

ONSLOW COUNTY NORTH CAROLINA



Discovery Gardens

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2017*

ONslow COUNTY
NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2017

Submitted to
THE BOARD OF COMMISSIONERS

Paul Buchanan

Robin Knapp

Royce Bennett

Jack Bright

Mark Price

Prepared by
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Onslow County, North Carolina
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INTRODUCTION SECTION

ONLSOW COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2017

BOARD OF COMMISSIONERS

Jack Bright, Chairman

Robin Knapp

Paul Buchanan

Royce Bennett, Vice Chair

Mark Price

COUNTY OFFICIALS

David Cotton, 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, 2016

Christopher P. Morill

Executive Director/CEO



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

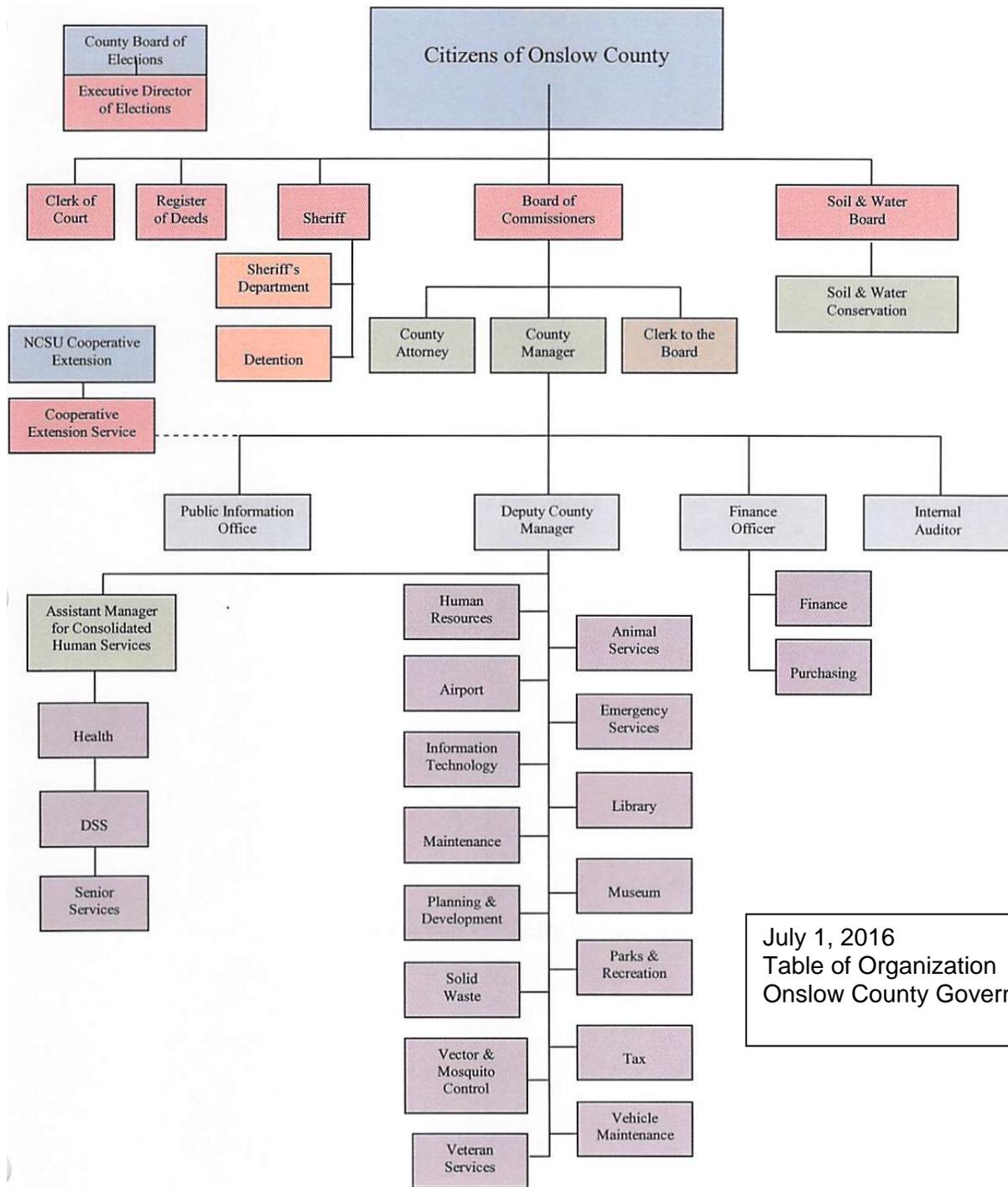
Finance Department
Onslow County, North Carolina



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 September 28, 2016



July 1, 2016
Table of Organization
Onslow County Government



The Board of County Commissioners
Onslow County, North Carolina

February 28, 2018

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, 2017.

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, LLC, 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Onslow County's financial statements for the fiscal year ended June 30, 2017, 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 and Coastal Carolina Community College.

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 93. 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 652 new units of residential construction and 22 new units of commercial construction totaling over \$140 million dollars in fiscal year 2017. This compares to new development totaling \$158 million in fiscal year 2016.

Agriculture remains a major economic factor in the County with gross agricultural income for 2016 estimated at \$152 million. Four major crops include corn, soybeans, wheat and cotton at a combined total of \$24.9 million. The livestock industry continues to play a dominant role in farm income with a combined total of \$126.7 million. Poultry and pork production account for the majority of this.

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 Lance 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 357,909 acres of timberland. The estimated income for stumpage (price paid to the timber owner for standing timber) for 2015 was \$7 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 \$14.2 million.

The latest seafood dockside value figures available from the Division of Marine Fisheries in Morehead city are for 2012 which is \$4.6 million.

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 2015, the Marine Corps estimated that Camp Lejeune and New River Air Station contributed \$4.8 billion 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.

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 \$40.85 million in wages for approximately 1,750 full time employees. Visitors to the County spent an estimated \$216 million in 2015 (the latest date for which information is available) for a decrease of approximately .51% from 2014. 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, 2017, was 4.6 percent as compared to the rate for North Carolina (seasonally adjusted) which was 4.2 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. More than 344,000 passengers use the Airport annually. 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.

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 2043. For the fiscal year ended June 30, 2017, the landfill accepted over 119,000 tons of waste, including construction and demolition debris, into the Subtitle D facility. The landfill also accepted 3,366 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, 2017 (unaudited), revenues from the system were approximately \$60,000.

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.

Year-to-year certainty in county budgeting rests, in part, on determining the funding level necessary for public education. In FY18 financial support for the K-12 public school system amounts to 26.36% of the General Fund budget of the county. Viewed in light of property tax revenues, 43.52¢ 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 FY18 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 175 county students in school year 2017-2018, the current expense (operating) and a statewide average per-pupil appropriation increase from \$ 1,785 to \$ 1,870, the current expense (operating) budget appropriation from the County to the Board of Education is proposed to increase by \$2,551,998.

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. The capital budget for FY 18 remained the same as FY 17 at \$3 million.

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 2017 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 2016 for the following capital projects

- Demolition of old buildings to build parking lot for the Consolidated Human Service Building in the amount of \$3.3 million.
- Richlands Steed Park Elementary School in the amount of \$24.1 million.
- Courthouse in the amount of \$20 million.

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 2017 totaled \$650,781.

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, 2016, in funding 43.98 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, 2017, 116 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2017, the County made payments for post-retirement health benefit premiums of \$1,873,600.

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, 2015. The actuarial valuation quantified an unfunded liability of \$17,888,747 to be amortized over 30 years, and an annual required contribution ("ARC") of \$1,647,418, comprised of normal cost of \$652,699 and accrued liability of \$994,719. 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, 2017, the County contributed \$43,937 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, 2016. 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 2017 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, 2016. This is the ninth (9th) 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 2017 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,

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Onslow County ABC Board and Onslow County Hospital Authority, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 5-18 and the 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 (Liability) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset (Liability) and Schedule of County Contributions, the Law Enforcement Officer's Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 95-101 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, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 February 28, 2017, 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.

