988	441,791	457,002
Revenues over (under) expenditures	(799,100)	(359,973)	439,127	(455,774)
Other financing sources (uses):				
Transfers from other funds	399,100	399,100	-	50,000
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	399,100	399,100	-	50,000
Revenues and other financing sources over (under) expenditures and other financing uses	(400,000)	39,127	439,127	(405,774)
Appropriated fund balance	400,000	-	(400,000)	-
Revenues and other financing sources over expenditures	\$ -	39,127	\$ 39,127	(405,774)
Fund balance, beginning of year		475,399		881,173
Fund balance, end of year		\$ 514,526		\$ 475,399

Schedule 12
Onslow County, North Carolina
Burton Industrial Park Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 275	\$ 16	\$ (259)	\$ 197
Other Revenues	-	-	-	-
Total Revenues	275	16	(259)	197
Expenditures:				
Economic and Physical Developemt	153,174	113,604	39,569	239,128
Revenues over (under) expenditures	(152,899)	(113,588)	39,310	(238,931)
Other financing sources (uses):				
Transfers from other funds	64,100	64,100	-	25,000
Sales of fixed assets	-	-	-	-
Total other financing sources (uses)	64,100	64,100	-	25,000
Revenues and other financing sources over (under) expenditures and other financing uses	(88,799)	(49,488)	39,310	(213,931)
Appropriated fund balance	88,799	-	(88,799)	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	(49,488)	<u>\$ (49,489)</u>	(213,931)
Fund balance, beginning of year		97,857		311,788
Fund balance, end of year		\$ 48,369		\$ 97,857

Schedule 13
Onslow County, North Carolina
Benefit Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014	
	Budget	Actual	Variance Positive (Negative)	Actual	
Revenues:					
Investment earnings	\$ -	\$ 11	\$ 11	\$	51
Expenditures:					
Other Expenses	-	-	-	-	-
Revenues over (under) expenditures	-	11	11		51
Other financing sources (uses):					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	11	<u>\$ 11</u>		51
Fund balance, beginning of year		151			100
Fund balance, end of year		\$ 162		\$	151

Schedule 14
Onslow County, North Carolina
Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted Intergovernmental	\$ 1,646,000	\$ 1,646,000	\$ -	\$ 1,646,029
Investment earnings	-	41,994	41,994	16,393
Total revenues	1,646,000	1,687,994	41,994	1,662,422
Expenditures:				
Other Expenses	-	-	-	-
Revenues over (under) expenditures	1,646,000	1,687,994	41,994	1,662,422
Other financing sources (uses):				
Transfers from other funds	16,479,897	16,479,897	-	1,254,678
Transfers to other funds	(1,646,000)	(1,646,000)	-	(1,646,000)
Total other financing sources (uses)	14,833,897	14,833,897	-	(391,322)
Revenues and other financing sources over expenditures and other uses	16,479,897	16,521,891	41,994	1,271,100
Appropriated fund balance	(16,479,897)	-	16,479,897	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	16,521,891	<u>\$ 16,521,891</u>	1,271,100
Fund balance, beginning of year		6,753,589		5,482,489
Fund balance, end of year		<u>\$ 23,275,480</u>		<u>\$ 6,753,589</u>

Schedule 15
Onslow County, North Carolina
Disaster Contingency Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014	
	Budget	Actual	Variance Positive (Negative)	Actual	
Revenues:					
Investment earnings	\$ -	\$ 12,955	\$ 12,955	\$	16,367
Total Revenues	-	12,955	12,955		16,367
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	12,955	<u>\$ 12,955</u>		16,367
Fund balance, beginning of year		5,066,787			5,050,420
Fund balance, end of year		\$ 5,079,742		\$	5,066,787

Schedule 16
Onslow County, North Carolina
Capital Improvements Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 612	\$ 612	\$ 501
Total revenues	-	612	612	501
Expenditures:				
Capital projects				
Roofing	20,000	14,601	5,399	79,892
Parking lots	11,600	3,870	7,730	15,198
Regional Park Improvements	29,200	21,186	8,014	8,457
HVAC replacement	80,481	65,232	15,249	79,849
MPC improvements	82,440	71,996	10,444	-
Roadway and pavement	61,217	60,457	760	-
Carpet replacements	25,000	21,271	3,729	-
Beach access repairs	121,719	24,099	97,620	122,981
Courthouse security	-	-	-	14,181
609/615 Court Street renovation	-	-	-	-
General Improvements	355,440	230,843	124,597	33,828
Total expenditures	787,097	513,555	273,542	354,386
Revenues over (under) expenditures	(787,097)	(512,943)	274,154	(353,885)
Other financing sources (uses):				
Transfer to Other Funds	-	-	-	-
Transfer from Other Funds	678,060	568,440	(109,620)	385,843
Total other financing sources (uses)	678,060	568,440	(109,620)	385,843
Revenues and other financing sources over (under) expenditures and other financing uses	(109,037)	55,497	164,534	31,958
Appropriated Fund Balance	109,037	-	(109,037)	-
Revenue, other financing sources, and appropriated fund balance over (under) expenditures and financing uses	<u>\$ -</u>	55,497	<u>\$ 55,497</u>	31,958
FUND BALANCES, beginning of year		551,721		519,763
FUND BALANCES, end of year		\$ 607,218		\$ 551,721

Schedule 17
Onslow County, North Carolina
Health Insurance Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Restricted Intergovernmental	\$ 7,755,873	\$ 7,104,581	\$ (651,292)	\$ 6,378,083
Investment earnings	-	674	674	748
Other Revenues	35,000	56,663	21,663	66,891
Total Revenues	7,790,873	7,161,918	(628,955)	6,445,722
Expenditures:				
Benefits Paid	6,842,741	6,124,396	718,345	5,674,312
Administrative Expenses	1,648,132	1,284,972	363,160	1,353,570
Total Expenditures	8,490,873	7,409,368	1,081,505	7,027,882
Revenues over (under) expenditures	(700,000)	(247,450)	452,550	(582,160)
Other financing sources (uses):				
Transfers from other funds	700,000	759,690	59,690	684,506
Total other financing sources (uses)	700,000	759,690	59,690	684,506
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	512,240	<u>\$ 512,240</u>	102,346
Fund balance, beginning of year		1,167,496		1,065,150
Fund balance, end of year		\$ 1,679,736		\$ 1,167,496

COMBINING STATEMENTS AND SCHEDULES FOR NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

Individual Fund Description:

Memorial Fund – accounts for funds reserved for future emergencies that may arise.

Emergency 911 Fund – accounts for the operations of the County’s Emergency 911 system.

Register of Deeds Fund – accounts for the costs of automation and enhancement of process for the register of deeds.

Grant Project Fund – accounts for funds received for various grant projects.

Community Development Fund – accounts for funds used in the rehabilitation of low income housing and construction of water and sewer lines for low income areas.

Community Assistance Fund – accounts for special grant funds used for maintenance of community-wide sewer system.

CAPITAL PROJECTS FUNDS

School Construction Fund – accounts for funds used for construction of new school facilities.

Schedule 18
Onslow County, North Carolina
Non-Major Governmental Funds – Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Memorial	Emergency Telephone System Fund	Register of Deeds	Grant Project Fund	Community Assistance	Totals
ASSETS						
Cash and investments	\$ 42,837	\$ 835,257	\$ 347,040	\$ -	\$ 59,908	\$ 1,285,042
Accounts receivable	-	31,303	115	-	46,154	77,572
Due from other governments	-	9,108	4,939	2,304	210	16,561
Total assets	\$ 42,837	\$ 875,668	\$ 352,094	\$ 2,304	\$ 106,272	\$ 1,379,175
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 10,299	\$ 581	\$ -	\$ -	\$ 10,880
Due to other funds	-	-	-	18,547	-	18,547
Total liabilities	-	10,299	581	18,547	-	29,427
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	46,154	46,154
Fund balances:						
Restricted						
Stabilization by State Statute	-	40,411	5,055	2,304	210	47,980
Register of Deeds	-	-	290,077	-	-	290,077
Emergency Services	-	820,837	-	-	-	820,837
Grant Project	-	-	-	-	-	-
Committed						
Public Safety	-	-	-	-	-	-
Community Assistance	-	-	-	-	59,908	59,908
Assigned						
Subsequent year's expenditures	42,837	4,121	56,381	-	-	103,339
Unassigned	-	-	-	(18,547)	-	(18,547)
Total equity	42,837	865,369	351,512	(16,243)	60,118	1,303,594
Total liabilities, deferred inflows of resources and fund balances	\$ 42,837	\$ 875,668	\$ 352,094	\$ 2,304	\$ 106,272	\$ 1,379,175

Schedule 19
Onslow County, North Carolina
Non-Major Governmental Funds – Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Memorial	Emergency Telephone System Fund	Register of Deeds	Grant Project	Community Assistance	Totals
Revenues:						
E-911 fees	\$ -	\$ 374,253	\$ -	\$ -	\$ -	\$ 374,253
Grant revenue	-	-	-	32,277	-	32,277
Investment earnings	16	721	386	-	1,378	2,501
Other revenues	3,124	-	104,683	-	15,078	122,885
Total revenues	3,140	374,974	105,069	32,277	16,456	531,916
Expenditures						
Professional services	-	2,021	-	-	-	2,021
Operating expenditures	-	194,745	70,763	-	7,876	273,384
Equipment maintenance	-	107,823	-	-	-	107,823
Capital outlay	-	-	-	57,943	-	57,943
Total expenditures	-	304,588	70,763	57,943	7,876	441,171
Revenues over (under) expenditures	3,140	70,386	34,307	(25,667)	8,580	90,745
Other financing sources:						
Transfers from (to) other funds	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	3,140	70,386	34,307	(25,667)	8,580	90,745
FUND BALANCES, beginning of year	39,698	794,983	317,206	9,424	51,538	1,212,849
FUND BALANCES, end of year	\$ 42,837	\$ 865,369	\$ 351,512	\$ (16,243)	\$ 60,118	\$ 1,303,594

Schedule 20
Onslow County, North Carolina
Memorial Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Donations	\$ 82,000	\$ 3,124	\$ (78,876)	\$ 15,698
Investment earnings	-	16	16	16
Total revenues	82,000	3,140	(78,860)	15,714
Expenditures:				
Professional services	82,000	-	82,000	-
Total expenditures	82,000	-	82,000	-
Revenues over (under) expenditures	-	3,140	3,140	15,714
Other financing sources (uses)				
Transfer from other funds	-	-	-	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	3,140	<u>\$ 3,140</u>	15,714
Fund balance, beginning of year		39,698		23,984
Fund balance, end of year		\$ 42,838		\$ 39,698

Schedule 21
Onslow County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental:				
Wireless E-911 fees	\$ 326,404	\$ 374,253	\$ 47,849	\$ 354,262
Investment earnings	-	721	721	1,225
Total revenues	326,404	374,974	48,570	355,487
Expenditures:				
Public Safety				
Professional services	3,400	2,021	1,379	797
Operating expenditures	239,680	194,745	44,935	150,460
Equipment maintenance	159,788	107,823	51,965	164,874
Capital outlay	252,990	-	252,990	16,724
Debt Service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	655,858	304,589	351,269	332,855
Revenues over (under) expenditures	(329,454)	70,385	399,839	22,632
Fund balance appropriated	329,454	-	(329,454)	-
Revenues and appropriated fund balance over (under) expenditures	-	70,385	\$ 70,385	22,632
Fund balance, beginning of year		794,983		772,351
Fund balance, end of year		\$ 865,368		\$ 794,983

Schedule 22
Onslow County, North Carolina
Register of Deeds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Permits and fees	\$ 82,000	\$ 104,683	\$ 22,683	\$ 104,344
Investment earnings	-	386	386	507
Total revenues	82,000	105,069	23,069	104,851
Expenditures:				
Automation expenditures	87,697	70,763	16,934	17,321
Capital outlay	7,000	-	7,000	-
Total expenditures	94,697	70,763	23,934	17,321
Revenues over (under) expenditures	(12,697)	34,306	47,003	87,530
Appropriated fund balance	12,697	-	(12,697)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	34,306	\$ 34,306	87,530
Fund balance, beginning of year		317,206		229,676
Fund balance, end of year		\$ 351,511		\$ 317,206

Schedule 23
Onslow County, North Carolina
Grant Project Fund
Changes in Fund Balances – Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental					
JAG 2010 Federal Grant	\$ 37,970	\$ 37,970	\$ -	\$ 37,970	\$ -
JAG 2011 Federal Grant	26,730	26,730	-	26,730	-
JAG 2014 Federal Grant	22,500	22,500	-	22,500	-
JAG 2015 Federal Grant	23,099	-	-	-	(23,099)
EOC Grant	115,014	80,898	32,277	113,175	(1,839)
EMT CERT Training	1,661	1,660	-	1,660	(1)
Stream/Creek Clean up State Grant	17,617	-	-	-	(17,617)
Total Revenue	244,591	169,758	32,277	202,035	(42,556)
Expenditures					
Capital Expenditures					
JAG 2010 Federal Grant	37,970	37,970	-	37,970	-
JAG 2011 Federal Grant	26,730	26,730	-	26,730	-
JAG 2014 Federal Grant	22,500	22,500	-	22,500	-
JAG 2015 Federal Grant	23,099	-	-	-	23,099
EOC Grant	115,014	71,475	40,326	111,801	3,213
EMT CERT Training	1,661	1,660	-	1,660	1
Stream/Creek Clean Up State Grant	17,617	-	17,617	17,617	-
Total Capital Expenditures	244,591	160,335	57,943	218,278	26,313
Revenue and other financing sources over (under) expenditures and financing uses					
	<u>\$ -</u>	<u>\$ 9,424</u>	(25,666)	<u>\$ (16,243)</u>	<u>\$ (16,243)</u>
FUND BALANCES, beginning of year			9,424		
FUND BALANCES, end of year			\$ (16,242)		

Schedule 24
Onslow County, North Carolina
Community Assistance Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues				
State grant-CWMTF	\$ -	\$ -	\$ -	\$ -
Loan repayments	-	14,991	(14,991)	16,162
Interest on loan payments	-	1,378	(1,378)	1,419
Miscellaneous Revenue	-	87	(87)	241
Total revenues	-	16,456	(16,456)	17,822
Expenditures				
Septic system repair program	23,720	7,876	15,844	13,569
Total Expenditures	23,720	7,876	15,844	13,569
Revenues over (under) expenditures	(23,720)	8,580	(612)	4,253
Appropriated fund balance	23,720	-	23,720	-
Revenue and other financing sources over (under) expenditures	\$ -	8,580	\$ 23,108	4,253
FUND BALANCES, beginning of year	51,538		47,285	
FUND BALANCES, end of year	\$ 60,118		\$ 51,538	

Schedule 25
Onslow County, North Carolina
School Construction Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
School construction	32,000,000	172,624	1,249,656	1,422,280	30,577,720
Total expenditures	32,000,000	172,624	1,249,656	1,422,280	30,577,720
Revenues over (under) expenditures	(32,000,000)	(172,624)	(1,249,656)	(1,422,280)	(30,577,720)
Other financing sources (uses):					
Proceeds from issuance of debt	32,000,000	-	-	-	(32,000,000)
Total other financing sources (uses)	32,000,000	-	-	-	(32,000,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (172,624)	(1,249,656)	\$ (1,422,280)	\$ (1,422,280)
FUND BALANCES, beginning of year			(172,624)		
FUND BALANCES, end of year			\$ (1,422,280)		

CAPITAL PROJECT FUNDS

Capital Project Funds account for funds to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Individual Fund Descriptions:

Capital Project Fund – accounts for funds used for industrial and economic development.

Schedule 26
Onslow County, North Carolina
Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental					
State grants	\$ 71,011	\$ 17,104	\$ -	\$ 17,104	\$ (53,907)
Local grants	25,491	-	-	-	(25,491)
Total restricted	96,502	17,104	-	17,104	(79,398)
Unrestricted intergovernmental					
Other income	25,500	29,000	10,456	39,456	13,956
Investment earnings	75,250	193,068	8,900	201,967	126,717
Total unrestricted	100,750	222,068	19,356	241,423	140,673
Total revenues	197,252	239,172	19,356	258,527	61,275
Expenditures					
Capital projects					
Government Center Public Buildings	20,701,942	14,679,018	4,902,480	19,581,498	1,120,444
Vehicle Maintenance Building	5,216,087	73,039	376,863	449,902	4,766,185
Sneads Ferry Library	4,596,580	4,351,351	164,464	4,515,815	80,765
OPP Restroom Facility	276,815	276,814	-	276,814	1
USMC Museum	700,000	325,926	99,659	425,585	274,415
Discovery Gardens	866,242	284,763	146,082	430,845	435,397
Sylvester House Preservation	100,000	16,600	-	16,600	83,400
OPP Restroom Redevelopment	110,000	76,333	27,468	103,801	6,199
Vietnam Veteran Memorial	-	-	-	-	-
Tax Software	1,255,000	1,131,814	40,535	1,172,349	82,651
800 MHZ Infrastructure	12,122,152	4,806,048	3,271,107	8,077,156	4,044,996
Jail Detention Facility	-	-	-	-	-
Jail Demolition	1,022,908	313,997	595,768	909,765	113,143
Coastal Carolina College Maintenance	5,577,092	1,053,225	3,182,905	4,236,130	1,340,962
E&P Development-Waterway Maintenance	586,164	105,650	88,648	194,298	391,866
Health & Service Building	17,406,130	66,848	1,093,651	1,160,499	16,245,631
Total expenditures	70,537,112	27,561,426	13,989,630	41,551,057	28,986,055
Revenues over (under) expenditures	(70,339,860)	(27,322,254)	(13,970,274)	(41,292,530)	29,047,330
Other financing sources (uses):					
Proceeds from issuance of debt	62,639,976	42,175,370	-	42,175,370	(20,464,606)
Transfers from other funds	7,699,884	7,397,581	469,502	7,867,083	167,199
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	70,339,860	49,572,951	469,502	50,042,453	(20,297,407)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 22,250,697</u>	<u>(13,500,772)</u>	<u>\$ 8,749,923</u>	<u>\$ 8,749,923</u>
FUND BALANCES, beginning of year			22,250,697		
FUND BALANCES, end of year			<u>\$ 8,749,925</u>		

PROPRIETARY FUNDS

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that the periodic determination of net income is appropriate for accountability purposes. The County utilizes the following proprietary funds:

Solid Waste Fund – accounts for operations at the County landfill.

Onslow County, North Carolina

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
Charges for services				
Tipping fees	\$ 4,424,000	\$ 4,298,518	\$ (125,482)	\$ 4,134,343
Debris fees	1,350,000	1,100,418	(249,582)	1,295,394
Site fees	210,000	235,542	25,542	224,107
Other operating revenues	404,280	410,136	5,856	408,088
Total operating revenues	6,388,280	6,044,614	(343,666)	6,061,932
Nonoperating revenues				
Restricted intergovernmental	274,000	606,910	332,910	672,775
Investment earnings	-	22,449	22,449	37,068
Sale of fixed assets	-	28,634	28,634	23,557
Total nonoperating revenues	274,000	657,993	383,993	733,400
Total revenues	6,662,280	6,702,607	40,327	6,795,332
EXPENDITURES				
Solid Waste Administration				
Salaries and benefits	323,157	255,799		247,808
Contracted services	8,000	480		5,802
Other expenditures	37,920	60,451		44,884
Total	369,077	316,730	52,347	298,494
Landfill operations				
Salaries and benefits	628,506	663,743		622,533
Contracted services	45,000	34,188		29,915
Other expenditures	1,483,822	1,236,154		1,492,756
Total	2,157,328	1,934,085	223,243	2,145,204
Recycling				
Salaries and benefits	24,605	17,219		49,716
Contracted services	295,000	282,193		239,467
Other expenditures	38,400	41,389		24,712
Total	358,005	340,801	17,204	313,895
Electronics Recycling				
Contracted services	7,208	-		6,430
Other expenditures	-	25		101
Total	7,208	25	7,183	6,531
Refuse sites				
Salaries and benefits	384,507	388,844		375,358
Contracted services	250,835	277,656		225,645
Other expenditures	141,375	148,541		119,414
Total	776,717	815,041	(38,324)	720,417
Keep Onslow Beautiful				
Contracted services	2,000	1,964		2,423
Other expenditures	57,173	18,973		43,478
Total	59,173	20,937	38,236	45,901
White goods				
Salaries and benefits	66,592	71,332		35,922
Other expenditures	4,870	8,923		68,036
Total	71,462	80,255	(8,793)	103,958

Onslow County, North Carolina

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	Budget	2015 Actual	(Negative)	2014 Actual
Capital outlays	2,662,416	873,751	1,788,665	772,043
Debt service				
Bond principal	705,000	705,000.00	-	680,000
Interest and fees	105,138	106,398	(1,260)	130,876
Total	810,138	811,398	(1,260)	810,876
Total expenditures	7,271,524	5,193,023	2,078,501	5,217,319
Revenues over (under) expenditures	(609,244)	1,509,584	2,118,828	1,578,013
Other financing sources				
Transfers from (to) other funds	(3,000,000)	(2,959,449)	40,551	(5,387,400)
Revenues and other financing sources over (under) expenditures and other financing uses	(3,609,244)	(1,449,865)	2,159,379	(3,809,387)
Appropriated fund balance	3,609,244	-	(3,609,244)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	-	\$ (1,449,865)	\$ (1,449,865)	\$ (3,809,387)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Excess of revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses		\$ (1,449,865)		\$ (3,809,387)
Reconciling items:				
Basis on disposal of assets		(66,060)		(287,594)
Debt principal		705,000		680,000
Capital outlay		873,751		772,043
Depreciation		(1,138,028)		(969,225)
Operating costs from landfill projects		(231,874)		(119,877)
Transfer to landfill projects		2,959,449		3,300,965
Investment earnings from landfill projects		8,632		3,942
(Increase) Decrease in pension benefit obligation		31,441		(25,806)
Increase in accrued landfill closure and postclosure care costs		(592,015)		(492,121)
Total reconciling items		2,550,295		2,862,327
Change in net position		\$ 1,100,431		\$ (947,060)

Schedule 28
Onslow County, North Carolina
Landfill Operations Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment Earnings	\$ -	\$ 4,240	\$ 8,632	\$ 12,872	\$ 12,872
Total Revenue	-	4,240	8,632	12,872	12,872
Expenditures					
Professional Services	-	-	-	-	-
General Improvements	7,128,484	119,877	231,874	351,751	6,776,733
Total Capital Expenditures	7,128,484	119,877	231,874	351,751	6,776,733
Revenues over (under) expenditures	(7,128,484)	(115,637)	(223,242)	(338,879)	6,789,605
Other financing sources (uses):					
Transfers from other funds	7,128,484	3,735,000	2,959,449	6,694,449	(434,035)
Total other financing sources (uses)	7,128,484	3,735,000	2,959,449	6,694,449	(434,035)
Revenue and other financing sources over (under) expenditures and financing uses	\$ -	\$ 3,619,363	\$ 2,736,207	\$ 6,355,570	\$ 6,355,570
FUND BALANCES, beginning of year			3,619,363		
FUND BALANCES, end of year			\$ 6,355,570		

Onslow County, North Carolina

Airport Operations Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
Charges for services				
Rents and parking	\$ 777,973	\$ 679,756	\$ (98,217)	\$ -
Fees	1,465,750	1,327,002	(138,748)	-
Other operating revenues	20,500	20,487	(13)	-
Total operating revenues	2,264,223	2,027,245	(236,978)	-
Nonoperating revenues				
Investment earnings	-	153	153	-
Total nonoperating revenues	-	153	153	-
Total revenues	2,264,223	2,027,398	(236,825)	-
EXPENDITURES				
Airport Administration				
Salaries and benefits	355,250	234,371		-
Other expenditures	286,081	256,890		-
Total	641,331	491,261	150,070	-
Airport Airside				
Salaries and benefits	415,046	407,362		-
Contract services	1,700	320		-
Repairs and maintenance	77,617	71,578		-
Other expenditures	174,842	164,946		-
Total	669,205	644,206	24,999	-
Airport Terminal				
Salaries and benefits	578,254	510,740		-
Contracted services	18,068	12,786		-
Repairs and maintenance	27,116	20,641		-
Other expenditures	225,634	213,512		-
Total	849,072	757,679	91,393	-
Airport Landside				
Salaries and benefits	29,947	23,694		-
Contracted services	1,000	0		-
Repairs and maintenance	3,500	992		-
Other expenditures	16,058	9,348		-
Total	50,505	34,034	16,471	-
Airport Parking				
Salaries and benefits	207,325	169,497		-
Repairs and maintenance	7,000	2,719		-
Other expenditures	57,707	57,487		-
Total	272,032	229,703	42,329	-

Schedule 29
Page 2 of 2
Onslow County, North Carolina
Airport Operations Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts for the Fiscal Year Ended June 30, 2014

	2015		2014	
	Budget	Actual	(Negative)	Actual
Capital outlays	66,556	27,502	39,054	-
Debt Service				
Interest and fees	130,081	130,081	-	-
Total expenditures	2,678,782	2,314,466	364,316	-
Revenues over (under) expenditures	(414,559)	(287,068)	127,491	-
Other financing sources				
Capital contributions	0	5,832,223	5,832,223	-
Contributions from tourism fund	239,183	239,184	1	-
Transfers from (to) other funds	33,898	18,000	(15,898)	-
Total	273,081	6,089,407	5,816,326	-
Revenues and other financing sources over (under) expenditures and other financing uses	(141,478)	5,802,339	111,593	-
Appropriated fund balance	141,478	-	(141,478)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	-	\$ 5,802,339	\$ (29,885)	\$ -
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Excess of revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses		\$ 5,802,339		\$ -
Reconciling items:				
Capital outlay		27,502		-
Depreciation		(654,938)		-
Transfers from airport construction projects		(18,000)		-
Airport construction capital contributions		17,970,738		-
Airport construction operating revenues		983,768		-
Airport construction investment earnings		11,562		-
Airport construction financing costs		(688)		-
Capital contributions from general fund		21,268,116		-
(Increase) Decrease in pension benefit obligation		34,400		-
Total reconciling items		39,622,459		-
Change in net position		\$ 45,424,799		-

Schedule 30
Page 1 of 2
Onslow County, North Carolina
Airport Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental					
State AIP 31	\$ 10,586	\$ 10,586	\$ -	\$ 10,586	\$ -
State AIP 32	31,771				(31,771)
State AIP 33	16,696				(16,696)
State Terminal Building Construction	343,860				(343,860)
State GA Terminal/Apron	1,956,140				(1,956,140)
State AWOS System	100,000				(100,000)
State Landside Land Acquisition	106,140				(106,140)
Total state grants	2,565,193	10,586	-	10,586	(2,554,607)
Federal AIP 31	1,653,216	1,653,216	-	1,653,216	-
Federal AIP 32	1,189,135	1,189,135	-	1,189,135	-
Federal AIP 33	634,462	621,126	1,513	622,639	(11,823)
Federal Terminal Building Construction	18,363,221	3,879,784	12,402,445	16,282,229	(2,080,992)
Federal FAA Entitlement Terminal Bldg. Const.	27,590	27,590	-	27,590	-
Federal FAA Entitlement GA Terminal/Apron	105,000	-	105,000	105,000	-
Federal FFA Entitlement GA Terminal/Apron	-	-	-	-	-
Federal Air/Landside Pavement	7,952,901	-	4,256,145	4,256,145	(3,696,756)
Federal Reimbursement Airfield Improvements	18,950	18,950	-	18,950	-
Federal Passenger Boarding Bridges	1,378,958	-	1,205,635	1,205,635	(173,323)
Federal Airside/Aircraft Apron	1,800,000	-	-	-	(1,800,000)
Federal Airport Terminal Preconstruction	-	-	-	-	-
Total federal grants	33,123,433	7,389,801	17,970,738	25,360,539	(7,762,894)
Total restricted	35,688,626	7,400,387	17,970,738	25,371,125	(10,317,501)
Unrestricted intergovernmental					
Contract facility charges	1,357,200	814,086	337,088	1,151,174	(206,026)
Passenger facility charges	4,050,049	3,623,834	646,680	4,270,514	220,465
Tenant contribution	500,000	-	-	-	(500,000)
Sale of surplus property	-	251	-	251	251
Investment earnings	302,223	329,769	11,562	341,330	39,107
Total unrestricted	6,209,472	4,767,940	995,330	5,763,269	(446,203)
Total revenues	41,898,098	12,168,327	18,966,068	31,134,394	(10,763,704)

Onslow County, North Carolina

Airport Construction Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balances - Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2015

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Expenditures					
Capital projects					
Terminal-AIP 31	1,791,996	1,791,996	-	1,791,996	-
Terminal-AIP 32	1,510,384	1,510,381	2	1,510,383	(1)
Terminal-AIP 33	667,855	653,817	1,592	655,409	(12,446)
Terminal Building Construction	25,470,773	7,919,029	15,315,266	23,234,295	(2,236,478)
New GA Terminal/Apron	5,840,128	323,799	3,042,592	3,366,391	(2,473,737)
Airside-AWOS	120,000	-	-	-	(120,000)
Landside-Land Acquisition	301,140	33,667	8,625	42,292	(258,848)
Airside-Air/Landside Pavement & Utility	10,424,685	3,025	6,566,870	6,569,895	(3,854,790)
Airside-Airfield Improvements	29,551	18,497	10,531	29,028	(523)
Terminal Passenger Boarding Bridges	1,960,546	-	1,843,312	1,843,312	(117,234)
Airside-Aircraft Apron Rehabilitation	2,000,000	-	141,899	141,899	(1,858,101)
Airside-Rotating Beacon Refurbishment	30,000	-	29,618	29,618	(382)
Airside-Air Traffic Control Tower	158,970	-	45,591	45,591	(113,379)
Landside-Rental Car Service Site	447,200	32,496	313,604	346,100	(101,100)
Total expenditures	50,753,228	12,286,707	27,319,502	39,606,209	(11,147,019)
Revenues over (under) expenditures	(8,855,130)	(118,380)	(8,353,434)	(8,471,815)	383,315
Other financing sources (uses):					
Financing Costs	(83,373)	(104,595)	(688)	(105,283)	(21,910)
Capital contributions	8,333,510	8,189,219	-	8,189,219	(144,291)
Transfers from other funds	638,891	688,039	-	688,039	49,148
Transfers to other funds	(33,898)	(15,898)	(18,000)	(33,898)	-
Total other financing sources (uses)	8,855,130	8,756,766	(18,688)	8,738,077	(117,053)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,638,386	(8,372,122)	\$ 266,263	\$ 266,263
FUND BALANCES, beginning of year	8,638,386				

FIDUCIARY FUNDS

Fiduciary funds consist of two types: trust funds and agency funds.