Emphasis of Matters

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 the County as of and for the year-ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. As discussed in Note 3.J of the financial statements, the County implemented Governmental Accounting Standards Board (GASB) 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB 68*, and Amendments to Certain Provisions of GASB 67 and 68 in the fiscal year. In addition, the County implemented GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

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 the County as of and for the year-ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. As described in Note 3.K, the County recorded a prior period adjustment affecting the net position for governmental activities. Our opinion is not modified with respect to this matter.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
February 28, 2018

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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

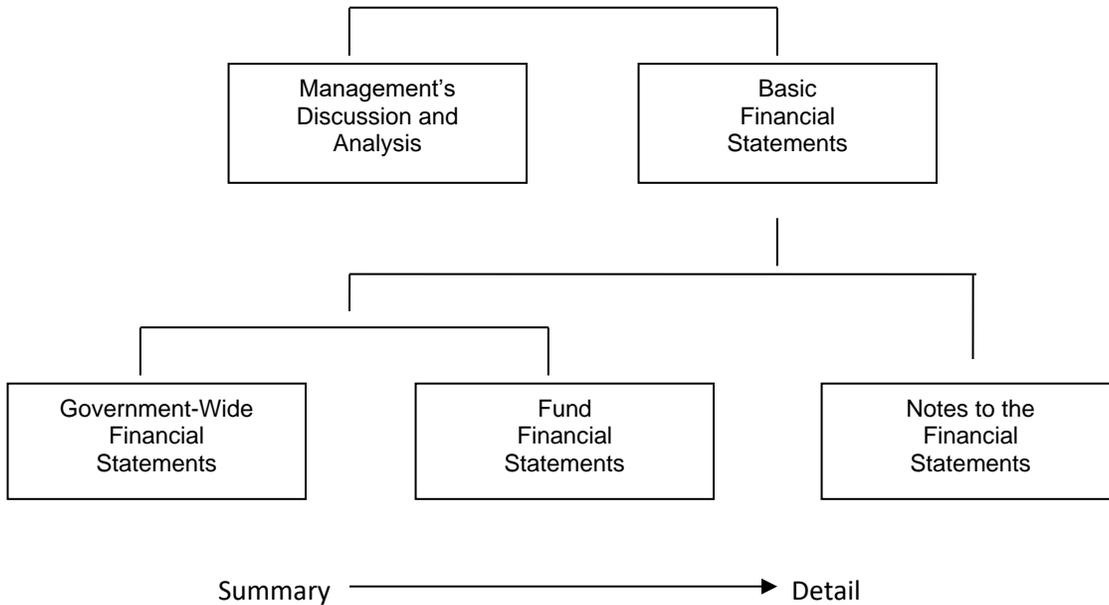
- The assets and deferred outflows of resources of Onslow County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$68,852,101. (*net position*).
- The government's total net position decreased by \$18,957,114. (See Exhibit 2)
- As of the close of the current fiscal year, Onslow County's governmental funds reported combined ending fund balances of \$119,409,315 a net increase of \$4,419,394 in comparison with the prior year. The factors for this increase are due to the proceeds from the issuance of debt for various capital projects. The general fund showed a decrease of \$3,467,120 in fund balance. Approximately 5.36% of the total general fund amount or \$4,222,223 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 \$4,222,223 or 2.15% of total general fund expenditures for the fiscal year.
- Onslow County's governmental funds total debt had a net increase of \$28.8 million during the current fiscal year.
- Onslow County held the following bond ratings:

Moody's	Aa2
Standard & Poor's	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 10) 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 and Airport 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 33-92 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 93-101 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 \$68,852,101 as of June 30, 2017. 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.

ONSLOW COUNTY'S NET POSITION

	Governmental Activities		
	2017	2016	2015
Current Assets	\$ 138,116,682	\$ 131,114,987	\$ 109,775,335
Land, Improvements and construction in progress	26,584,503	34,052,369	29,847,467
Capital assets net of depreciation	110,987,430	93,436,901	86,422,592
Total assets	275,688,615	258,604,257	226,045,394
Deferred outflows of resources	22,877,561	12,991,987	13,310,784
Long-term liabilities	286,309,617	236,387,666	196,424,662
Other liabilities	13,006,589	12,769,951	8,986,491
Total liabilities	299,316,206	249,157,617	205,411,153
Deferred inflows of resources	5,848,489	2,095,979	10,258,509
Net assets			
Net investment in capital assets	46,638,251	27,383,173	21,751,936
Restricted	43,772,141	24,513,219	20,415,082
Unrestricted	(97,008,911)	(31,553,746)	(18,480,500)
Total net position	\$ (6,598,519)	\$ 20,342,646	\$ 23,686,518
	Business-type Activities		
	2017	2016	2015
Current Assets	\$ 20,255,659	\$ 20,973,221	\$ 25,852,279
Land, Improvements and construction in progress	30,281,734	51,178,930	41,509,439
Capital assets net of depreciation	37,358,071	11,551,554	13,519,821
Total assets	87,895,464	83,703,705	80,881,539
Deferred outflows of resources	699,236	155,505	143,671
Long-term liabilities	12,533,357	12,219,587	11,591,716
Other liabilities	579,062	1,097,764	5,839,941
Total liabilities	13,112,419	13,317,351	17,431,657
Deferred inflows of resources	31,661	92,935	470,062
Net assets			
Net investment in capital assets	66,859,805	61,195,486	52,764,262
Restricted	3,116,482	5,973,043	11,506,481
Unrestricted	5,474,333	3,426,382	(1,147,250)
Total net position	\$ 75,450,620	\$ 70,594,911	\$ 63,123,493
	Total		
	2017	2016	2015
Current Assets	\$ 158,372,341	\$ 152,088,208	\$ 135,627,614
Land, Improvements and construction in progress	56,866,237	85,231,299	71,356,906
Capital assets net of depreciation	148,345,501	104,988,455	99,942,413
Total assets	363,584,080	342,307,962	306,926,933
Deferred outflows of resources	23,576,797	12,991,987	13,310,784
Long-term liabilities	298,842,974	248,607,253	208,016,378
Other liabilities	13,585,651	13,867,715	14,826,432
Total liabilities	312,428,625	262,474,968	222,842,810
Deferred inflows of resources	5,880,150	2,188,914	10,728,571
Net assets			
Net investment in capital assets	113,498,056	88,578,659	74,516,198
Restricted	46,888,623	30,486,262	31,921,563
Unrestricted	(91,534,578)	(28,127,364)	(19,627,750)
Total net position	\$ 68,852,101	\$ 90,937,557	\$ 86,810,011

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 98.08 percent. The fiscal year 2017 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 17, sales taxes receipts were \$1.963 million more than the County's budgeted estimate of \$40.1 million.

Additionally, the County's bonded debt per capita decreased from \$318 to \$288.

ONSLOW COUNTY'S CHANGE IN NET POSITION

	Governmental Activities		
	2017	2016	2015
Revenues			
Program revenues			
Charges for service	\$ 12,660,575	\$ 14,242,848	\$ 13,693,427
Operating grants & contributions	37,695,983	36,148,766	35,560,845
Capital grants & contributions	1,735,703	3,221,877	1,646,000
General revenues			
Property taxes	92,571,203	90,617,420	88,826,062
Other taxes	45,189,700	42,502,793	41,487,611
Grants & contributions not restricted to specific programs	2,138,830	481,682	518,230
Other	2,173,493	(6,042,163)	2,236,352
Total revenues	194,165,487	181,173,223	183,968,527
Expenses			
General government	70,662,241	47,971,697	30,659,143
Public safety	37,686,112	33,239,161	33,008,595
Transportation	273,784	252,469	256,337
Economic development	965,006	2,595,080	3,058,587
Human services	37,879,610	34,890,914	42,075,113
Environmental protection	493,372	337,895	375,724
Cultural & recreational	3,868,999	4,225,753	3,489,563
Education	56,535,827	54,574,794	39,606,710
Interest on long term debt	10,002,444	6,948,105	7,035,533
Total expenses	218,367,395	185,035,868	159,565,305
Change in net position before transfers	(24,201,908)	(3,862,645)	24,403,222
Transfers	389,085	518,780	(26,768,971)
Change in net position	(23,812,823)	(3,343,865)	(2,365,749)
Net position, July 1	20,342,646	23,686,511	31,167,257
Prior restatements	(3,128,342)	-	(5,114,990)
Net position, June 30	\$ (6,598,519)	\$ 20,342,646	\$ 23,686,518