Trust Funds are used to account for assets held by the County in a trustee capacity. Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. The County utilizes the following agency funds:

Agency Funds

Social Services Fund – accounts for moneys deposited with the Social Services Department for the benefit of certain individuals in the County

Agriculture Fund – accounts for moneys deposited with the Agriculture Department for the benefit of certain groups in the County

Sheriff's Department Fund – accounts for moneys collected by the Sheriff's Department on judgments and executions

Fines and Forfeitures Fund – accounts for fines and forfeitures collected by the County that are required to be remitted to the Onslow County Board of Education

Municipal Tax Fund – accounts for the proceeds of property taxes that are collected by the County on behalf of the municipalities within the County

DMV Interest Fund – accounts for the 3% collection fee on behalf of the NC Department of Motor Vehicles

Register of Deeds Trust Fund – accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage

Schedule 31
Onslow County, North Carolina
Combining Schedule of Changes in Assets
And Liabilities – Agency Funds
June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Social Services:				
Assets				
Cash and investments	\$ 273,742	\$ 971,348	\$ 939,931	\$ 305,159
Liabilities				
Miscellaneous liabilities	\$ 273,742	\$ 971,348	\$ 939,931	\$ 305,159
Agriculture:				
Assets				
Cash and investments	\$ 34,410	\$ 24,150	\$ 25,145	\$ 33,415
Liabilities				
Miscellaneous liabilities	\$ 34,410	\$ 24,150	\$ 25,145	\$ 33,415
Sheriff:				
Assets				
Cash and investments	\$ 105,424	\$ 256,831	\$ 252,893	\$ 109,362
Liabilities				
Miscellaneous liabilities	\$ 105,424	\$ 256,831	\$ 252,893	\$ 109,362
Fines and Forfeitures:				
Assets				
Cash and investments	\$ -	\$ 838,624	\$ 838,459	\$ 165
Liabilities				
Intergovernmental payables	\$ -	\$ 838,624	\$ 838,459	\$ 165
Municipal Tax:				
Assets				
Cash and investments	\$ 56,638	\$ 29,732,431	\$ 29,660,830	\$ 128,239
Liabilities				
Intergovernmental payables	\$ 56,638	\$ 29,732,431	\$ 29,660,830	\$ 128,239
Register of Deeds Trust Fund				
Assets				
Cash and investments	\$ 12,412	\$ 132,178	\$ 130,355	\$ 14,235
Liabilities				
Intergovernmental payables	\$ 12,412	\$ 132,178	\$ 130,355	\$ 14,235
Total - All Agency Funds:				
Assets				
Cash and investments	\$ 482,626	\$ 31,955,562	\$ 31,847,613	\$ 590,575
Liabilities				
Miscellaneous liabilities	\$ 413,576	\$ 1,252,329	\$ 1,217,969	\$ 447,936
Intergovernmental payables	69,050	30,703,233	30,629,644	142,639
Total	\$ 482,626	\$ 31,955,562	\$ 31,847,613	\$ 590,575

GOVERNMENTAL CAPITAL ASSETS

Schedule 32
Onslow County, North Carolina
Comparative Schedule of Capital Assets
By Source
June 30, 2015 and 2014

	2015	2014
GOVERNMENTAL FIXED ASSETS		
Land	\$13,977,146	\$ 14,229,346
Buildings	103,688,437	90,377,151
Improvements	17,684,139	33,767,154
Equipment	16,663,814	11,270,990
Computer Equipment	512,291	6,129,732
Automotive Equipment	9,920,698	10,583,018
Heavy Equipment	280,232	341,670
Construction in process	15,870,321	40,022,385
	\$ 178,597,078	\$ 206,721,446
 INVESTMENT IN FIXED ASSETS BY SOURCE:		
General Fund	\$ 40,191,719	\$ 38,217,839
Capital Project Funds	136,961,608	167,092,629
Donations	1,443,751	1,410,978
	\$ 178,597,078	\$ 206,721,446

Schedule 33
Page 1 of 2
Onslow County, North Carolina
Schedule of Governmental Capital Assets
By Function and Activity
June 30, 2015

Function & Activity	Land	Improvements	Buildings	Equipment	Vehicles	Heavy Equipment	Construction In Process	Total
General Government:								
Governing Body Administration	\$ -	\$ 5,138	-	\$ 52,874	-	-	\$ -	\$ 58,012
Finance	-	-	-	8,531	-	-	-	8,531
Taxes	-	11,500	-	58,178	-	-	-	58,178
Revaluation	-	-	-	1,665,669	13,879	-	-	1,691,049
Human Resources	-	14,477	-	76,962	96,042	-	-	173,004
Court Facilities	-	174,952	-	12,083	19,610	-	-	46,170
District Attorney	-	74,910	-	67,096	-	-	-	242,048
Elections	-	-	-	-	-	-	-	74,910
Register of Deeds	-	-	-	374,535	18,691	-	-	393,226
ITS	-	-	-	99,616	-	-	-	99,616
GIS	-	-	-	1,036,079	-	-	-	1,036,079
ITS-Activities	-	-	-	111,047	-	-	-	111,047
Purchasing	2,326	18,176	-	3,938,718	-	-	-	3,938,718
Central Garage	-	67,175	54,362	79,760	59,980	21,663	-	181,905
Public Buildings	5,941,853	7,048,890	31,235,116	92,347	295,673	146,191	-	655,748
Non-departmental	4,780,511	1,076,759	94,902	1,320,341	251,583	-	-	45,797,783
Construction in progress	-	-	-	168,566	-	-	-	6,120,738
Total General Government	10,724,690	8,491,977	31,384,380	9,162,402	755,459	167,854	5,858,380	66,545,142
Public Safety:								
Sheriff	-	-	-	634,859	3,835,809	-	-	4,470,669
Communications	-	95,346	1,527,459	3,436,335	-	-	-	5,059,139
Jail	-	216,916	56,664,730	428,081	40,367	-	-	57,350,095
Emergency Mgt.	-	32,650	2,186,962	347,642	45,888	-	-	2,613,142
Bio preparedness	-	-	-	23,021	-	-	-	23,021
Med reserve	-	-	-	11,637	-	-	-	11,637
State Homeland Security	-	-	-	13,435	-	-	-	13,435
SHSGP	-	-	-	71,785	-	-	-	71,785
SHSGP emergency management	-	-	-	16,325	-	-	-	16,325
Emergency Services	-	-	-	15,401	-	-	-	15,401
Emergency Responder Services	-	-	-	53,518	80,855	-	-	134,373
Emergency Med. Ser.	-	-	-	32,163	720,745	-	-	752,908
Onslow EMS	-	68,795	127,431	694,214	2,923,463	-	-	3,813,903
Animal Control	-	62,776	676,577	185,754	140,025	-	-	1,065,131
Inspections	-	-	-	109,066	160,116	-	-	269,182
Construction in progress	-	-	-	-	-	-	8,209,698	8,209,698
Total Public Safety	-	476,483	61,183,158	6,073,237	7,947,269	-	8,209,698	83,889,845

Schedule 33
Page 2 of 2
Onslow County, North Carolina
Schedule of Governmental Capital Assets
By Function and Activity
June 30, 2015

	Land	Improvements	Buildings	Equipment	Vehicles	Heavy Equipment	Construction In Process	Total
Economic & Physical Development								
Planning	\$ -	\$ -	\$ -	\$ 24,114	\$ 94	\$ -	\$ -	\$ 24,207
Building Inspections	-	-	-	43,087	79,003	-	-	122,090
Central Permitting	-	-	-	2,040	-	-	-	2,040
Agriculture	129,886	1,065,896	-	17,691	58,736	-	-	1,272,210
Soil Conservation	-	-	-	16,791	39,109	-	-	55,901
Construction in progress	-	-	-	-	-	-	194,298	194,298
Total Economic and Physical Development	129,886	1,065,896	-	103,723	176,942	-	194,298	1,670,747
Human Services:								
Health	-	287,969	-	521,542	-	-	-	809,511
Environmental Health	-	-	-	49,726	248,092	-	-	297,819
Mental Health	201,714	62,843	2,705,277	-	10,145	-	-	2,979,980
Social Services	-	151,300	1,025,576	450,183	170,179	-	-	1,797,238
Council on Aging	261,397	1,623,813	-	93,578	18,035	-	-	1,996,824
Veterans Services	-	-	-	2,995	-	-	-	2,995
Construction in progress	-	-	-	-	-	-	1,160,499	1,160,499
Total Human Services	463,111	2,125,926	3,730,853	1,118,024	446,451	-	1,160,499	9,044,865
Cultural & Recreational:								
Libraries	104,810	1,343,815	5,844,239	279,483	46,728	-	-	7,619,075
Parks & Recreation	2,282,765	4,048,415	409,557	312,243	386,199	66,353	-	7,505,531
Museum	271,885	131,626	1,063,795	30,271	16,589	-	-	1,514,166
Construction in progress	-	-	-	-	-	-	447,445	447,445
Total Cultural & Recreational	2,659,459	5,523,856	7,317,590	621,997	449,517	66,353	447,445	17,086,217
Environmental Protection:								
Vector/Mosquito Control	-	-	72,456	96,721	145,060	46,025	-	360,262
Construction in process	-	-	-	-	-	-	-	-

Schedule 34
Page 1 of 2
Onslow County, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Year Ended June 30, 2015

Function and Activity	Governmental Capital Assets				Reclassifications and Adjustments	Governmental Capital Assets June 30, 2015
	June 30, 2014	Additions	Retirements			
General Government						
Governing Body	\$ 58,012	\$ -	\$ -	\$ -	\$ -	\$ 58,012
Administration	8,531	-	-	-	-	8,531
Finance	58,178	-	-	-	-	58,178
Taxes	1,677,763	13,286	-	-	-	1,691,049
Revaluation	173,004	-	-	-	-	173,004
Human Resources	41,737	37,978	33,545	-	-	46,170
Court Facilities	202,995	39,053	-	-	-	242,048
Legal	74,910	-	-	-	-	74,910
Elections	393,226	-	-	-	-	393,226
Register of Deeds	89,811	9,805	-	-	-	99,616
ITS	5,069,539	310,429	294,123	-	-	5,085,845
Purchasing	81,410	105,048	4,554	-	-	181,904
Public Works Garage	449,731	247,347	41,331	-	-	655,747
Facilities Maintenance	28,786,760	17,613,713	602,690	-	-	45,797,783
Non-Departmental/Surplus	6,094,331	40,518	14,111	-	-	6,120,738
Construction in progress	17,256,348	9,092,239	20,490,208	-	-	5,858,379
Total General Government	60,516,286	27,509,416	21,480,562	-	-	66,545,140
Public Safety:						
Sheriff	4,611,266	680,497	821,096	-	-	4,470,667
Jail	61,857,177	217,405	4,724,487	-	-	57,350,095
Communications	5,022,689	36,450	-	-	-	5,059,139
Emergency Management	2,749,345	-	-	-	-	2,749,345
Emergency Medical Ser.	3,592,656	302,539	81,291	-	-	3,813,904
Emergency Services	902,682	1	-	-	-	902,683
Animal Control	1,066,195	53,891	54,955	-	-	1,065,131
Inspection/code enf.	282,243	-	13,061	-	-	269,182
Construction in progress	4,939,421	3,270,276	-	-	-	8,209,697
Total Public Safety	85,023,674	4,561,059	5,694,890	-	-	83,889,843
Transportation :						
Airport	22,322,979	-	-	(22,322,979)	-	-
Construction in progress	12,648,255	-	-	(12,648,255)	-	-
Total Transportation	34,971,234	-	-	(34,971,234)	-	-

Schedule 34
Page 2 of 2
Onslow County, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Year Ended June 30, 2015

Function and Activity	Governmental Capital Assets June 30, 2014	Additions	Retirements	Reclassifications and Adjustments	Governmental Capital Assets June 30, 2015
Economic & Physical Dev.					
Agriculture Extension	1,267,012	5,198	-	-	1,272,210
Planning	130,556	37,271	20,083	-	147,744
Community Development	593	-	-	-	593
Soil and Water Conservation	75,511	-	19,610	-	55,901
Construction in progress	105,650	88,648	-	-	194,298
Total Econ. & Phy. Develop.	1,579,322	131,117	39,693	-	1,670,746
Human Services:					
Health	1,093,965	15,886	2,521	-	1,107,330
Mental Health	3,022,715	-	42,735	-	2,979,980
Social Services	1,745,989	51,249	-	-	1,797,238
Senior Services	2,018,708	-	21,884	-	1,996,824
Veteran Services	2,995	-	-	-	2,995
Construction in progress	66,848	1,093,651	-	-	1,160,499
Total Human Services	7,951,220	1,160,786	67,140	-	9,044,866
Cultural & Recreational:					
Library - Main Branch	2,037,929	59,077	6,590	-	2,090,416
Library - Swansboro	99,526	-	-	-	99,526
Library - Snead Ferry	265,097	4,759,822	-	-	5,024,919
Library - Richlands	397,846	6,367	-	-	404,213
Parks & Recreation	7,021,906	545,289	61,665	-	7,505,530
Museum	1,514,167	-	-	-	1,514,167
Construction in progress	5,005,861	338,014	4,896,430	-	447,445
Total Cultural & Recreation	16,342,332	5,708,569	4,964,685	-	17,086,216
Environmental Protection:					
Vector/Mosquito Control	337,376	88,440	65,555	-	360,261
Construction in progress	-	-	-	-	-
Total Environmental Protection	337,376	88,440	65,555	-	360,261

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes, interfund and component unit transfers, and cash and investments.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy – County-wide Levy

Analysis of Current Tax Levy – Secondary Market Disclosures

Schedule of Cash and Investment Balances

Schedule of Interfund Transactions

Calculation of Debt Service Coverage Ratio in the Solid Waste Fund

Schedule 35
Onslow County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	82,177,149	80,139,458	\$ 2,037,691
2013-2014	2,504,885	-	1,408,307	1,096,578
2012-2013	1,327,310	-	398,901	928,409
2011-2012	840,237	-	259,382	580,855
2010-2011	554,003	-	110,161	443,842
2009-2010	505,953	-	79,536	426,417
2008-2009	412,836	-	48,326	364,510
2007-2008	302,367	-	35,178	267,189
2006-2007	317,581	-	66,780	250,801
2005-2006	501,493	-	5,144	496,349
2004-2005	372,974	-	372,974	-
	<u>\$ 7,639,639</u>	<u>\$ 82,177,149</u>	<u>\$ 82,924,147</u>	<u>\$ 6,892,641</u>
Less allowance for uncollectible taxes				
General Fund				(3,244,919)
Ad valorem taxes receivable - net				<u>\$ 3,647,722</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 82,033,999
Reconciling items				
Releases on prior years				514,996
Amounts written off for prior years				370,027
Debit card adjustments				5,125
Total reconciling items				<u>890,148</u>
Total Collections and Credits				<u>\$ 82,924,147</u>

Schedule 36
Onslow County, North Carolina
Analysis of Current Tax Levy County-Wide Levy
June 30, 2015

	County Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 12,370,344,695	0.675%	\$ 83,499,827	\$ 83,499,458	\$ 369
Property taxed at prior year's rate	657,101	0.585%	3,844	-	3,844
Penalties	-	-	113,917	113,917	-
Total	12,371,001,796		83,617,588	83,613,375	4,213
Discoveries:					
Current year discoveries and (releases) net	-		339,277	338,468	809
Prior year taxes	-		215,793	215,793	-
Total	12,371,001,796		84,172,658	84,167,636	5,022
Abatements	(295,631,090)	0.675%	(1,995,510)	(1,995,510)	-
Total property valuation	<u>\$ 12,075,370,706</u>				
Net Levy			82,177,149	82,172,126	5,022
Uncollected taxes at June 30, 2015			2,037,692	2,037,064	628
Current years taxes collected			\$ 80,139,457	\$ 80,135,062	\$ 4,394
Current levy collection percentage			97.52%	97.52%	87.50%

Schedule 37
Onslow County, North Carolina
Analysis of Current Tax Levy
Secondary Market Disclosures
June 30, 2015

Assessed Valuation:	
Assessment Ratio*	100.00%
Real property	\$ 11,278,913,408
Personal property	552,639,014
Public service companies**	243,106,513
<hr/>	
Total assessed valuation	12,074,658,935
Tax rate per \$100	0.675%
Levy (including discoveries, releases and abatements)***	\$ 81,503,948
<hr/>	

- * Percentage of appraised value has been established by statute
- ** Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission
- *** The levy includes interest and penalties

Schedule 38
Onslow County, North Carolina
Schedule of Cash and Investment Balances
June 30, 2015

	Amounts Presented On Statements	Cost Value	Market Value
Cash			
On hand	9,642	9,642	9,642
In demand deposits	27,310,259	27,310,259	27,310,259
	<u>27,319,901</u>	<u>27,319,901</u>	<u>27,319,901</u>
Other investments			
North Carolina Capital Management Trust	30,282,072	30,282,072	30,282,072
Commercial Paper (held by the dealer bank's trust department in the name of the County):			
Wells Fargo	49,692,796	49,692,796	49,760,000
Total other investments	<u>79,974,868</u>	<u>79,974,868</u>	<u>80,042,072</u>
Total cash and investments	\$ 107,294,769	\$ 107,294,769	\$ 107,361,973

Distribution by Funds:	<u>Carrying Value</u>	
General Funds		
General Fund	40,824,664	
Workers Compensation Fund	514,354	
Burton Industrial Park	64,638	
Benefit Fund	74,701	
Reserve Fund	23,269,800	
Disaster Contingency Fund	5,078,515	
Capital Improvements Fund	616,520	
Health Insurance Fund	<u>1,348,951</u>	\$ 71,792,143
Special Revenue Funds		
Memorial Fund	42,837	
Emergency 911 Fund	835,257	
Register of Deeds Fund	347,040	
Community Assistance Fund	<u>59,908</u>	1,285,043
Capital Project Funds		
Capital Project Fund	<u>8,800,951</u>	8,800,952
Enterprise Funds		
Solid Waste Fund	18,461,598	
Airport Fund	<u>5,695,964</u>	24,157,562
Fiduciary Funds		
Pension Trust Fund	668,493	
Agency Funds	<u>590,577</u>	1,259,070
		<u>\$ 107,294,770</u>

Schedule 39
Onslow County, North Carolina
Schedule of Interfund Transactions
June 30, 2015

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Workers Comp Fund	\$ -	\$ 399,100
Health Insurance Fund	-	759,690
Burton Park Fund	-	64,100
Capital Improvement Fund	-	568,440
Capital Reserve Fund	1,646,000	16,479,897
Capital Project Fund	-	469,502
Workers Comp Fund		
General Fund	399,100	-
Health Insurance Fund		
General Fund	759,690	-
Burton Park Fund		
General Fund	64,100	-
Capital Reserve Fund		
General Fund	16,479,897	1,646,000
Capital Improvement Fund		
General Fund	568,440	-
Capital Project Fund		
General Fund	469,502	-
Solid Waste Fund		
Solid Waste Project Fund	-	2,959,449
Solid Waste Project Fund		
Solid Waste	2,959,449	-
Airport Operations		
Airport Construction	18,000	
Airport Construction		
Airport Operations		18,000
Total operating transfers-other funds	\$ 23,346,179	\$ 23,346,179
Operating Transfers From/To Component Units:		
General Fund		
Component Units - discretely presented		
Onslow County ABC Board	\$ 460,143	\$ -
Component Units - discretely presented		
Onslow County ABC Board		
General Fund	-	460,143
Total operating transfers - component units	\$ 460,143	\$ 460,143

Schedule 40
Onslow County, North Carolina
Calculation of Debt Service Coverage Ratio
In the Solid Waste Fund
June 30, 2015

	2015	2014
Gross Revenue	\$ 6,044,614	\$ 6,061,932
Current Expense (1)	3,356,582	3,625,097
Net Operating Revenues	2,688,032	2,436,835
Non-Operating Revenues (2)	657,993	733,400
Net Revenues Available for Debt Service	3,346,025	3,170,235
Debt Service(4)	811,398	810,876
Balance after Debt Service	\$ 2,534,627	\$ 2,359,359
Debt Service Coverage Ratio (3)	4.12	3.91

- (1) Not including depreciation, interest expense, and accrued landfill closure and post-closure costs
(2) Non-operating revenues include interest earnings
(3) Ratio of Net Revenues Available for Debt Service to Debt Service
(4) Excluding early retirement of debt

**STATISTICAL SECTION
(UNAUDITED)**

The information presented in this section is provided for additional analysis purposes only and has not be subjected to audit verification as presented.

Table 1
Onslow County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 27,460,374	\$ 30,332,129	\$ 38,329,706	\$ 32,883,201	\$ 37,923,064	\$ 39,169,765	\$ 41,295,541	\$ 52,499,284	35,009,562	\$ 21,751,936
Restricted	1,266,678	1,569,093	2,035,393	2,280,741	25,386,032	23,751,953	21,880,805	17,933,655	17,587,375	20,415,082
Unrestricted	14,161,419	5,356,154	(43,252,580)	(64,961,380)	(87,567,450)	(73,052,983)	(57,291,328)	(55,307,563)	(21,429,680)	(18,480,500)
Total governmental activities net position	\$ 42,888,471	\$ 37,257,376	\$ (2,887,481)	\$ (29,797,438)	\$ (24,258,354)	\$ (10,131,265)	\$ 5,885,018	\$ 15,125,376	\$ 31,167,257	\$ 23,686,518
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,862,036	\$ 4,339,757	\$ 2,454,198	\$ 4,738,776	\$ 8,424,592	\$ 10,483,833	\$ 9,920,340	\$ 6,996,050	7,584,760	\$ 52,764,262
Restricted	-	-	-	-	3,365,129	-	-	434,333	3,621,795	11,506,481
Unrestricted	9,254,838	11,362,586	15,983,417	14,745,453	8,068,733	7,654,375	6,679,992	10,381,899	5,658,668	(1,147,250)
Total business-type activities net position	\$ 13,116,874	\$ 15,702,343	\$ 18,437,615	\$ 19,484,229	\$ 19,858,454	\$ 18,138,208	\$ 16,600,332	\$ 17,812,282	\$ 16,865,223	\$ 63,123,493
Primary government										
Invested in capital assets, net of related debt	\$ 31,322,410	\$ 34,671,886	\$ 40,783,904	\$ 37,621,977	\$ 46,347,656	\$ 49,653,598	\$ 51,215,881	\$ 59,495,334	\$ 42,594,322	\$ 74,516,198
Restricted	1,266,678	1,569,093	2,035,393	2,280,741	28,751,161	23,751,953	21,880,805	18,367,988	21,209,170	31,921,563
Unrestricted	23,416,257	16,718,740	(27,269,163)	(50,215,927)	(79,498,717)	(65,398,608)	(50,611,336)	(44,925,664)	(15,771,012)	(19,627,750)
Total primary governmental net position	\$ 56,005,345	\$ 52,959,719	\$ 15,550,134	\$ (10,313,209)	\$ (4,399,900)	\$ 8,006,943	\$ 22,485,350	\$ 32,937,658	\$ 48,032,480	\$ 86,810,011

Table 2
Page 1 of 3
Onslow County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 14,411,221	\$ 12,909,363	\$ 12,885,050	\$ 11,989,943	\$ 13,108,549	\$ 14,411,264	\$ 15,560,998	\$ 14,799,008	\$ 22,777,669	\$ 30,659,150
Public safety	19,090,869	19,577,706	24,191,727	23,477,719	25,113,972	26,146,318	28,802,679	32,660,320	36,093,273	33,008,595
Transportation	1,518,949	2,053,678	2,156,825	3,138,168	2,819,917	2,925,992	2,936,231	2,661,338	2,690,594	256,337
Economic and physical development	1,871,560	2,591,171	2,912,482	2,916,105	2,777,640	3,072,804	3,070,191	3,168,507	2,908,105	3,058,587
Human services	40,545,428	42,412,075	43,677,025	43,677,144	40,821,312	42,670,482	43,152,170	42,198,540	41,384,535	42,075,113
Environmental protection	434,101	457,485	550,949	515,044	451,991	925,393	486,504	431,598	428,552	375,724
Cultural and recreation	3,424,483	3,800,632	4,463,909	4,496,234	3,798,833	3,922,812	3,994,784	3,491,814	4,307,435	3,489,563
Education	27,765,745	52,651,290	89,228,692	63,555,809	40,290,927	40,223,529	43,724,834	48,109,492	48,109,492	39,606,710
Interest on debt	2,162,450	4,593,063	4,458,772	7,702,337	8,915,976	8,650,557	8,221,233	8,093,175	7,766,668	7,035,533
Total governmental activities	111,224,806	141,046,463	184,525,431	161,468,503	138,099,117	142,949,151	149,949,624	155,613,792	166,466,323	159,565,313
Business-type activities:										
Solid waste	4,358,253	4,384,331	4,697,800	5,545,959	6,419,767	6,424,364	7,323,629	5,808,913	5,372,303	5,544,747
Water and sewer	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	2,908,190
Total business-type activities	4,358,253	4,384,331	4,697,800	5,545,959	6,419,767	6,424,364	7,323,629	5,808,913	5,372,303	8,452,937
Total primary government expenses	\$ 115,583,059	\$ 145,430,794	\$ 189,223,231	\$ 167,014,462	\$ 144,518,884	\$ 149,373,515	\$ 157,273,253	\$ 161,422,705	\$ 171,838,626	\$ 168,018,250