	Business-type Activities		
	2017	2016	2015
Revenues			
Program revenues			
Charges for service	\$ 9,467,687	\$ 9,594,104	\$ 8,645,491
Operating grants & contributions	531,361	448,614	410,136
Capital grants & contributions	197,927	-	197,557
General revenues			
Property taxes	-	-	-
Other taxes	428,688	412,005	407,735
Grants & contributions not restricted to specific programs	5,085,800	6,553,343	18,541,290
Other	62,419	(689,782)	6,987
Total revenues	<u>15,773,882</u>	<u>16,318,284</u>	<u>28,209,196</u>
Expenses			
Solid Waste	5,323,833	5,542,587	5,544,747
Airport	5,205,255	2,785,503	2,908,190
Total expenses	<u>10,529,088</u>	<u>8,328,090</u>	<u>8,452,937</u>
Change in net position before transfers	5,244,794	7,990,194	19,756,259
Transfers	(389,085)	(518,780)	26,768,971
Change in net position	4,855,709	7,471,414	46,525,230
Net position, July 1	70,594,911	63,123,497	16,865,223
Prior restatement	-	-	(266,960)
Net position, June 30	<u>\$ 75,450,620</u>	<u>\$ 70,594,911</u>	<u>\$ 63,123,493</u>
	Total		
	2017	2016	2015
Revenues			
Program revenues			
Charges for service	\$ 22,128,262	\$ 23,836,952	\$ 22,338,918
Operating grants & contributions	38,227,344	36,597,380	35,970,981
Capital grants & contributions	1,933,630	3,221,877	1,843,557
General revenues			
Property taxes	92,571,203	90,617,420	88,826,062
Other taxes	45,618,388	42,914,798	41,895,346
Grants & contributions not restricted to specific programs	7,224,630	7,035,025	19,059,520
Other	2,235,912	(6,731,945)	2,243,339
Total revenues	<u>209,939,369</u>	<u>197,491,507</u>	<u>212,177,723</u>
Expenses			
General government	70,662,241	47,971,697	30,659,143
Public safety	37,686,112	33,239,161	33,008,595
Transportation	273,784	252,469	256,337
Economic development	965,006	2,595,080	3,058,587
Human services	37,879,610	34,890,914	42,075,113
Environmental protection	493,372	337,895	375,724
Cultural & recreational	3,868,999	4,225,753	3,489,563
Education	56,535,827	54,574,794	39,606,710
Interest on long term debt	10,002,444	6,948,105	7,035,533
Solid Waste	5,323,833	5,542,587	5,544,747
Airport	5,205,255	2,785,503	2,908,190
Total expenses	<u>228,896,483</u>	<u>193,363,958</u>	<u>168,018,242</u>
Change in net position before transfers	(18,957,114)	4,127,549	44,159,481
Transfers	-	-	-
Change in net position	(18,957,114)	4,127,549	44,159,481
Net position, July 1	90,937,557	86,810,008	48,032,480
Prior restatement	(3,128,342)	-	(5,381,950)
Net position, June 30	<u>\$ 68,852,101</u>	<u>\$ 90,937,557</u>	<u>\$ 86,810,011</u>

Governmental activities. Governmental activities decreased the County's net position by \$19 million.

Sales tax revenues funded \$42.0 million of the Onslow County government activities. Property taxes and operating grants also provided a high source of revenue at \$92.5 million and \$37.7 million respectively.

Business-type activities: Business-type activities increased Onslow County's net position by \$4.1 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 \$4.2 million, with a total fund balance of \$78.8 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 2.15 percent of total General Fund expenditures, while total general fund balance represents 40.110 percent of that same amount.

At June 30, 2017, the governmental funds of Onslow County reported a combined fund balance of \$119.4 million, for a \$4.4 million increase over last year. The factors for this increase are due to the proceeds from the issuance of debt of 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.

For the fiscal year the General Fund fund balance had a net decrease of \$3.5 million or 4.21%. The county is conservative in its budget estimates. This can be seen as our revenues were \$1.165 million more than our budget estimate. Our expenditures were less than budgeted by approximately \$10.978 million.

A review of actual revenues versus expenditures shows that the expenditures exceeded revenues by \$3.194 million. After transfers to and from other funds, our net expenditures over revenues were \$4.256 million.

The actual operating revenues for the General Fund were more than the budgeted amount by \$1.164 million. Sales revenues collected were less than estimates by \$956,307.

The major variance from our budgeted expenditures was in the Human Services area where our expenditures were \$4.5 million less than estimated. Expenditures for social service programs were \$2.6 million under budget. Expenditures for Health programs were \$1.067 million under budget.

Public Safety expenditures were \$2.382 million under budget. The Sheriff's Office expenditures were \$1.279 million less than what was budgeted. Emergency Service expenditures were \$686,305 less than what was budgeted.

General governmental expenditures were \$2.7 million under budget. Of this amount \$147,630 is Facilities and Maintenance expenditures. Another \$1.370 million is Non-departmental expenditures. ITS expenditures were \$267,147 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. The net position of the Solid Waste Fund at the end of the fiscal year amounted to \$20.093 million. The total increase in net position for the Solid Waste Fund was \$1.7 million. Total net position of the Airport is \$55.356 million, the total increase in net position for the Airport Fund was \$3.2 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 17 of \$928,101 and total expenditures of \$1.712 million. The Emergency 911 fund and Grant fund accounted for 85.02% of the revenues. The Emergency 911, Grant and Economic Development fund accounted for 92% of the expenditures.

The fund balance for the special revenue funds is \$1,525,976. This is a net increase of \$410,540 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 17 the total revenues of these funds were \$393,137 while expenditures were \$42,778,985.

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, 2017, totals \$205.2 million (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

At the current time the various projects below make up the majority of what is included in construction in progress.

- Courthouse
- Richlands Elementary School

ONslow COUNTY'S CAPITAL ASSETS

	Governmental Activities		
	2017	2016	2015
Land	\$ 13,784,878	\$ 13,863,358	\$ 13,977,146
Buildings & systems	121,262,887	101,678,084	103,688,437
Improvements	16,184,364	16,908,185	17,684,139
Equipment	24,558,297	24,440,765	17,177,688
Vehicles	9,275,686	10,281,790	9,919,114
Heavy Equipment	244,344	278,923	280,232
Construction in progress	12,799,625	20,189,011	15,870,320
Subtotal	198,110,081	187,640,116	178,597,076
Less accumulated depreciation	60,538,148	60,150,846	62,327,019
Total	<u>\$ 137,571,933</u>	<u>\$ 127,489,270</u>	<u>\$ 116,270,057</u>

	Business-type Activities		
	2017	2016	2015
Land	\$ 1,559,496	\$ 1,559,496	\$ 1,559,496
Buildings & systems	30,983,777	4,144,132	6,260,650
Improvements	34,303,019	34,297,740	38,370,378
Equipment	580,684	534,979	655,754
Vehicles	2,062,813	2,121,426	2,093,776
Heavy Equipment	4,439,730	4,241,803	4,499,750
Construction in progress	28,722,238	49,619,434	39,949,943
Subtotal	102,651,757	96,519,010	93,389,746
Less accumulated depreciation	35,011,952	33,788,525	38,360,486
Total	<u>\$ 67,639,805</u>	<u>\$ 62,730,485</u>	<u>\$ 55,029,260</u>

	Total		
	2017	2016	2015
Land	\$ 15,344,374	\$ 15,422,854	\$ 15,536,642
Buildings & systems	152,246,664	105,822,216	109,949,087
Improvements	50,487,383	51,205,925	56,054,517
Equipment	25,138,981	24,975,744	17,833,442
Vehicles	11,338,499	12,403,216	12,012,890
Heavy Equipment	4,684,074	4,520,726	4,779,982
Construction in progress	41,521,863	69,808,445	55,820,263
Subtotal	300,761,838	284,159,126	271,986,823
Less accumulated depreciation	95,550,100	93,939,371	100,687,505
Total	<u>\$ 205,211,738</u>	<u>\$ 190,219,755</u>	<u>\$ 171,299,318</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 51.