Table 2
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Onslow County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,189,457	\$ 3,577,375	\$ 2,203,932	\$ 1,902,364	\$ 1,963,740	\$ 2,138,352	\$ 2,182,950	\$ 1,787,860	\$ 2,131,857	\$ 3,446,028
Public safety	4,470,016	3,152,260	4,935,674	4,700,693	5,769,223	6,399,138	6,002,452	6,147,792	6,447,295	4,967,549
Transportation	984,754	1,190,734	1,346,409	1,497,141	1,593,337	2,270,807	1,909,151	3,174,812	2,239,559	-
Economic and physical development	-	-	233,910	241,353	489,413	182,582	177,695	161,775	109,049	106,112
Human services	37,742	33,552	4,705,082	4,646,566	4,685,967	5,075,059	4,411,314	4,663,733	4,420,348	4,360,533
Cultural and recreation	80,450	92,809	190,704	197,341	242,348	272,779	266,546	250,904	414,953	402,178
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	360,297	461,122	1,336,683	1,201,211	1,131,643	1,156,629	1,250,276	1,118,654	9,816,366	7,192,983
Public safety	940,282	1,264,461	794,784	951,515	957,419	933,541	836,718	1,073,486	874,443	703,787
Transportation	-	6,191	380,211	130,416	1,066,915	1,815,222	349,362	328,046	487,700	256,337
Economic and physical development	24,926	274,654	122,398	54,045	30,053	631,746	604,233	80,484	43,598	1,005,327
Human services	23,820,409	25,943,895	20,894,074	22,415,187	23,030,678	23,964,412	25,043,577	23,385,442	22,939,407	26,159,904
Environmental protection	83,566	-	154,763	17,539	18,600	4,904	56,737	-	16,796	411,026
Cultural and recreation	388,667	413,756	493,586	316,944	276,698	377,949	259,635	233,124	232,538	242,506
Education	1,297,509	1,135,270	-	-	-	87	1,562	-	-	-
Capital grants and contributions:										
General government	255,917	31,474	24,545	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	3,400	-	-	-
Transportation	720,441	280,985	4,576,696	686,252	-	-	2,598,850	144,210	4,860,837	-
Economic and physical development	264,889	-	-	-	52,275	-	-	-	2,046,467	-
Cultural and recreation	-	-	288,804	694,946	-	-	19,604	-	-	-
Education	-	2,088,696	2,198,571	3,290,688	2,426,414	3,163,000	3,000,000	3,000,000	-	1,646,000
Total governmental activities program revenues	35,919,322	39,947,234	44,880,826	42,944,201	43,734,723	48,386,207	48,974,062	45,550,322	57,081,213	50,900,270
Business-type activities:										
Charge for services - Solid waste	6,064,461	6,089,872	6,530,492	6,130,707	6,348,998	6,689,597	6,876,377	5,969,509	5,653,844	5,634,478
Charge for services - Water and sewer	-	-	-	-	-	-	-	-	-	-
Charge for services - Airport	-	-	-	-	-	-	-	-	-	3,011,013
Operating grants and contributions - Solid Waste	-	-	28,768	7,164	1,735	76,460	198,301	788,394	408,088	410,136
Capital grants and contributions - Solid Waste	-	-	-	-	-	-	-	-	-	197,557
Total business-type activities program revenues	6,064,461	6,089,872	6,559,260	6,137,871	6,350,733	6,766,057	7,074,678	6,757,903	6,061,932	9,253,184
Total primary government program revenues	\$ 41,983,783	\$ 46,037,106	\$ 51,440,086	\$ 49,082,072	\$ 50,085,456	\$ 55,152,264	\$ 56,048,740	\$ 52,308,225	\$ 63,143,145	\$ 60,153,454

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Onslow County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (75,305,484)	\$ (101,099,229)	\$ (139,644,605)	\$ (118,524,302)	\$ (94,364,394)	\$ (94,562,944)	\$ (100,975,562)	\$ (110,063,470)	\$ (109,385,112)	\$ (108,665,044)
Business-type activities	1,706,208	1,705,541	1,861,460	591,912	(69,034)	341,693	(248,951)	948,990	689,629	800,247
Total primary government net (expense)/revenue	\$ (73,599,276)	\$ (99,393,688)	\$ (137,783,145)	\$ (117,932,390)	\$ (94,433,428)	\$ (94,221,251)	\$ (101,224,513)	\$ (109,114,480)	\$ (108,695,483)	\$ (107,864,796)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	44,584,792	53,659,841	56,594,728	58,541,517	70,692,827	72,001,685	74,515,960	77,688,298	82,125,826	88,826,062
Local option sales tax	28,802,387	30,764,964	34,988,753	28,466,620	24,884,095	29,764,463	35,124,668	36,431,687	37,749,744	38,646,343
Other taxes and licenses	2,542,563	2,613,082	1,761,763	2,674,940	2,946,759	2,930,666	2,947,134	2,895,039	2,800,525	2,841,268
Investment earnings	1,962,466	5,098,147	3,286,406	1,681,207	785,945	314,889	252,501	246,202	206,322	402,355
Grants and contributions not restricted	-	-	-	-	-	-	-	-	472,153	518,230
Miscellaneous	5,704,719	3,332,098	2,868,100	228,044	615,871	1,178,330	1,651,581	2,042,600	(14,010)	1,833,997
Transfers	-	-	-	-	-	2,500,000	2,500,000	-	2,086,436	-
Total governmental activities:	83,596,927	95,468,132	99,499,750	91,592,328	99,925,497	108,690,033	116,991,844	119,303,826	125,426,996	133,068,256
Business-type activities:										
Other taxes and licenses	-	-	-	-	-	-	-	-	381,391	407,735
Investment earnings	589,314	879,928	918,563	402,646	271,063	57,803	49,469	60,509	41,010	42,795
Grants	-	-	-	-	-	-	-	-	291,299	18,541,290
Miscellaneous	-	-	(44,750)	52,056	172,196	380,258	1,161,606	202,451	(263,952)	(35,808)
Special Item	(2,075,625)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(2,500,000)	(2,500,000)	-	(2,086,436)	-
Total business-type activities:	(1,486,311)	879,928	873,813	454,702	443,259	(2,061,939)	(1,288,925)	262,960	(1,636,688)	18,956,012
Total primary government	\$ 82,110,616	\$ 96,348,060	\$ 100,373,563	\$ 92,047,030	\$ 100,368,756	\$ 106,628,094	\$ 115,702,919	\$ 119,566,786	\$ 123,790,308	\$ 152,024,268
Change in Net Position										
Governmental activities	8,291,443	(5,631,097)	(40,144,855)	(26,931,974)	5,561,103	14,127,089	16,016,282	9,240,356	16,041,883	24,403,212
Business-type activities	219,897	2,585,469	2,735,273	1,046,614	374,225	(1,720,246)	(1,537,876)	1,211,950	(947,059)	19,756,259
Total primary government	\$ 8,511,340	\$ (3,045,628)	\$ (37,409,582)	\$ (25,885,360)	\$ 5,935,328	\$ 12,406,843	\$ 14,478,406	\$ 10,452,306	\$ 15,094,824	\$ 44,159,471

Table 3
Onslow County, North Carolina
Funds Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non Spendable	\$ 649,590	\$ 165,830	\$ 594,253	\$ 608,678	\$ 220,199	\$ 201,363	\$ 385,272	\$ 378,401	\$ 315,160	\$ 838,763
Restricted	16,582,354	20,152,959	26,306,216	16,207,577	18,025,155	17,520,915	18,604,070	16,815,361	22,979,240	26,533,879
Committed	-	-	-	-	2,814,281	5,748,148	9,971,633	12,732,066	14,119,181	30,203,810
Assigned	7,527,014	10,907,170	17,143,971	12,165,672	11,602,272	16,235,147	16,512,852	14,352,225	15,045,048	13,175,417
Unassigned	20,011,847	15,945,081	7,822,153	19,355,926	19,807,478	19,176,784	17,260,233	19,527,233	13,343,077	11,959,790
Total general fund	\$ 44,770,805	\$ 47,171,040	\$ 51,866,593	\$ 48,337,853	\$ 52,469,385	\$ 58,882,357	\$ 62,734,060	\$ 63,805,286	\$ 65,801,706	\$ 82,711,658
All Other Governmental Funds										
Non Spendable										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	-	-	-	-	-	-	-	-	-	-
School Construction	-	-	-	-	-	-	-	-	-	-
Restricted										
Special revenue funds	259,261	142,637	291,196	229,968	420,719	3,662,646	1,342,657	1,017,659	1,088,535	1,158,894
Capital project funds	705,484	1,826,482	319,854	23,196,635	14,315,981	2,547,963	1,934,078	100,635	367,482	459,776
School Construction	731,456	18,356,991	1,023,287	3,393,817	683,481	20,429	-	-	-	-
Committed										
Special revenue funds	-	-	-	-	-	272,108	21,645	70,292	74,553	59,908
Capital project funds	-	-	-	-	-	3,302,634	4,508,352	40,669,482	30,406,223	8,290,150
School Construction	-	-	-	-	-	-	-	-	-	(1,422,280)
Assigned										
Special revenue funds	34,225	55,994	9,500	14,885	-	105,000	-	-	49,764	103,339
Capital project funds	65,000	52,600	314,000	15,316,277	4,929,620	-	-	-	115,378	-
School Construction	62,526,777	26,241,628	31,873,926	2,784,964	998,095	-	-	-	-	-
Unassigned										
Special revenue funds	677,131	899,281	762,436	1,169,922	1,323,284	(119,912)	(75,401)	(26,802)	(172,624)	(18,547)
Capital project funds	648,623	716,832	(681,941)	1,142,816	1,687,975	-	-	-	-	-
School Construction	-	-	-	-	-	(20,429)	-	-	-	-
Total all other governmental funds	\$ 65,647,957	\$ 48,292,445	\$ 33,912,258	\$ 47,249,284	\$ 24,359,155	\$ 9,770,439	\$ 7,731,331	\$ 41,831,266	\$ 31,929,311	\$ 8,631,240

Table 3a
Onslow County, North Carolina
Funds Balances of Governmental Funds as % of Expenditures
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Expenditures	\$ 109,299,618	\$ 124,102,027	\$ 131,686,704	\$ 137,991,019	\$ 135,282,972	\$ 147,861,457	\$ 157,177,551	\$ 161,852,822	\$ 173,120,035	\$ 168,044,709
Non Spendable	0.59%	0.13%	0.45%	0.44%	0.16%	0.14%	0.25%	0.23%	0.18%	0.50%
Restricted	15.17%	16.24%	19.98%	11.75%	13.32%	11.85%	11.84%	10.39%	13.27%	15.79%
Committed	0.00%	0.00%	0.00%	0.00%	2.08%	3.89%	6.34%	7.87%	8.16%	17.97%
Assigned	6.89%	8.79%	13.02%	8.82%	8.58%	10.98%	10.51%	8.87%	8.69%	7.84%
Unassigned	18.31%	12.85%	5.94%	14.03%	14.64%	12.97%	10.97%	12.06%	7.71%	7.12%
Total general fund	40.96%	38.01%	39.39%	35.03%	38.78%	39.82%	39.91%	39.42%	38.01%	49.22%
All Other Governmental Funds										
Expenditures	\$ 6,321,785	\$ 26,228,148	\$ 68,522,081	\$ 45,098,695	\$ 26,962,722	\$ 18,031,083	\$ 7,412,474	\$ 9,749,587	\$ 28,194,360	\$ 14,430,800
Non Spendable										
Special revenue funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital project funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School Construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Restricted										
Special revenue funds	4.10%	0.54%	0.42%	0.51%	1.56%	20.31%	18.11%	10.44%	3.86%	8.03%
Capital project funds	11.16%	6.96%	0.47%	51.44%	53.10%	14.13%	26.09%	1.03%	1.30%	3.19%
School Construction	11.57%	69.99%	1.49%	7.53%	2.53%	0.11%	0.00%	0.00%	0.00%	0.00%
Committed										
Special revenue funds	0.00%	0.00%	0.00%	0.00%	0.00%	1.51%	0.29%	0.72%	0.26%	0.42%
Capital project funds	0.00%	0.00%	0.00%	0.00%	0.00%	18.32%	60.82%	417.14%	107.85%	57.45%
School Construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-9.86%
Assigned										
Special revenue funds	0.54%	0.21%	0.01%	0.03%	0.00%	0.00%	0.00%	0.00%	0.18%	0.72%
Capital project funds	1.03%	0.20%	0.46%	33.96%	18.28%	0.58%	0.00%	0.00%	0.41%	0.00%
School Construction	989.07%	100.05%	46.52%	6.18%	3.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Unassigned										
Special revenue funds	10.71%	3.43%	1.11%	2.59%	4.91%	-0.67%	-1.02%	-0.27%	-0.61%	-0.13%
Capital project funds	10.26%	2.73%	-1.00%	2.53%	6.26%	0.00%	0.00%	0.00%	0.00%	0.00%
School Construction	0.00%	0.00%	0.00%	0.00%	0.00%	-0.11%	0.00%	0.00%	0.00%	0.00%
Total all other governmental funds	1038.44%	184.12%	49.49%	104.77%	90.34%	54.19%	104.29%	429.05%	113.25%	59.81%

Table 4
Onslow County, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes:										
Property tax	\$ 44,189,585	\$ 53,567,340	\$ 56,367,265	\$ 57,728,574	\$ 69,385,321	\$ 72,618,421	\$ 74,594,932	\$ 77,685,835	\$ 82,381,962	\$ 90,012,138
Sales tax	28,802,387	30,764,964	35,058,774	28,466,620	24,884,096	29,764,463	35,124,668	36,431,687	37,749,744	38,646,343
Other tax	2,542,563	2,613,082	2,808,433	2,674,940	2,946,760	2,930,666	2,947,134	2,895,039	2,800,525	2,841,268
Total taxes	75,534,535	86,945,386	94,234,472	88,870,134	97,216,177	105,313,550	112,666,734	117,012,561	122,932,231	131,499,751
Intergovernmental	32,319,199	34,761,625	32,048,067	29,895,117	29,667,721	32,990,197	34,684,046	31,307,663	41,366,424	37,692,797
Charges for Services	4,310,121	4,742,743	10,228,791	10,175,286	10,397,550	15,813,798	14,867,213	15,398,482	15,763,061	13,693,426
Interest	1,962,466	5,098,148	3,286,406	1,681,210	785,945	314,889	250,812	246,202	206,322	402,355
Miscellaneous	4,312,888	4,097,991	4,087,680	3,723,187	4,750,887	760,439	1,059,099	1,004,686	1,293,058	1,024,576
Total Revenues	118,439,209	135,645,893	143,885,416	134,344,934	142,818,280	155,192,873	163,527,904	164,969,594	181,561,096	184,312,905
Expenditures										
General Government	12,271,673	11,632,019	11,678,761	11,837,539	11,955,285	12,606,338	13,839,700	13,546,837	21,549,070	22,999,946
Public Safety	17,606,811	19,838,399	21,630,113	22,505,219	23,150,641	24,648,768	27,696,591	29,816,004	32,356,310	33,994,452
Transportation	1,115,853	1,342,256	1,493,708	1,703,789	1,678,993	1,815,862	1,966,533	1,864,069	2,024,051	256,337
Economic Development	1,803,583	2,564,358	2,932,565	2,812,872	2,626,961	2,857,424	3,621,583	3,054,463	2,843,520	3,125,569
Human Services	39,054,209	42,400,286	43,738,986	42,887,585	40,019,477	41,919,385	43,049,213	41,131,828	41,123,280	42,979,592
Environmental Protection	434,101	457,485	550,949	518,340	455,353	524,107	459,966	483,414	388,634	418,666
Culture and Recreation	3,187,323	3,663,538	4,074,930	4,209,182	3,737,238	3,784,381	3,703,656	3,523,774	4,097,889	4,067,374
Non-departmental	9,347	-	-	-	-	-	-	-	-	-
E-911	320,476	258,175	283,959	255,944	441,711	444,308	264,966	78,234	316,131	304,588
Education	27,765,745	31,466,700	35,029,481	37,694,405	36,729,263	40,223,529	43,724,834	48,109,492	48,109,492	39,606,710
Capital Outlay	5,712,086	25,579,013	68,034,763	44,516,255	26,112,325	16,519,532	6,628,862	9,543,564	27,847,160	15,810,784
Debt Service:										
Principal	4,177,746	6,534,886	6,301,797	6,379,837	6,356,359	11,832,236	11,358,243	12,736,387	12,709,662	12,083,616
Interest and Fees	2,162,450	4,593,063	4,458,774	7,768,750	8,982,087	8,716,670	8,275,880	7,714,343	7,949,197	8,077,532
Total Expenditures	115,621,403	150,330,178	200,208,786	183,089,717	162,245,693	165,892,540	164,590,027	171,602,409	201,314,396	183,725,165
Excess of revenues over (under) expenditures	2,817,806	(14,684,285)	(56,323,370)	(48,744,783)	(19,427,413)	(10,699,667)	(1,062,123)	(6,632,815)	(19,753,300)	587,739
Other Financing Sources (Uses)										
Transfers in	1,545,606	4,430,379	3,013,651	2,112,955	1,733,450	4,104,869	5,084,659	5,515,670	6,975,085	20,386,729
Transfers out	(3,498,728)	(4,430,379)	(3,013,651)	(2,112,955)	(1,733,450)	(1,604,869)	(2,584,659)	(5,515,670)	(4,888,649)	(20,386,729)
Proceeds from issuance of debt	79,271,652	846,527	45,147,260	57,000,000	1,600,000	-	335,000	81,862,358	9,643,440	61,671,787
Proceeds from sale of capital assets	493,847	49,291	324,662	386,255	235,631	23,922	39,716	256,239	117,891	1,290,607
Transfer to escrow agent	(12,781,750)	-	-	-	-	-	-	(40,314,625)	-	(61,299,846)
Total other financing sources (uses)	65,030,627	895,818	45,471,922	57,386,255	1,835,631	2,523,922	2,874,716	41,803,972	11,847,767	1,662,548
Net change in fund balances	\$ 67,848,433	\$ (13,788,467)	\$ (10,851,448)	\$ 8,641,472	\$ (17,591,782)	\$ (8,175,745)	\$ 1,812,593	\$ 35,171,157	\$ (7,905,533)	\$ 2,250,286
Debt service as a percentage of noncapital expenditures	5.80%	7.99%	5.68%	8.37%	10.44%	14.14%	13.54%	13.53%	11.44%	12.33%

Table 5
Onslow County, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Real Property						Total Taxable Assessed Value	Total Direct Tax Rate ³	Estimated Actual Taxable Value ⁴	Assessed Value as a Percentage of Actual Value	
	Residential Property	Commercial Property	Industrial Property	Present-use Value ¹	Personal Property	Public Service Companies ²					Exemptions
2004	3,690,926,003	907,315,747	15,551,566	101,656,784	1,074,000,975	155,361,775	35,151,088	5,909,661,762	0.670	6,353,791,809	93.56%
2005	3,865,901,186	950,881,418	15,551,566	100,508,756	1,101,713,194	162,597,762	35,207,514	6,161,946,368	0.670	6,834,456,930	90.68%
2006	4,110,064,998	965,711,436	15,662,864	96,658,196	1,245,776,737	176,170,423	34,733,081	6,575,311,573	0.670	7,834,280,440	84.37%
2007	7,843,414,513	1,131,823,092	23,760,243	125,624,716	1,254,504,194	195,587,024	48,821,245	10,525,892,537	0.503	10,525,892,537	100.46%
2008	8,343,895,371	1,215,632,400	23,276,253	126,078,506	1,353,919,680	200,800,969	48,599,408	11,215,003,771	0.503	13,561,068,647	83.06%
2009	8,682,658,737	1,279,056,153	23,384,753	126,169,856	1,408,005,562	211,714,953	56,268,030	11,674,721,984	0.503	14,569,726,674	80.52%
2010	8,848,045,085	1,367,404,373	24,408,576	130,066,492	1,521,406,735	218,132,906	84,036,122	12,025,428,045	0.590	13,401,792,093	90.36%
2011	8,891,552,353	1,594,443,809	24,554,930	146,074,040	1,529,407,049	221,310,911	98,526,412	12,308,816,680	0.585	12,190,041,913	101.78%
2012	9,245,167,973	1,682,814,273	24,394,430	142,138,096	1,558,905,126	235,265,035	95,774,953	12,792,909,980	0.585	12,907,789,305	99.85%
2013	9,780,653,503	1,774,523,012	24,394,430	143,861,236	1,680,109,281	237,905,066	292,394,369	13,349,052,159	0.585	13,220,239,568	103.19%
2014	10,070,041,503	1,742,233,183	23,753,560	140,333,245	1,370,781,476	245,936,849	277,056,141	13,316,023,675	0.585	13,187,529,795	103.08%
2015	9,425,864,578	1,818,264,946	21,282,240	129,609,455	1,694,406,591	243,106,513	295,631,090	13,036,903,233	0.675	12,911,102,745	97.83%

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

¹ Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use.

The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.

² Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

³ Per \$100 of value.

⁴ The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

⁵ Property in Onslow County is reassessed every four years. The last reassessment was on January 1, 2014 and was the basis for fiscal 2010 taxes.

Table 6
Onslow County, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Onslow County	\$ 0.6700	\$ 0.5030	\$ 0.5030	\$ 0.5030	\$ 0.5900	\$ 0.5850	\$ 0.5850	\$ 0.5850	\$ 0.5850	0.6750
<u>Municipality Rates:</u>										
Holly Ridge	0.5000	0.3800	0.3800	0.3800	0.3500	0.4150	0.4150	0.4150	0.4150	0.4150
Jacksonville	0.5900	0.5316	0.6260	0.6260	0.6260	0.5380	0.5380	0.5380	0.5380	0.6420
North Topsail Beach	0.4500	0.1300	0.1600	0.1400	0.1400	0.2355	0.2355	0.2355	0.3755	0.3932
Richlands	0.4500	0.3800	0.3800	0.3800	0.3800	0.3700	0.3700	0.3700	0.3600	0.3800
Surf City (1)	0.3500	0.3100	0.3100	0.3100	0.3100	0.3100	0.2826	0.3100	0.4100	0.4100
Swansboro	0.3800	0.3130	0.3530	0.3930	0.3930	0.3930	0.3930	0.3930	0.3500	0.3500

¹ This municipality became a multi-county town through annexation in 1988.

Notes:

^A Property was revalued in 2006.

^B For each government, certain motor vehicles were taxed at the preceding year's rates.

Source: Onslow County Tax Administration

Table 7
Onslow County, North Carolina
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2015			2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Jones Onslow EMC	128,286,354	1	0.98%	81,384,949	1	1.24%
Duke Energy Progress	66,972,137	2	0.51%			
PR Jacksonville Limited Partnership	44,172,550	3	0.34%			
Carolina Telephone	36,576,267	4	0.28%	56,508,682	2	0.86%
Stanadyne Corporation	26,010,299	5	0.20%			
Independence Place Arlington West LLC	24,507,060	6	0.19%			
Secretary of Veterans Affairs	22,805,490	7	0.17%			
Williamsburg Plantation Apartments LLC	21,325,780	8	0.16%			
BRC Jacksonville Commons LLC	20,090,972	9	0.15%			
Bailey & Fuller Properties LLC	19,853,490	10	0.15%			
Crown America Acquisitions				35,291,135	3	0.54%
Progress Energy Carolinas				29,717,665	4	0.45%
Wal Mart Real Estate Business Trust				18,009,660	5	0.27%
Marine Federal Credit Union				15,468,044	6	0.24%
Jax Commons LLC				14,265,909	7	0.22%
Holly Ridge Foods				12,644,768	8	0.19%
UDRT of NC LLC				12,644,768	9	0.19%
Cross Pointe Developers LLC				11,665,299	10	0.18%
Total	410,600,399		3.13%	287,600,879		4.38%

Source: County Tax Administration

* Value includes prior year discovery assessments.

Table 8
Onslow County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years
Expressed in Thousands

Fiscal Year Ended 30-Jun	Taxes levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percent of Levy Collected		Amount	Percent of Levy Collected
2005	41,706	40,052	96.03%	1,192	41,244	98.89%
2006	44,529	42,631	95.74%	1,290	43,921	98.63%
2007	53,654	51,940	96.81%	1,366	53,306	99.35%
2008	56,728	54,766	96.54%	1,548	56,314	99.27%
2009	59,012	56,049	94.98%	2,351	58,400	98.96%
2010	70,601	66,822	94.65%	2,987	69,809	98.88%
2011	72,816	69,098	94.89%	1,798	70,896	97.36%
2012	75,432	71,749	95.12%	2,156	73,905	97.98%
2013	79,022	74,883	94.76%	1,915	76,798	97.19%
2014	78,566	75,301	95.84%	1,341	76,642	97.55%
2015	82,177	79,757	97.06%	-	79,757	97.06%

Source: Onslow County Tax Administration

Table 9
Onslow County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Purchase Obligations	Bond Anticipation Notes	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Special Obligation Bonds			
2006	74,530,000	16,292,000	-	-	15,500,000	-	-	8,570,338	114,892,338	693	2.15%
2007	70,555,000	15,353,644	-	-	14,725,000	-	-	7,183,041	107,816,685	639	1.79%
2008	106,665,000	17,541,845	-	-	13,950,000	-	-	12,462,726	150,619,571	856	2.23%
2009	102,815,000	15,787,008	-	-	70,175,000	-	-	10,417,600	199,194,608	1,112	2.92%
2010	100,190,034	15,620,649	-	-	69,400,000	-	-	5,550,000	190,760,683	1,050	2.60%
2011	94,323,921	13,538,410	-	-	65,450,000	-	-	4,940,000	178,252,331	1,003	2.26%
2012	88,492,808	12,175,520	-	-	61,500,000	-	-	4,305,000	166,473,328	904	2.01%
2013	87,547,123	10,129,133	-	40,996,930	57,555,000	-	-	3,650,000	199,878,186	1,046	2.37%
2014	81,240,776	16,922,742	-	40,996,930	53,610,000	-	-	2,970,000	195,740,448	1,013	2.35%
2015	61,455,000	11,783,043	-	38,500,000	44,930,000	-	-	2,265,000	158,933,043	820	N/A

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

(1) See Schedule 14 for personal income and population data.

Table 10
Onslow County, North Carolina
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2006	74,530,000	-	74,530,000	1.40%	1.13%	450
2007	70,555,000	-	70,555,000	1.17%	0.67%	418
2008	106,665,000	-	106,665,000	1.58%	0.95%	606
2009	102,815,000	-	102,815,000	1.51%	0.89%	577
2010	100,190,034	-	100,190,034	1.36%	0.83%	551
2011	94,323,921	-	94,323,921	1.19%	0.77%	531
2012	88,492,808	-	88,492,808	1.07%	0.69%	480
2013	87,547,123	-	87,547,123	1.04%	0.66%	458
2014	81,240,776	-	81,240,776	0.97%	0.61%	420
2015	61,455,000	-	61,455,000	N/A	0.46%	317

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 14 for personal income and population data.

(2) See schedule 5 for property value data.

Table 11
Onslow County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Property	6,575,312	10,525,892	11,215,003	11,516,307	12,025,428	12,308,817	12,792,909	13,673,854	13,316,023	13,459,659
Debt Limit, 8% of Assessed Value (Statutory Limitation)	526,025	842,071	897,200	921,305	962,034	984,705	1,023,433	1,093,908	1,065,282	1,076,773
Amount of Debt Applicable to Limit										
General obligation bonds	74,530	70,555	107,987	104,137	100,190	94,324	88,493	84,631	81,240	61,455
Bonds authorized but not issued	43,780	43,780	3,780	3,780	3,780	3,780	3,780	0	0	0
Installment purchase agreements	16,292	15,354	17,542	15,787	15,621	13,538	12,176	10,129	16,922	11,783
Bond anticipation bonds	0	0	0	0	0	0	0	0	0	0
Limited obligation bonds	0	0	0	0	0	0	0	40,997	40,996	38,500
Certificates of participation	15,500	14,725	13,950	70,175	69,400	65,450	61,500	57,555	53,610	44,930
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Special obligation bonds	8,570	7,184	12,463	10,418	5,550	4,940	4,305	0	2,970	2,265
Gross Debt	158,672	151,598	155,722	204,297	194,541	182,032	170,254	193,312	195,738	158,933
Less:										
Debt outstanding for water and sewer purposes	0	0	0	0	0	0	0	0	0	0
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Special obligation Bonds	8,570	7,184	12,463	10,418	5,550	4,940	4,305	3,650	2,970	2,265
Total net debt applicable to limit	150,102	144,414	143,259	193,879	188,991	177,092	165,949	189,662	192,768	156,668
Legal Debt Margin	\$375,923	\$697,657	\$753,941	\$727,426	\$773,043	\$807,613	\$857,484	\$904,246	\$872,514	\$920,105
Total net debt applicable to the limit as a percentage of debt limit	28.54%	17.15%	15.97%	21.04%	19.64%	17.98%	16.21%	17.34%	18.10%	14.55%

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 12
Onslow County, North Carolina
Computation of Direct and Overlapping Debt
General Obligation Bonds
June 30, 2015
(unaudited)

Governmental Unit	General Obligation Bonded Debt Outstanding		Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
	Governmental Activities	Business-type Activities		
Direct Debt:				
Onslow County	\$ 61,455,000	\$ -	100.00%	\$ 61,455,000
Overlapping Debt:				
Jacksonville	-	-	100.00%	-
Holly Ridge	251,000	-	100.00%	251,000
North Topsail Beach	-	-	100.00%	-
Richlands	-	-	100.00%	-
Surf City *	-	-	42.82%	-
Swansboro	-	-	100.00%	-
Total direct and overlapping debt				<u>\$ 61,706,000</u>

* Municipality is split between Onslow and Pender County this percent represents share of property tax from Onslow County

Table 13
Onslow County, North Carolina
Calculation of Debt Service Coverage
Solid Waste Fund
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year Ended June 30	Gross Operating Revenue	Direct Operating Expenses	Non Operating Revenues	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2006	6,064	2,350	589	4,303	1,345	388	1,733	2.48
2007	6,126	2,426	880	4,580	1,387	331	1,718	2.67
2008	6,559	2,460	868	4,967	1,430	371	1,801	2.76
2009	6,394	2,691	395	4,098	2,045	428	2,473	1.66
*2010	6,620	3,073	176	3,723	2,113	382	2,495	1.49
2011	7,107	3,495	94	3,706	610	196	806	4.6
2012	7,074	4,577	418	2,915	635	175	810	3.6
2013	7,033	5,810	50	1,273	655	151	806	1.58
2014	7,229	5,540	-	1,689	680	129	809	2.09
2015	6,554	5,135	-	1,419	705	106	811	1.75