Long-term Debt. As of June 30, 2017 Onslow County had total general obligation bonded debt outstanding of \$56 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		
	2017	2016	2015
General obligation bonds	\$ 56,000,000	\$ 61,830,000	\$ 67,455,000
Premium on GO bonds	7,746,699	8,570,016	9,393,934
Certificates of Participation	42,885,000	46,980,000	51,095,000
Premium on COP's	3,742,380	4,082,597	4,422,814
Installment purchase	7,676,809	9,679,296	11,783,044
Limited Obligation Bonds	124,050,000	83,325,000	38,500,000
Premium on LOBS Debt	13,937,604	7,379,501	2,496,930
Special obligation bonds	-	-	-
Accrued landfill closure cost	-	-	-
Net OPEB obligation	7,456,442	7,906,932	8,284,891
Compensated absences	4,015,868	3,288,500	2,993,352
Net pension liability (LEOSSA)	3,071,164	-	-
Net pension liability (LGMERS)	15,727,651	3,345,824	-
Total	\$ 286,309,617	\$ 236,387,666	\$ 196,424,965

	Business-type Activities		
	2017	2016	2015
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	780,000	1,535,000	2,265,000
Accrued landfill closure cost	10,060,662	9,651,121	8,685,504
Net OPEB obligation	646,850	554,593	473,271
Compensated Absences	251,118	185,721	167,939
Net pension liability (LEOSSA)	-	-	-
Net pension liability (LGMERS)	794,727	145,985	-
Total	\$ 12,533,357	\$ 12,072,420	\$ 11,591,714

	Total		
	2017	2016	2015
General obligation bonds	\$ 56,000,000	\$ 61,830,000	\$ 67,455,000
Premium on GO bonds	7,746,699	8,570,016	9,393,934
Certificates of Participation	42,885,000	46,980,000	51,095,000
Premium on COP's	3,742,380	4,082,597	4,422,814
Installment purchase	7,676,809	9,679,296	11,783,044
Limited Obligation Bonds	124,050,000	83,325,000	38,500,000
Premium on LOBS Debt	13,937,604	7,379,501	2,496,930
Special obligation bonds	780,000	1,535,000	2,265,000
Accrued landfill closure cost	10,060,662	9,651,121	8,685,504
Net OPEB obligation	8,103,292	8,461,525	8,758,162
Compensated Absences	4,266,986	3,474,221	3,161,291
Net pension liability (LEOSSA)	3,071,164	-	-
Net pension liability (LGMERS)	16,522,378	3,491,809	-
Total	\$ 298,842,974	\$ 248,460,086	\$ 208,016,679

Onslow County's total debt had a net increase of \$28.8 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 \$875.6 million.

Additional information regarding Onslow County's long-term debt can be found in Note II (B) (7) on page 77 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, 2017 is 4.6%, which is above the state average of 4.2%.
- The 2016 property revaluation resulted in an overall increase of about 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 194,636. 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 \$1.982 billion in FY 2017, this is an increase of \$97.307 million over last year.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: The County approved a \$203.5 million general fund budget. This represents a \$2.9 million or 1.45% increase from the amended budget for Fiscal Year 2017. There was an increase in the Educational function in the amount of \$2.8 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 2017. The projected collection rate was 97.71%. It is estimated that property tax revenue for FY 17-18 will be \$94.1 million or 46.22% 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 FY17 financial support for the K-12 public school system amounts to 26.34% of the General Fund budget of the county. Viewed in light of property tax revenues, 43.52¢ 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 FY18 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 175 county students in school year 2017-2018, the current expense (operating) and a statewide average per-pupil appropriation increase from \$ 1,785 to \$ 1,870, the current expense (operating) budget appropriation from the County to the Board of Education is proposed to increase by \$2,551,998.

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 for FY 18 remained the same as FY 17 at \$3 million.

To balance the general fund budget the county appropriated \$14.7 million in fund balance for FY 2018. This practice, of appropriating fund balance, is common. In FY 2017 \$14.4 million was appropriated to cover the expenditures over revenues and other funding sources. Per the audit you will notice that the county had a decrease in fund balance by \$3.467 million. The county feels that there is a slight chance that a small portion of fund balance will be used in FY 18.

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 2017 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.

Business – type Activities: The County operates two business type activities, which is our Solid Waste and Airport Enterprise fund. For Fiscal Year 2018 the Solid Waste Fund budget is \$6.3 million. For Fiscal Year 2018 the Airport Fund budget is \$3.4 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, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
ASSETS					
Cash and cash equivalents	\$ 71,089,607	\$ 15,344,470	\$ 86,434,077	\$ 5,015,405	\$ 2,966,433
Receivables, net	5,977,116	1,417,314	7,394,430	16,940,142	-
Due from other funds	658	(658)	-	-	-
Due from other governments	13,736,991	185,337	13,922,328	-	-
Inventories	186,416	19	186,435	3,815,261	1,208,401
Prepaid expenses and other	376,076	37,750	413,826	2,208,211	4,424
Net pension asset	415,405	-	415,405	-	-
Restricted assets					
Cash and investments	46,334,413	3,271,427	49,605,840	-	-
Assets limited by board	-	-	-	38,269,900	-
Other assets	-	-	-	143,786	-
Capital assets:					
Land, improvements, and construction in progress	26,584,503	30,281,734	56,866,237	8,839,149	2,528,040
Other capital assets, net of depreciation	110,987,430	37,358,071	148,345,501	66,535,372	2,858,342
Total capital assets	137,571,933	67,639,805	205,211,738	75,374,521	5,386,382
Total assets	275,688,615	87,895,464	363,584,080	141,767,226	9,565,640
DEFERRED OUTFLOWS OF RESOURCES	22,877,561	699,236	23,576,797	-	311,696
LIABILITIES					
Accounts payable and accrued liabilities	13,006,589	579,062	13,585,651	14,740,433	1,031,279
Noncurrent liabilities:					
Net pension liability - LGERS	15,727,651	794,727	16,522,378	-	325,353
Net pension liability - LEOSSA	3,071,164	-	3,071,164	-	-
Due within one year	18,442,480	1,292,779	19,735,259	2,820,139	-
Due in more than one year	249,068,322	10,445,851	259,514,173	42,728,853	253,758
Other long-term liabilities	-	-	-	11,947,925	-
Total liabilities	299,316,206	13,112,419	312,428,625	72,237,350	1,610,390
DEFERRED INFLOWS OF RESOURCES	5,848,489	31,661	5,880,150	-	11,401
NET POSITION					
Investment in capital assets	46,638,251	66,859,805	113,498,056	39,060,154	5,386,382
Restricted for:					
Register of deeds	386,955	-	386,955	-	-
Stabilization by State Statute	19,112,234	-	19,112,234	-	-
Health Programs	3,344,123	-	3,344,123	378,841	-
Adoption programs	-	-	-	-	-
Drug enforcement	217,971	-	217,971	-	-
Occupancy Tax	2,007,201	-	2,007,201	-	-
Economic Development	174,450	-	174,450	-	-
School Construction	17,690,375	-	17,690,375	-	-
Emergency services	838,832	-	838,832	-	-
Grant project	-	3,116,482	3,116,482	-	-
Capital projects	-	-	-	-	1,240,489
Working Capital	-	-	-	-	500,508
Unrestricted	(97,008,911)	5,474,333	(91,534,578)	30,090,881	1,128,166
Total net position	\$ (6,598,519)	\$ 75,450,620	\$ 68,852,101	\$ 69,529,876	\$ 8,255,545

The accompanying notes are an integral part of this statement

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary government:</u>				
Governmental activities:				
General government	\$ 69,996,464	2,496,439	\$ 9,205,609	\$ -
Public safety	37,686,112	5,321,934	1,505,781	-
Transportation	273,784	-	239,784	-
Economic and physical development	965,006	110,697	1,003,593	-
Human services	37,879,610	3,853,199	25,477,765	-
Environmental protection	493,372	446,860	-	-
Culture and recreation	3,868,999	431,446	263,451	-
Workers Comp	665,777	-	-	-
Education	56,535,827	-	-	1,735,703
Interest on debt	10,002,444	-	-	-
Total governmental activities	218,367,395	12,660,575	37,695,983	1,735,703
Business-type activities:				
Solid waste	5,323,833	5,782,673	526,806	197,927
Airport	5,205,255	3,685,014	4,555	-
Total business-type activities	10,529,088	9,467,687	531,361	197,927
Total primary government	\$ 228,896,483	\$ 22,128,262	\$ 38,227,344	\$ 1,933,630
Component units:				
Onslow County Hospital Authority	\$ 152,094,427	\$ 151,564,636	\$ -	\$ -
Onslow County ABC Board	12,519,122	13,057,831	-	-
Total component units	\$ 164,613,549	\$ 164,622,467	\$ -	\$ -