* excludes early retirement of debt

Table 14
Onslow County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Median Age (2)	Public School Enrollment(3)	Unemployment Rate(4)
2006	165,776	5,334,390	33,122	25.06	22,770	4.80%
2007	168,796	6,016,230	36,771	24.94	23,301	4.70%
2008	176,014	6,757,771	39,932	24.74	23,414	6.00%
2009	178,204	6,815,720	40,274	24.61	23,659	9.20%
2010	181,743	7,348,787	42,463	25.05	23,665	8.80%
2011	177,772*	7,895,564	43,990	26.08	23,477	9.60%
2012	184,228	8,296,419	46,163	26.6	24,232	9.20%
2013	191,030	8,421,526	45,953	25.9	24,889	8.90%
2014	193,221	8,342,524	45,041	26.29	25,169	6.60%
2015	193,925	N/A	N/A	26.29	25,437	6.20%

Notes:

(1) state demographics website. www.osbm.state.nc.us. Figure is as of July
previous reports used a different website, preceding years have been changed to current website figures

(2) www.bea.gov CA1-3 and www.osbm.state.nc.us/demog/countytotals (single age)

(3) N.C. Department of Public Instruction, First Month Average Daily Membership, www.dpi.state.nc.us/fbs/resources/data/esas
Onslow County Board of Education

(4) N. C. Employment Security Commission, www.ncesc.com, June figures

* per 2010 census

Table 15
Onslow County, North Carolina
Principal Employers
Current Year and Ten Years Ago

Employer	2015			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
USMC Base, Camp Lejeune	1000+	1	See %	1000+	2	See %
Department of Defense	1000+	2		1000+	3	
Onslow County Board of Education	1000+	3	Below	1000+	1	Below
Camp Lejeune MCCA	1000+	4		1000+	4	
Wal-Mart Associates, Inc.	1000+	7		500-999	8	
Onslow County Government	1000+	6		1000+	5	
Onslow Memorial Hospital	1000+	5		1000+	6	
Coastal Carolina Community College	500-999	8			7	
Convergys Customer Mgmt group	500-999	9		500-999		
Food Lion	500-999	10		500-999	10	
City of Jacksonville				500-999	9	

Source: NC Employment Security Commission

Note: Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used

total county workforce	117,332	92,347
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Table 16
Onslow County, North Carolina
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	124	125	123	125	122	121	123	127	130	135
Public safety ***	305	287	281	282	307	331	430	426	461	465
Transportation	23	23	23	23	23	23	23	23	28	0
Economic & physical development	30	38	38	36	34	33	33	31	31	32
Human Services *	556	557	526	510	472	474	474	455	467	451
Environmental protection	7	7	7	7	4	4	4	4	4	4
Cultural and recreational	90	71	75	75	66	66	67	65	88	87
Enterprise Fund - Solid Waste	32	27	27	27	27	27	27	27	27	27
Enterprise Fund - Airport										31
Total	1167	1135	1100	1085	1055	1079	1181	1158	1236	1236

Source: County Human Resources Department

Note: This schedule represents number of employees budgeted per fiscal year rounded to the nearest whole number

- * Mental health no longer a county dept as of 2005
- ** Water Dept no longer a county dept as of 2005
- *** Opened new Justice complex with additional detention officers

Table 17
Onslow County, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Number of registered voters	73,616	72,353	79,247	84,645	86,857	87,126	92,076	92,234	94,684	95,408
Marriage licenses issued	1,780 ²	2,762	2,697	3,007	3,187	3,101	2,851	2,714	2,697	2,633
Deeds recorded	5,568 ²	8,584	7,195	6,294	7,227	6,903	6,613	6,984	6,658	7,152
Public Safety										
# of Civil papers received at sheriffs	24,058	27,237	28,045	28,235	26,345	24,853	23,847	25,377	25,471	36,982
# of Civil papers served at sheriffs	18,525	21,095	21,526	21,624	20,588	20,049	18,789	19,781	19,299	25,608
# of E911 EMS calls	7610 ²	14,623	13,878	14,976	16,329	16,596	16,691	17,510	25,587	26,447
# of E911 Fire calls	1,660 ²	3,094	3,505	3,776	3,920	4,336	3,919	12,598	3,964	3,917
# of E911 law enforcement calls	28,486 ²	54,158	52,213	45,358	45,986	45,134	48,861	46,348	60,347	67,373
Animal Complaints	4,204 ¹	8,531	9,374	10,179	8,437	7,625	7,719	8,348	9,203	8,039
Animals sheltered	3,361 ¹	7,711	7,270	7,654	6,639	5,994	6,477	6,012	5,889	6,297
Transportation										
Enplanements	89,373	99,027	124,598	125,221	129,826	165,322	174,903	172,285	162,867	151,903
Economic & Physical Development										
# of building permits	2,752	2,341	2,922	2,261	3,362	2,043	2,074	1,827	1,760	2,249
# of building inspections	20,870	21,445	21,260	16,969	21,548	24,949	29,416	30,980	28,221	24,522
Human Services										
Health Dept										
# of Food & Lodging inspections	1,456	1,797	1,235	967	693	1,198	1,528	1,514	1,335	1,486
# of patients contacts	30,066	32,600	32,600	24,625	25,850	27,150	13,077	24,612	13,653	13,578
Social Services										
# of clients served	20,737	46,763 ⁴	57,853	59,833	66,388	60,548	66,076	49,269	52,810	35,769
Senior Services										
# of clients served	39,492	2,162 ⁵	3,353	3,470	4199 ⁵	4,526	4,916	2,796	5,089	5,160
Veterans Services										
# clients served	12,136	10,847	11,258	11,241	11,992	15,493	22,969	44,561	35,779	35,281
Environmental Protection										
feet on waterways cleared of debris	83,922	89,760	22,878	23,665	117,979	20,225	102,145	86,369	61,232	21,648
# of citizen mosquito complaints & responses	601	635	517	446	410	690	433	307	432	705
Cultural & recreational										
# of library visits	263,537	289,507	346,256	370,005	388,457	360,882	357,559	345,982	362,800	415,545
# of museum visits	15,000 ³	15000 ³	13,500 ³	11,151	9,708	4,000	3,708	5,216	4,557	4,680
Enterprise Fund-Solid Waste										
Landfill & Convenience site transactions	130,458	141,940	137,869	137,678	144,395	157,253	256,457	286,791	154,969	159,816
Tonnage at sites	2506.23	2,017	1,721	2,220	2,384	1,521	2,744	2,777	2,644	3,837
Recyclables tonnage from sites	367.34	564	751	645	727	922	621	744	1,402	646
White goods tonnage	964	1,063	517	378	361	261	199	264	349	471

Source: Onslow County departments

¹ thru May 2006

² thru 8/23/06

³ estimate

⁴prior years were main building only

⁵ prior years had duplicated statistics

⁶ added Home Health and Hospice to Senior Service dept

Table 18
Onslow County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Number of patrol vehicles	151	148	155	155	153	166	178	195	187	150
Volunteer Fire Depts	20	20	20	20	20	20	20	19	17	17
Volunteer Rescue Squads	9	9	9	9	9	9	8	7	7	7
Number of EMS stations	7	7	7	7	7	7	7	7	7	7
Number of ambulances	19	23	29	36	31	32	32	24	23	23
Number of jail beds	118	118	118	118	118	118	528 *	528	528	528
Cultural & Recreational										
Number of Parks	13	13	13	13	13	13	13	13	13	13
Acreage	1050	1050	1050	1050	1050	1050	1050	1050	1050	1050
Number of libraries	5	5	5	5	5	5	5	5	5	5
Enterprise fund										
Solid Waste										
Number of convenience sites	10	10	10	10	10	10	10	10	10	10
Yrs of estimated life of Landfill	14	11	11	10.5	12.0	12	12	11	13	13
Education										
Number of Public Schools	34	34	# 35	35	35	35	35	35	35	35

Source: Onslow County departments
Onslow County Board of Education
Annual CDM Report

* new jail completed

COMPLIANCE SECTION



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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of Onslow County
Jacksonville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Onslow County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Onslow County’s basic financial statements, and have issued our report thereon dated December 15, 2015. Our report includes a reference to other auditors who audited the financial statements of Onslow County ABC Board and Onslow County Hospital Authority, as described in our report on Onslow County’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Onslow County ABC Board and Onslow County Hospital Authority were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Onslow County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Onslow County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Onslow County’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Onslow County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and response as item 2015-5

Onslow County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 15, 2015



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Directors of Onslow County
Jacksonville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Onslow County, North Carolina’s 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 Onslow County’s major federal programs for the year ended June 30, 2015. Onslow County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Onslow County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Onslow County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Onslow County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Onslow County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-1. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of Onslow County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Onslow County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Onslow County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2015-1 that we consider to be a significant deficiency.

Onslow County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Onslow County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 15, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Directors of Onslow County
Jacksonville, North Carolina

Report on Compliance for Each Major State Program

We have audited Onslow County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Onslow County's major state programs for the year ended June 30, 2015. Onslow County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Onslow County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about Onslow County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Onslow County's compliance.

Opinion on Each Major State Program

In our opinion, Onslow County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-2, 2015-3, and 2015-4. Our opinion on each major state program is not modified with respect to these matters. Onslow County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Onslow County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Onslow County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Onslow County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Onslow County's internal control over compliance.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-2, 2015-3, and 2015-4 to be a significant deficiency.

Onslow County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Onslow County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 15, 2015

**Onslow County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2105**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

-- Material weaknesses identified? ___yes X no

-- Significant deficiencies identified
that are not considered to be
material weaknesses yes X none reported

Noncompliance material to financial
statements noted X yes no

Federal Awards

Internal control over major federal programs:

-- Material weaknesses identified? ___yes X no

-- Significant deficiencies identified
that are not considered to be
material weaknesses X yes none reported

Noncompliance material to federal awards ___yes X no

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

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133 ___yes X no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
10.557	Special Supplemental Food Program for Women, Infants, and Children
93.575	
93.596	
93.658	Subsidized Child Care Cluster
93.558	
93.778	Medical Assistance Program (Medicaid; Title XIX)
20.106	Airport Improvement Program

Dollar threshold used to distinguish
between Type A and Type B Programs \$3,000,000

Auditee qualified as low-risk auditee? ___yes X no

**Onslow County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2105**

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

State Awards

Internal control over major State programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified
that are not considered to be
material weaknesses yes none reported
- Noncompliance material to State awards yes no

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

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act yes no

Identification of major State programs:

Program Names

State/County Special Assistance for Adults
Adoption Subsidy
SFHF Maximization

Section II - Financial Statement Findings

Finding: 2015-05

Deficit Fund Balance of Individual Funds

Criteria: G.S. 159-26 states that the Local Government Commission may prescribe rules and regulations to the financial operations of local governments. The Local Government Commission has stated in various memos that local governments shall not operate funds at a deficit.

Condition: The Grant Project Fund and School Construction Fund deficit fund balances at June 30, 2015 totaling \$1,438,523.

Effect: The County was in violation of Local Government Commission guidelines

Cause Recording of year end accounts payable and construction costs in excess of the related revenues were paid by County

Recommendation: County should appropriate additional funds to cover the shortfall

View of responsible officials: The County agrees with this finding.

Section III - Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through the North Carolina Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA Number: 93.778

Finding: 2015-01

SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE
ELIGIBILITY

Criteria: In accordance with 42 CFR 431.10 and in the State approved plan, the requirement applicable in this case, the applicant's case file should contain all documentation necessary to support the eligibility determination.

Condition: Case files for two applicants did not contain all required documentation.

Questioned Costs: Amount unavailable at audit report date.

Context: We examined 60 case files and determined that required income documents were missing. Two case files did not contain a completed budget sheet or income verification documents.

Effect: Applicants could have received benefits when not eligible.

Cause: Human error in completing all required forms and ensuring that they are properly filed in the applicant's case file. Also, the department did not have monitoring procedures in place for all case workers during the fiscal year.

Recommendation: The County implement a monitoring program by which case files from all case workers are randomly chosen and reviewed for accuracy.

Views of responsible officials and planned corrective actions: The County agrees with this finding and will implement a monitoring program to ensure this problem does not recur. Finding discussed with Frankie McLamb, Program Director.

**Onslow County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2105**

Section IV - State Award Findings and Questioned Costs

North Carolina Department of Health and Human Services
Division of Social Services
Program Name: State and County Special Assistance For Adults

Finding: 2015-02

SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE
ELIGIBILITY

Criteria: DHHS-30 2015 Compliance Supplement states that all applications and redetermination files must contain a valid signature.

Condition: Seven case files contained applications/redeterminations that did not have a recipient or recipient's legal representative signature.

Questioned Costs: None

Context: Of the 25 case files examined, 7 had missing signatures on their applications/redeterminations. Since we only tested 10% of the population, this is considered to be a systemic problem.

Effect: Recipients could be considered ineligible to receive benefits which they would otherwise qualify for, knowing.

Cause: Human error. Previous supervisor incorrectly told caseworkers that signatures were no longer necessary.

Recommendation: Re-iterate to caseworkers that signatures are required on all Special Assistance applications and redetermination documents.

Views of responsible officials and planned corrective actions: The County agrees with this finding and agrees that signatures are required on all Special Assistance applications and redeterminations. Finding was discussed with Supervisor, Tammy Callahan.

Finding: 2015-03

SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE
ELIGIBILITY

Criteria: Reviews should be conducted before the end of an eligibility to ensure applicants receive proper benefits.

Condition: One review was not completed before the end of the year, which led to the January benefit payment being incorrect.

Questioned Costs: \$2950 (We reviewed 10% of the population. \$295 actual questioned costs on this case.)

Context: Of the 25 case files examined, 1 file was not reviewed in a timely manner.

Effect: Applicant received a benefit payment of \$427 instead of \$132.

Cause: Human error. Caseworker did not conduct the review timely.

Recommendation: Review all files regularly or have list of when files are up for review.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Finding was discussed with Supervisor, Tammy Callahan.

**Onslow County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2105**

Section IV - State Award Findings and Questioned Costs (continued)

North Carolina Department of Health and Human Services
Division of Social Services
Program Name: State and County Special Assistance For Adults

Finding: 2015-04

SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE
ELIGIBILITY

Criteria: All applicants are required to have a current FL-2 that is signed and dated by a physician, physician assistant, or nurse practitioner, indicating the need for residential facility level of care.

Condition: Three case files did not contain current FL-2 forms.

Questioned Costs: \$48,050 (Actual questioned costs on these 3 cases was \$4,805. We reviewed 10% of population.)

Context: Of the 25 case files examined, 3 files did not contain valid FL-2s.