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
Change in net position
Net position - beginning of year
Restatement
Net position, beginning of year, restated
Net position - ending

The accompanying notes are an integral part of this statement

Exhibit 2
Onslow County, North Carolina
Statement of Activities
June 30, 2017

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
\$ (58,294,416)	\$ -	\$ (58,294,416)		
(30,858,397)	-	(30,858,397)		
(34,000)	-	(34,000)		
149,284	-	149,284		
(8,548,646)	-	(8,548,646)		
(46,512)	-	(46,512)		
(3,174,102)	-	(3,174,102)		
(665,777)	-	(665,777)		
(54,800,124)	-	(54,800,124)		
(10,002,444)	-	(10,002,444)		
(166,275,134)	-	(166,275,134)		
-	1,183,573	1,183,573		
-	(1,515,686)	(1,515,686)		
-	(332,113)	(332,113)		
(166,275,134)	(332,113)	(166,607,247)		
			\$ (529,791)	\$ -
			-	538,709
			(529,791)	538,709
92,571,203	-	92,571,203	-	-
42,089,627	-	42,089,627	-	-
3,100,073	428,688	3,528,761	-	-
650,781	62,159	712,940	-	1,230
2,138,830	5,085,800	7,224,630	124,831	-
(7,195)	260	(6,935)	-	-
1,529,907	-	1,529,907	1,028,977	-
142,073,226	5,576,907	147,650,133	1,153,808	1,230
389,085	(389,085)	-	-	-
(23,812,823)	4,855,709	(18,957,114)	624,017	539,939
20,342,646	70,594,911	90,937,557	77,058,556	7,715,606
(3,128,342)	-	(3,128,342)	(8,152,697)	-
17,214,304	70,594,911	87,809,215	68,905,859	7,715,606
\$ (6,598,519)	\$ 75,450,620	\$ 68,852,101	\$ 69,529,876	\$ 8,255,545

The accompanying notes are an integral part of this statement

Exhibit 3
Onslow County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2017

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 69,512,642	\$ -	\$ -	\$ 1,576,965	\$ 71,089,607
Receivables, net	5,869,455	13,533	12,847	81,281	5,977,116
Due from other funds	38,003	-	-	-	38,003
Due from other governments	12,546,658	516,747	602,747	70,839	13,736,991
Inventories	186,416	-	-	-	186,416
Prepaid expenditures	376,076	-	-	-	376,076
Restricted assets					
Cash and investments	-	21,856,743	24,477,670	-	46,334,413
Total assets	\$ 88,529,250	\$ 22,387,023	\$ 25,093,264	\$ 1,729,085	\$ 137,738,622
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 7,937,988	1,649,465	1,950,489	94,383	\$ 11,632,325
Due to other funds	9,186	713	-	27,445	37,344
Total liabilities	7,947,174	1,650,178	1,950,489	121,828	11,669,669
DEFERRED INFLOWS OF RESOURCES	1,741,551	-	4,836,806	81,281	6,659,638
Fund balances:					
Nonspendable					
Inventory and prepaids	562,492	-	-	-	562,492
Restricted					
Register of Deeds	-	-	-	386,955	386,955
Stabilization by State Statute	17,895,521	530,280	615,594	70,839	19,112,234
Health Programs	3,344,123	-	-	-	3,344,123
Adoption Programs	-	-	-	-	-
Drug Enforcement	217,971	-	-	-	217,971
Occupancy Tax	2,007,201	-	-	-	2,007,201
Economic Development	174,450	-	-	-	174,450
School construction	-	-	17,690,375	-	17,690,375
Emergency Services	-	-	-	838,832	838,832
Committed					
Disaster Contingency	5,123,066	-	-	-	5,123,066
Capital improvements	22,782,786	20,206,565	-	-	42,989,351
Other Employee Benefits	980,345	-	-	-	980,345
Workers' compensation insurance	578,069	-	-	-	578,069
Community Assistance	-	-	-	11,059	11,059
Economic Development	-	-	-	172,688	172,688
LEO Special Separation Allowance	812,667	-	-	-	812,667
Assigned					
Subsequent year's expenditures	20,139,611	-	-	74,154	20,213,765
Unassigned	4,222,223	-	-	(28,551)	4,193,672
Total fund balances	78,840,525	20,736,845	18,305,969	1,525,976	119,409,315
Total liabilities, deferred inflows of resources and fund balances	\$ 88,529,250	\$ 22,387,023	\$ 25,093,264	\$ 1,729,085	

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.	137,571,933
Net pension asset	415,405
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,513,702
Benefit payments and administrative costs for LEOSSA	120,254
Deferred outflows related to pensions	10,467,988
Deferred inflows related to pensions	(688,529)
Charges related to advance refunding bond issue	8,775,617
Deferred inflows of resources for taxes receivable	1,499,678
Net pension liability LGERS	(15,727,651)
Net pension liability LEOSSA	(3,071,164)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 7).	
Compensated Absences	(4,015,868)
Postemployment benefit obligation	(7,456,442)
Accrued Interest	(1,374,265)
Long-term Debt	(256,038,492)
Net assets of governmental activities	(6,598,519)

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, 2017

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 93,509,432	\$ -	\$ -	\$ -	\$ 93,509,432
Local option sales taxes	42,089,627	-	-	-	42,089,627
Other taxes and licenses	3,100,073	-	-	-	3,100,073
Unrestricted intergovernmental	2,138,830	-	-	-	2,138,830
Restricted intergovernmental	38,836,372	-	168,574	-	39,004,946
Permits and fees	2,852,625	-	-	-	2,852,625
Sales and services	9,448,836	-	-	-	9,448,836
E-911 fees	-	-	-	359,114	359,114
Grant revenue	-	-	-	426,740	426,740
Investment earnings	419,003	118,799	105,764	7,215	650,781
Miscellaneous	1,394,875	-	-	135,032	1,529,907
Total revenues	193,789,673	118,799	274,338	928,101	195,110,911
EXPENDITURES					
Current:					
General government	24,750,191	-	-	136,855	24,887,046
Public safety	36,090,773	-	-	-	36,090,773
Transportation	273,784	-	-	-	273,784
Economic and physical development	2,562,013	-	-	992,002	3,554,015
Human services	46,909,201	-	-	-	46,909,201
Environmental protection	441,254	-	-	-	441,254
Cultural and recreational	4,258,693	-	-	-	4,258,693
Workers' comp	665,777	-	-	-	665,777
E-911	-	-	-	341,161	341,161
Intergovernmental					
Education	56,535,827	-	-	-	56,535,827
Capital projects	861,070	21,001,837	21,777,148	242,467	43,882,522
Debt service:					
Principal	14,067,486	-	-	-	14,067,486
Interest and other charges	9,154,534	-	-	-	9,154,534
Total expenditures	196,570,603	21,001,837	21,777,148	1,712,485	241,062,073
Excess (deficiency) of revenues over expenditures	(2,780,930)	(20,883,038)	(21,502,810)	(784,384)	(45,951,162)
OTHER FINANCING SOURCES (USES)					
Transfers to (from) other funds	(1,105,839)	300,000	-	1,194,924	389,085
Proceeds from issuance of debt	-	25,436,883	24,124,939	-	49,561,822
Sale of capital assets	419,649	-	-	-	419,649
Total other financing sources (uses)	(686,190)	25,736,883	24,124,939	1,194,924	50,370,556
Net change in fund balance	(3,467,120)	4,853,845	2,622,129	410,540	4,419,394
Fund balances-beginning	82,307,645	15,883,000	15,683,840	1,115,436	114,989,921
Fund balances-ending	\$ 78,840,525	\$ 20,736,845	\$ 18,305,969	\$ 1,525,976	\$ 119,409,315