Effect: Benefit payments were issued to individuals during a time which a valid FL-2 was not present showing need of care.

Cause: Human error. There is no process in effect to know when FL-2s expire.

Recommendation: All caseworkers should have a spreadsheet of their cases that shows when FL-2s expire.

Views of responsible officials and planned corrective actions: The County agrees with this finding.
Finding was discussed with Supervisor, Tammy Callahan.

Section II - Financial Statement Findings

Finding: 2015-05

Name of Contact Person: David McCole

Corrective Action Plan: Plans have been made to address the shortages

Proposed Completion Date: August 1, 2015

Section III- Federal Award Findings and Questioned Costs

Finding: 2015-01

Name of Contact Person: Frankie McLamb, Program Director

Corrective Action Plan: Review procedures will be enforced immediately.

Proposed Completion Date: August 1, 2015

Section IV - State Award Findings and Questioned Costs

Finding: 2015-02, 2015-03, 2015-04

Name of Contact Person: Tammy Callhan, Supervisor

Corrective Action Plan: Review procedures will be enforced. Staff meeting with caseworkers

Proposed Completion Date: July 13, 2015

**Onslow County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2105**

Finding: 14-1

Status: The required documentation for the files was obtained in review process.
Supervisor review was not implemented as suggested.

Finding: 14-2

Status: Supervisor review was not implemented as suggested.

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
Federal Awards:				
<u>Institute of Museum and Library Services</u>				
Passed through N.C. Division of State Library				
LSTA EZ Literacy and Lifelong Learning Grant	45.310	\$ 18,105	\$ -	\$ -
<u>U.S. Department of Agriculture:</u>				
<u>Food and Nutrition Service</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
<u>Food Stamp Cluster:</u>				
AFDC payments and Penalties - Direct Benefit Payments	93.560	(766)	(210)	(210)
Food stamp admin, fraud admin	10.561	1,096,849	-	1,096,849
Total Food Stamp Cluster		1,096,084	(210)	1,096,639
Passed through the N. C. Department of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women Infant and Children	10.557	1,401,991	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	5,649,970	-	-
N.C. Division of Aging				
Passed through Eastern Carolina Council of Governments				
USDA Supplement Title C1,C2	93.053	26,436	-	-
Total U.S. Department of Agriculture		8,174,481	(210)	1,096,639

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
<u>U.S. Department of Transportation</u>				
Passed through the N. C. Department of Transportation:				
Airport Improvement Program 33/Terminal Building Construction	20.106	5,913,195	-	-
Airport Improvement Program 34/Terminal Building Construction Phase II	20.106	9,701,970	-	-
Airport Improvement Program 35/New Passenger Terminal	20.106	978,958	-	-
Airport Improvement Program 36/Phase II Construction	20.106	1,376,615	-	-
Total U.S. Dept of Transportation		17,970,738	-	-
<u>U.S. Department of Homeland Security/Office of Grants & Training</u>				
Passed-through NC Department of Crime Control and Public Safety:				
Division of Emergency Management				
Emergency Management Performance Grant	97.042	25,854	25,854	-
EOC Grant	97.052	32,278	-	-
Passed thru Transportation Security Administration				
Law Enforcement	97.090	101,920	-	-
Total U.S. Department of Homeland Security		160,051	25,854	-
<u>U.S. Department of Health and Human Services:</u>				
Passed through NC Department of Health and Human Services				
Passed through Eastern Carolina Council of Governments				
<u>Aging Cluster</u>				
HCCBG-home delivered meals	93.045	42,481	2,499	4,998
HCCBG-home delivered meals	N/A	-	25,604	2,845
HCCBG-Congregate meals	93.045	80,531	4,737	9,474
HCCBG-Access	N/A	-	27,289	3,032
HCCBG-Access	93.044	67,020	3,942	7,885
HCCBG-In home/Supp Srv	93.044	30,958	1,821	3,642
HCCBG-In home/Supp Srv	93.667	63,058	1,802	7,207
HCCBG-In home/Supp Srv	N/A	-	251,075	27,897
Title III-D Preventive health	93.043	6,431	-	-
Operation Fan	N/A	-	800	-
Family Caregiver Support Title III-E	93.052	21,793	1,453	-
Senior Center Development	N/A	-	11,677	-
Total Aging Cluster		312,272	332,700	66,979

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
Division of Social Services:				
<u>Temporary Assistance for Needy Families Cluster</u>				
Temporary Assistance for Needy Families (TANF)/Work First	93.558	1,388,974	-	1,808,177
TANF/Work First - Direct Benefit Payments	93.558	736,438	-	324
Total TANF Cluster		2,125,412	-	1,808,501
<u>Foster Care and Adoption Cluster</u>				
Title IV-E Foster Care (CPS)	93.658	185,887	199,055	102,051
Title IV-E Foster Care Admin	93.658	15,502	-	15,502
Title IV-E Foster Care Trn& Off Trn & family foster max, max level III	93.658	376,846	-	376,846
Title IV-E Foster Care foster max, max level III - Direct Benefit Payments	93.658	5,181	-	2,684
Title IV-E Foster Care Public Assistance& in excess - Direct Benefit Payr	93.658	114,230	29,623	29,623
Title IV-E Admin county paid to CCI - Direct Benefit Payments	93.658	133,346	66,673	66,673
Title IV-E optional Adopt Trn 50%	93.659	43,763	-	43,763
Title IV-E Adopt subsidy & vendor public assistance - Direct Benefit Payr	93.659	433,251	113,153	113,153
Title IV-E Foster Care - Direct Benefit Payments	93.658	221,490	57,396	57,394
Foster Care	N/A	157,956	-	3,561
Total Foster Care and Adoption Cluster		1,687,449	465,901	811,249
IV-D Administration & offset fees	93.563	713,949	0	367,792
Low-Income Home Energy Assistance:				
Low Income Energy Admin	93.568	90,532	-	-
Low Income Home Energy Assistance Payments-Direct Benefit Payr	93.568	671,265	-	-
Crisis Intervention Program	93.568	446,344	-	-
Family Preservation	93.556	14,378	-	-
Stephanie Tubbs Jones Child Welfare Services Program:				
Permanency Planning - Spec	93.645	38,895	9,177	16,024
SSBG Other Services and Training	93.667	439,207	46,458	161,888
Foster/Parent Fing and Crime Hist	93.658	-	20,109	-
Division of Aging and Adult Services:				
Division of Social Services:				
Adult Protective Service	93.667	45,718	-	15,239
In Home Services	93.667	609	-	87
Links, indep living transitional	93.674	25,983	6,496	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
Passed through NC Department of Health and Human Services				
<u>Subsidized Child Care Cluster</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Childcare Development Fund (CCDF) - Administration	93.596	449,460	-	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	4,614,036	-	-
Child Care and Development Fund - Mandatory	93.596	1,701,906	-	-
Child Care and Development Fund - Match	93.596	528,586	-	-
Total Child Care Development Fund Cluster		7,293,988	-	-
Temporary Assistance for Needy Families- ARRA- Emergency Contingency Fund for Foster Care Title IV-E	93.558	1,308,878	-	-
State Appropriations	N/A	-	56,559	-
TANF-MOE	N/A	-	175,857	-
Total Subsidized Child Care Cluster		8,712,073	291,884	-
Centers for Disease Control And Prevention				
Bioterrorism Grant	93.069	43,003	-	-
Public Health Preparedness and Response Bright Ideas Grant	93.069	7,195	-	-
Total Centers of Disease Control and Prevention		50,198	-	-
Centers for Disease Control And Prevention				
Passed through NC Department of Health and Human Services				
Division of Public Health:				
Hospital Preparedness Program (HPP) and Public Health Emergency Pre Tuberculosis Control Program	93.074	52,530	-	-
Immunization Program/Aid to County Funding	93.116	27,461	-	-
Preventive Health and Health Services Block Grant	93.268	76,335	-	-
HIV Prevention Activities-Health Department Based	93.758	13,757	-	-
Preventive Health Services-Sexually Transmitted Diseases Control	93.940	1,000	-	-
Statewide Health Promotion Program	93.977	217	-	-
Total Division of Public Health	93.991	6,789	-	-
		178,089	-	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
Administration of Children and Families				
Passed through NC Department of Health and Human Services				
Division of Social Services:				
Temporary Assistance for Needy Families	93.558	49,625	-	-
Health Resources and Service Administration				
Passed through NC Department of Health and Human Services				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994	224,560	168,439	-
Office of Population Affairs				
Passed through NC Department of Health and Human Services				
Office of Population Affairs				
Family Planning Services	93.217	104,472	-	-
Passed through the NC Department of Health and Human Services				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	97.778	106,937,856	57,178,858	452,899
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	2,524,446	6,808	912,883
Total Medical Assistance Program		<u>109,462,302</u>	<u>57,185,665</u>	<u>1,365,782</u>
Direct Benefit Payments				
State Children's Insurance Program - N.C. Health Choice	93.767	1,663,845	529,429	-
Division of Social Services:				
Administration:				
State Children's Health Insurance Program - N.C. Health Choice	93.767	53,854	4,649	12,265
Total State Children's Insurance Program - N.C. Health Choice		<u>1,717,699</u>	<u>534,078</u>	<u>12,265</u>
Passed thru National Association of County and City Health Officials (NAACHO)	93.008	3,500	-	-
Total U.S Department of Health and Human Services		<u>127,114,529</u>	<u>59,060,908</u>	<u>4,625,807</u>

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
<u>US Army Corp of Engineers</u>				
Mosquito Control contract W912HN-09-P-0059		8,978	-	-
Total Federal Awards		153,446,883	59,086,551	5,722,446
State Awards:				
<u>N.C. Department of Agriculture and Consumer Services</u>				
State Vehicle Usage Reimbursement Program		-	7,193	-
Soil Conservation Program Grant		-	3,600	-
Soil Conservation Reimbursement Program		-	26,529	-
Total N.C. Department of Agriculture and Consumer Services		-	37,322	-
<u>N.C. Department of Health and Human Services:</u>				
Division of Social Services:				
State/County Special Assistance to Adults - Domiciliary Care Pymt - Direct Benefit Payments		-	619,316	619,316
Adoption Subsidy & vendor - Direct Benefit Payments		-	536,412	173,687
Foster Care At Risk Maximization		-	2,278	1,180
Energy Assist Private Grants		-	7,876	-
DCD Smart Start		-	-	-
TANF/AFDC Incent/Prog Integrity		-	629	-
SFHF Maximization - Direct Benefit Payments		-	354,586	354,585
State Child Welfare/CPS/CS LD		-	162,972	-
County Funded Programs		-	-	2,509,182
Non-Allocating County Cost		-	-	212,327
Work First Non-reimbursable		-	-	851,111
State Foster Home - Direct Benefit Payments		-	226,756	226,754
Total Division of Social Services		-	1,910,823	4,948,143

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
Division of Public Health:				
Food and Lodging fees		-	18,586	-
General Aid to Counties		-	144,800	-
Public Health Nursing		-	1,200	-
General Communicable Disease Control		-	11,954	-
Risk Reduction/Health Promotion		-	6,286	-
Child Health		-	4,048	-
HMHC-Family Planning		-	11,386	-
Maternal Health (HMHC)		-	4,541	-
Women's Health Service Fund		-	11,621	-
HIV/STD State		-	10,000	-
HIV/STD SSBG Aid		-	2,500	-
Sexually Transmitted Diseases		-	6,542	-
Tuberculosis		-	38,051	-
TB Medical Services		-	2,024	-
School Nurse Funding Initiative		-	100,000	-
Total Division of Public Health		-	373,539	-
Total N.C. Department of Health and Human Services		-	2,284,362	4,948,143
<u>N.C. Department of Transportation:</u>				
Public Transportation Division:				
Rural Operating Asssitance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (EDTAP)	DOT-16CL	-	90,064	-
Work First/Employment Transportation Operating Assistance (Work First)	DOT-16CL	-	42,602	-
Rural General Public Program (RGP)	DOT-16CL	-	98,671	-
EDTAP- Adult services		-	2,961	-
EDTAP- transportation		-	13,644	-
Total NC Dept of Transportation		-	247,943	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
<u>N.C. Department of Environment and Natural Resources:</u>				
Division of Environmental Assistance and Outreach				
Off Waste Reduction Trust Fund		-	15,450	-
Division of Waste Management				
Electronics Recycling Program		-	14,918	-
Division of Waste Management		-		
White Good Fund - Solid Waste Management			197,556	-
Total N.C. Department of Environment and Natural Resources		-	227,924	-
<u>N.C. Admin Office of the Courts</u>				
Civil License revocation		-	19,501	-
<u>N.C. Department of Cultural Resources</u>				
State Aid to Libraries		-	211,504	-
Library Grant		-	1,211	-
Total N.C. Department of Cultural Resources		-	212,715	-
<u>N.C. Dept of Juvenile Justice and Delinquency Prevention</u>				
Temporary Shelter Services - Balance FY 14-15		-	60,165	-
Juvenile Restitution Program - Balance FY 14-15		-	149,473	-
School treatment Program FY 14-15		-	109,253	-
School treatment Program FY 13-14		-	(4,410)	-
Day Services Commitment Program FY 14-15		-	90,000	-
Day Services Commitment Program FYE 13-14		-	(8,752)	-
Onslow County Juvenile Program Fy 14-15		-	3,000	-
Onslow County Juvenile Program Fy 13-14		-	(397)	-
SHARP FY 14-15		-	52,920	-
SHARP FY 13-14		-	(26,325)	-
Youth Court Diversion Program FY 14-15		-	25,000	-
Youth Court Diversion Program FY 13-14		-	(288)	-
Total Dept of Juvenile Justice		-	449,639	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Local Expenditures
<u>N.C. Department of Public Safety</u>				
Treatment for Effective Community Supervision Program - Direct Benefit Payment		-	171,084	-
<u>N.C. Department of Insurance</u>				
Seniors Health Insurance Information Program		-	5,313	-
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund - Lottery Proceeds		-	1,646,000	-
Total State Awards		-	5,332,172	4,948,143
Total Federal and State Awards		\$ 153,446,883	\$ 64,418,724	\$ 10,670,588

Onslow County, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2105

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Onslow County, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA 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. Because the SEFSA presents only a selected portion of the operations of Onslow County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Onslow County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. Subrecipients

Of the federal and state expenditures presented in the schedule, Onslow County provided state awards to subrecipients as follows:

<u>Program Title</u>	<u>State Expenditures</u>
Public School Building Capital Fund – Lottery Proceeds	\$1,646,000
Youth Court Diversion Program	\$ 24,712

4. Cluster of Programs

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