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, 2017

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

Net changes in fund balances - total governmental funds \$ 4,419,394

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	16,129,576	
Depreciation expense	(5,620,069)	
Basis in capital assets that were retired	<u>(426,844)</u>	10,082,663

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (938,229)

Contributions to pension plans in the current fiscal year are deferred outflows of resources in of Statement of Net Position 3,513,702

Benefit payments and administrative costs for LEOSSA are deferred outflows of resources in the Statement of Net Position 120,254

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

Accrued Interest	(1,374,265)	
Compensated absences	(727,368)	
Pension expense	(4,380,168)	
Net pension obligation LEOSSA	(11,315)	
Other postemployment benefits	<u>450,490</u>	(6,042,626)

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	14,067,487	
Proceeds from issuance of debt	(49,561,822)	
Amortized loss on defeasance of debt	(775,898)	
Amortization of bond premium	<u>1,302,252</u>	(34,967,981)

Total changes in net position of governmental activities \$ (23,812,823)

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, 2017

	General Fund			Variance With Final - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 91,139,938	\$ 92,602,017	\$ 93,509,432	\$ 907,415
Local option sales taxes	41,662,047	40,126,416	42,089,627	1,963,211
Other taxes and licenses	2,656,000	2,696,000	3,100,073	404,073
Unrestricted intergovernmental	425,000	2,000,000	2,138,830	138,830
Restricted intergovernmental	29,997,874	29,753,407	28,077,253	(1,676,154)
Permits and fees	2,605,635	2,689,812	2,852,625	162,813
Sales and services	10,415,531	10,405,143	9,448,836	(956,307)
Investment earnings	100,008	80,000	219,541	139,541
Miscellaneous	143,264	810,570	891,822	81,252
Total revenues	179,145,297	181,163,365	182,328,039	1,164,674
EXPENDITURES				
Current:				
General government	19,375,218	18,148,737	15,497,043	2,651,694
Public safety	35,292,539	38,256,779	35,874,341	2,382,438
Transportation	266,337	273,784	273,784	-
Economic and physical development	4,098,399	3,114,362	2,509,527	604,835
Human services	50,013,627	51,396,946	46,909,201	4,487,745
Environmental protection	511,805	494,483	441,254	53,229
Cultural and recreational	4,353,203	4,554,627	4,258,693	295,934
Intergovernmental:				
Education	67,743,083	56,575,097	56,535,827	39,270
Debt service:				
Principal	2,244,372	14,067,486	14,067,486	-
Interest and other charges	8,250,860	9,617,150	9,154,534	462,616
Total expenditures	192,149,443	196,499,451	185,521,690	10,977,761
Revenues over (under) expenditures	(13,004,146)	(15,336,086)	(3,193,651)	12,142,435
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,785,158	2,771,145	1,435,667	(1,335,478)
Transfers to other funds	(2,921,191)	(4,110,448)	(2,917,943)	1,192,505
Proceeds from sale of capital assets	69,100	70,000	419,649	349,649
Total other financing sources and uses	(66,933)	(1,269,303)	(1,062,627)	206,676
Revenues and other financing sources over (under) expenditures and other financing uses	(13,071,079)	(16,605,389)	(4,256,278)	12,349,111
Appropriated fund balance	13,071,079	16,605,389	-	(16,605,389)
Net change in fund balance	\$ -	\$ -	(4,256,278)	\$ (4,256,278)
Fund balances - beginning			48,372,643	
Fund balances-ending			\$ 44,116,365	

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	\$ 10,759,119
Investment earnings	199,462
Other revenues	503,053
Transfers (to) from General Fund	376,437
Expenditures	(11,048,913)
Fund balance, beginning	33,935,002
Fund balance, ending (Exhibit 4)	<u>\$ 78,840,525</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, 2017

	Solid Waste	Airport	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,819,484	\$ 524,986	\$ 15,344,470
Receivables, net	569,543	847,771	1,417,314
Due from other funds	-	978	978
Due from other governments	169,128	16,209	185,337
Inventories	19	-	19
Prepaid expenses	7,250	30,500	37,750
Total current assets	15,565,424	1,420,444	16,985,868
Noncurrent assets:			
Restricted cash and cash equivalents	1,324,244	1,947,183	3,271,427
Capital assets:			
Land and construction in progress	7,727,333	22,554,401	30,281,734
Buildings, improvements, and equipment	24,555,909	41,311,570	65,867,479
Vehicles and motorized equipment	5,083,095	1,419,449	6,502,544
Less accumulated depreciation	(22,440,611)	(12,571,341)	(35,011,952)
Total capital assets	14,925,726	52,714,079	67,639,805
Total noncurrent assets	16,249,970	54,661,262	70,911,232
Total assets	31,815,394	56,081,706	87,897,100
DEFERRED OUTFLOWS OF RESOURCES	340,169	359,067	699,236
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	310,431	111,492	421,923
Accrued interest	2,194	-	2,194
Accounts payable to be paid from restricted assets	12,550	142,395	154,945
Due to other funds	1,636	-	1,636
Accrued landfill closure and postclosure care costs	450,000	-	450,000
Compensated absences	31,457	31,322	62,779
Special obligation bonds payable	780,000	-	780,000
Total current liabilities	1,588,268	285,209	1,873,477
Noncurrent liabilities:			
Accrued landfill closure and postclosure care costs	9,610,662	-	9,610,662
Compensated absences	94,371	93,968	188,339
Net pension liability LGERS	386,624	408,103	794,727
OPEB obligation	366,523	280,327	646,850
Special obligation bonds payable	-	-	-
Total noncurrent liabilities	10,458,180	782,398	11,240,578
Total liabilities	12,046,448	1,067,607	13,114,055
DEFERRED INFLOWS OF RESOURCES	15,403	16,258	31,661
NET POSITION			
Net investment in capital assets	14,145,726	52,714,079	66,859,805
Restricted	1,311,694	1,804,788	3,116,482
Unrestricted	4,636,292	838,041	5,474,333
Total net position	\$ 20,093,712	\$ 55,356,908	\$ 75,450,620

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, 2017

	Solid Waste	Airport	Total
OPERATING REVENUES			
Charges for services	\$ 5,782,673	\$ 2,612,554	\$ 8,395,227
Other operating revenues	410,315	1,072,460	1,482,775
Total operating revenues	6,192,988	3,685,014	9,878,002
OPERATING EXPENSES			
Administration	363,811	480,295	844,106
Facility operations	2,206,460	4,357,104	6,563,564
Recycling	381,239	-	381,239
Electronics Recycling	33,994	-	33,994
Refuse site	814,021	-	814,021
Keep Onslow Beautiful	32,593	-	32,593
White goods	68,305	-	68,305
Landfill closure and postclosure care costs	409,541	-	409,541
Depreciation	956,653	367,856	1,324,509
Total operating expenses	5,266,617	5,205,255	10,471,872
Operating income (loss)	926,371	(1,520,241)	(593,870)
NONOPERATING REVENUES (EXPENSES)			
Solid waste disposal tax	91,563	-	91,563
Tire disposal tax	260,591	-	260,591
White goods disposal tax	76,534	-	76,534
NCDENR Electronics program	14,416	-	14,416
NCDENR grant	14,477	-	14,477
NCDENR White Goods grant	197,927	-	197,927
FEMA disaster reimbursements	87,598	4,555	92,153
Sale of fixed assets	-	260	260
Capital contributions	-	5,085,800	5,085,800
Interest and investment revenue	58,638	3,521	62,159
Interest and fees	(57,216)	-	(57,216)
(Increase) Decrease in pension benefit obligation	-	-	-
Total nonoperating revenue (expenses)	744,528	5,094,136	5,838,664
Income (loss) before transfers	1,670,899	3,573,895	5,244,794
Transfers from (to) other funds	-	(389,085)	(389,085)
Change in net position	1,670,899	3,184,810	4,855,709
Total net position, beginning	18,422,813	52,172,098	70,594,911
Total net position, ending	\$ 20,093,712	\$ 55,356,908	\$ 75,450,620

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, 2017

	Solid Waste	Airport	Total
Cash flows from operating activities:			
Cash received from customers	\$ 5,745,386	\$ 1,946,762	\$ 7,692,148
Cash paid for goods and services	(2,795,352)	(2,980,037)	(5,775,389)
Cash paid to employees for services	(1,295,581)	(1,298,825)	(2,594,406)
Other operating revenue	410,315	1,072,460	1,482,775
Net cash provided by (used in) operating activities	2,064,768	(1,259,640)	805,128
Cash flows from noncapital financing activities:			
Grants and contributions	102,075	4,555	106,630
Transfers from (to) other funds	2,259	(389,085)	(386,826)
Net cash provided (used) by noncapital financing activities	104,334	(384,530)	(280,196)
Cash flows from capital and related financing activities:			
Capital contributions	212,343	5,085,800	5,298,143
Disposal taxes	430,080	-	430,080
Principal paid on bond maturities and equipment contracts	(755,000)	-	(755,000)
Interest paid on bond maturities and equipment contracts	(55,022)	-	(55,022)
Proceeds from sale of capital assets	34,064	471,737	505,801
Acquisition of capital assets	(4,882,020)	(1,817,427)	(6,699,447)
Pension deferrals	(287,074)	(317,931)	(605,005)
Net cash provided (used) by capital and related financing activities	(5,302,630)	3,422,179	(1,880,450)
Cash flows from investing activities:			
Interest on investments	58,638	3,521	62,159
Net increase (decrease) in cash and cash equivalents			
	(3,074,890)	1,781,530	(1,293,360)
Cash and cash equivalents, July 1	19,218,618	690,639	19,909,257
Cash and cash equivalents, June 30	\$ 16,143,728	\$ 2,472,169	\$ 18,615,897
Cash and cash equivalents, unrestricted			
	\$ 14,819,484	\$ 524,986	\$ 15,344,470
Cash and cash equivalents, restricted			
	1,324,244	1,947,183	3,271,427
Cash and cash equivalents, total			
	\$ 16,143,728	\$ 2,472,169	\$ 18,615,897

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, 2017

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

	Solid Waste	Airport	Total
Operating income (loss)	\$ 926,371	\$ (1,520,241)	\$ (593,870)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	956,653	367,856	1,324,509
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(37,287)	(511,031)	(548,318)
(Increase) decrease in inventory	6,619	-	6,619
(Increase) decrease in prepaid items	(7,250)	(30,500)	(37,750)
(Increase) decrease in pension asset	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(582,941)	22,124	(560,817)
Increase (decrease) in pension liability	308,084	340,658	648,742
Increase in accrued landfill costs	409,541	-	409,541
Increase in accrued OPEB obligation	53,713	38,544	92,257
Increase (decrease) in accrued vacation pay	31,265	32,950	64,215
Total adjustments	1,138,397	260,601	1,398,998
Net cash provided by (used in) operating activities	\$ 2,064,768	\$ (1,259,640)	\$ 805,128

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, 2017

		Agency Fund
Assets		
Cash and cash equivalents	\$	640,037
Total assets	\$	640,037
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$	594,745
Intergovernmental payable		45,292
Total liabilities	\$	640,037

The accompanying notes are an integral part of this statement

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, LEO Special Separation Allowance 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:

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 Bear Creek Volunteer Fire Department fund that accounts for monies deposited by the County for the operations of the Bear Creek Volunteer Fire Department; 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 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

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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 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 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.

Onslow County, North Carolina
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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 majority of the County, the Hospital, and the ABC Board's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered external investment pool meets all of the specified criteria in Section 150: Investments of the GASB Codification to qualify to elect to measure their investments at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian.

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 Solid Waste 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	<u>\$ 46,334,413</u>
Business-Type Activities		
Water and Sewer	Unexpended bond proceeds	\$ 1,324,244
Airport	Unexpended bond proceeds	<u>1,947,183</u>
		<u>3,271,427</u>
Total Restricted Cash		<u>\$ 49,605,840</u>

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 received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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. 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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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 School Construction - portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

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

Committed for LEO pension obligation – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

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 \$(126,007,834) consists of the following:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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)	\$ 137,571,933
Net pension asset	415,405
Contribution to pension plans in the current fiscal year are deferred outflows of resources and therefore are not reported in the funds	3,513,702
Benefit payments and administrative costs to LEOSSA	120,254
Liabilities for deferred inflows or resources reported in the fund statements but not the governmental funds	1,499,678
Deferred outflows related to pensions	10,467,988
Deferred inflows related to pensions	(688,529)
Deferred charges related to advance refunding bond issued-included on government-wide statement of net position but are not current financial resources	8,775,617
Net pension liability - LGERS	(15,727,651)
Net pension liability - LEOSSA	(3,071,164)
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	(256,038,492)
Post-employment benefit obligation	(7,456,442)
Accrued Interest	(1,374,265)
Compensated absences	(4,015,868)
Total adjustment	\$ (126,007,834)

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 \$(28,232,217) is composed of the following:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 16,129,576
Basis in retired capital assets	(426,844)
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	(5,620,069)
Contributions to pension plans in the current fiscal year are deferred outflows of resources in of Statement of Net Position	3,513,702
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources in the Statement of Net Position	120,254
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	14,067,486
Amortization of loss on defeasance of school debt	(775,898)
Amortization of bond premium	1,302,253
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	
Accrued interest	(1,374,265)
Compensated absences	(727,368)
Other postemployment benefits	450,490
Pension expense	(4,380,168)
Net pension obligation - LEOSSA	(11,315)
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	(49,561,822)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Decrease in deferred inflows of resources – taxes receivable – at end of year	<u>(938,229)</u>
Total adjustment	<u><u>\$ (28,232,217)</u></u>

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

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, the carrying amount of the County's deposits was \$22,652,684, and the bank balance was \$24,435,111. Of the bank balance, \$756,913 was covered by federal depository insurance and \$23,678,198 was covered by collateral held under the Pooling Method. At June 30, 2017, the County had \$9,892 cash on hand.

At June 30, 2017, the carrying amount of deposits for Onslow County ABC Board was \$2,966,433 and the bank balance was \$3,329,597. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance of \$3,079,597 was collateralized by institutions using the Pooling Method.

At September 30, 2017, the Hospital's deposits had a carrying amount of \$5,015,405, and a bank balance of \$6,512,491. There is Federal Depository Corporation insurance of \$250,000 that is applicable to the bank balance as of September 30, 2016. The remaining balance of \$6,262,491 was covered by collateral held under the Pooling Method.

2. Investments

At June 30, 2017, the County had the following investments and maturities:

Investment Type	Valuation	Cost	Fair Value	Less than 6 Months	6-12 Months
	Measurement Method				
Commercial Paper:					
Abbey National	Fair Value - Level 2	\$994,841	\$1,000,000	\$1,000,000	\$ -
Bank Tokyo Mitsubishi	Fair Value - Level 2	1,991,802	2,000,000	2,000,000	-
Collateralized CP CO	Fair Value - Level 2	1,365,643	1,375,000	1,375,000	-
Credit Agricole	Fair Value - Level 2	1,989,191	2,000,000	2,000,000	-
GE Capital	Fair Value - Level 2	1,838,614	1,855,000	1,855,000	-
GE Capital Treasury Services	Fair Value - Level 2	1,990,140	2,000,000	200,000	-
ING US Funding	Fair Value - Level 2	4,980,382	5,000,000	5,000,000	-
JP Morgan SECS 12/1./2017	Fair Value - Level 2	1,979,825	2,000,000	2,000,000	-
JP Morgan SECS 7/6/2017	Fair Value - Level 2	993,233	1,000,000	1,000,000	-
JP Morgan SECS 11/8/2017	Fair Value - Level 2	2,985,920	3,000,000	3,000,000	-
ING US Funding	Fair Value - Level 2	2,973,363	3,000,000	3,000,000	-
Korea Development Bank	Fair Value - Level 2	133,145	134,000	134,000	-
USAA Cap Corp	Fair Value - Level 2	95,965	96,000	96,000	-
US Bank Local Government Investment	Fair Value-Level 1	40,184,305	40,184,305	40,184,305	-
NC Cash Management Trust-Government Portfolio	Amortized Cost	48,253,883	48,253,883	N/A	N/A
NC Cash Management Trust-Term Portfolio*	Fair Value-Level 1	1,267,126	1,267,126	1,267,126	-
		<u>\$ 114,017,378</u>	<u>\$ 114,165,314</u>	<u>\$ 64,111,431</u>	<u>\$ -</u>

*Because of the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Mortgage backed securities categorized as Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations categorized as Level 3 are valued using consensus pricing. Venture capital investments categorized as Level 3 are valued using either a discounted cash flow or market comparable technique. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

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 nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2017, the County's investments in commercial paper were rated P1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a rating of AAAM by Standard & Poor's as of June 30, 2017. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard and Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County 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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

At September 30, 2016, the Hospital had the following investments and maturities.

Investment Type	2016				Allocation Percentage
	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	
Liquid Funds and Interest Receivable					
Cash and Cash equivalents	\$ 3,239,323	3,239,323	-	-	8.5%
Short Term bond index fund	17,197,007	-	17,197,007	-	44.9%
Federal Agency Obligations	549,730	-	549,730	-	1.4%
US Treasury Notes	5,446,571	1,265,317	1,973,112	2,208,142	14.2%
Total liquid funds and interest	<u>26,432,631</u>	<u>4,504,640</u>	<u>19,719,849</u>	<u>2,208,142</u>	
Equities					
Domestic - other trusted assets - bond	8,615,150	n/a			22.5%
Foreign - foreign other trusted assets -	2,884,638	n/a			7.5%
Other	337,481				0.9%
Total equities	<u>11,837,269</u>				
Total fair value	<u>\$ 38,269,900</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.

(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-.

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 \$38,269,900 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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 938,330	\$ 307,303	\$ 1,245,633
2014	1,063,239	252,519	1,315,758
2015	1,106,264	163,174	1,269,438
2016	1,116,000	64,170	1,180,170
	<u>\$ 4,223,833</u>	<u>\$ 787,166</u>	<u>\$ 5,010,999</u>

4. Receivables

Receivables at the government-wide level at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 20,693,492	\$ 5,744,148	\$ 115	\$ 26,437,755
Loans receivable	81,281	-	-	81,281
Total Receivables	20,774,773	5,744,148	115	26,519,036
Allowance for Doubtful Accounts	(16,297,335)	(4,244,470)	(115)	(20,541,920)
Total Governmental Activities	<u>\$ 4,477,438</u>	<u>\$ 1,499,678</u>	<u>\$ -</u>	<u>\$ 5,977,116</u>
Business-type Activities:				
Landfill	\$ 1,030,317	\$ -	\$ -	\$ 1,030,317
Airport	847,771	-	-	\$ 847,771
Total Receivables	1,878,088	-	-	1,878,088
Allowance for Doubtful Accounts	(460,774)	-	-	(460,774)
Total for Business-Type Activities	<u>\$ 1,417,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,417,314</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
Local option sales tax	\$ 9,554,689	\$ -	\$ 9,554,689
Sales tax refunds	2,656,550	75,398	2,731,948
Medicaid Hold Harmless	479,039	-	479,039
Franchise tax distribution	246,571	-	246,571
Vehicle Taxes NCVTS	800,140	-	800,140
Solid Waste taxes	-	109,939	109,939
Total	<u>\$ 13,736,989</u>	<u>\$ 185,337</u>	<u>\$ 13,922,326</u>

The Hospital's accounts receivable are presented net of the allowance for uncollectible accounts of \$28,749,046.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

5. Capital Assets

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

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 13,863,358	\$ 54,709	\$ -	\$ 133,189	\$ 13,784,878
Construction in progress	20,189,011	-	(7,389,386)	-	12,799,625
Total capital assets not being depreciated	34,052,369	54,709	(7,389,386)	133,189	26,584,503
Capital assets being depreciated					
Buildings	101,678,084	14,009,046	7,389,386	1,813,629	121,262,887
Improvements	16,908,185	754,908	-	1,478,729	16,184,364
Equipment	19,840,293	391,231	-	334,883	19,896,641
Computer Equipment	4,600,472	270,863	-	209,679	4,661,656
Vehicles	10,281,790	648,819	-	1,654,923	9,275,686
Heavy Equipment	278,923	-	-	34,579	244,344
Total capital assets being depreciated	153,587,747	16,074,867	7,389,386	5,526,422	171,525,578
Less accumulated depreciation for:					
Buildings	29,026,085	2,816,515	-	1,813,629	30,028,971
Improvements	11,882,981	402,081	-	1,367,554	10,917,508
Equipment	6,608,973	1,255,609	-	329,833	7,534,749
Computer equipment	4,625,656	221,821	-	171,865	4,675,612
Vehicles	7,845,080	909,030	-	1,515,307	7,238,803
Heavy Equipment	162,071	15,013	-	34,579	142,505
Total accumulated depreciation	60,150,846	\$ 5,620,069	\$ -	\$ 5,232,767	60,538,148
Total capital assets being depreciated, net	93,436,901				110,987,430
Governmental activity capital assets, net	<u>\$ 127,489,270</u>				<u>\$ 137,571,933</u>

Primary Government

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

Governmental activities:	
General government	\$1,235,301
Public Safety	3,844,282
Economic and physical development	15,472
Human services	157,568
Cultural and recreational	315,328
Environmental Protection	52,118
Total depreciation expense - governmental activities	<u>\$ 5,620,069</u>
Business-type activities	
Solid waste	\$956,653
Airport	\$367,856
Total depreciation expense - business-type activities	<u>\$ 1,324,509</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

	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	1,818,904	4,624,348	-	-	6,443,252
Total capital assets not being depreciated	3,102,985	4,624,348	-	-	7,727,333
Capital assets being depreciated					
Buildings	2,213,018	-	-	-	2,213,018
Improvements	22,140,108	-	-	-	22,140,108
Equipment	185,004	12,932	-	-	197,936
Computer equipment	4,848	-	-	-	4,848
Vehicles	786,791	12,750	34,063	51,737	781,867
Heavy Equipment	4,103,300	197,927	-	-	4,301,227
Total capital assets being depreciated	29,433,069	223,609	34,063	51,737	29,639,004
Less accumulated depreciation for:					
Buildings	2,097,743	5,740	-	-	2,103,483
Improvements	16,610,371	482,371	-	-	17,092,742
Equipment	184,117	8,615	(6,221)	-	186,511
Computer Equipment	4,848	-	-	-	4,848
Vehicles	684,237	71,191	34,064	51,737	737,755
Heavy Equipment	1,920,316	394,956	-	-	2,315,272
Total accumulated depreciation	21,501,632	\$ 962,873	\$ 27,843	\$ 51,737	22,440,611
Total capital assets being depreciated, net	7,931,437				7,198,393
Solid Waste capital assets, net	\$ 11,034,422				\$ 14,925,726
<u>Business-type activities:</u>					
Airport					
Capital assets not being depreciated:					
Land	\$275,415	\$ -	\$ -	\$ -	\$ 275,415
Construction in progress	47,800,530	1,833,825	(26,839,644)	515,725	22,278,986
Total capital assets not being depreciated	48,075,945	1,833,825	(26,839,644)	515,725	22,554,401
Capital assets being depreciated					
Buildings	1,931,115	-	26,839,644	-	28,770,759
Improvements	12,157,632	5,279	-	-	12,162,911
Equipment	290,795	37,311	-	4,537	323,569
Computer equipment	54,331	-	-	-	54,331
Vehicles	1,334,635	25,181	-	78,870	1,280,946
Heavy Equipment	138,503	-	-	-	138,503
Total capital assets being depreciated	15,907,011	67,771	26,839,644	83,407	42,731,019
Less accumulated depreciation for:					
Buildings	1,070,040	117,087	-	-	1,187,127
Improvements	9,449,987	213,619	-	-	9,663,606
Equipment	273,000	16,294	-	4,537	284,757
Computer Equipment	37,916	12,170	-	-	50,086
Vehicles	1,317,446	8,686	-	78,870	1,247,262
Heavy Equipment	138,503	-	-	-	138,503
Total accumulated depreciation	12,286,892	\$ 367,856	\$ -	\$ 83,407	12,571,341
Total capital assets being depreciated, net	3,620,119				30,159,678
Airport capital assets, net	\$ 51,696,064				\$ 52,714,079

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017. 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	20,601,893	100,049
Discovery gardens	866,242	787,647	78,595
Sylvester House Preservation	100,000	16,600	83,400
800 MHZ Infrastructure	12,122,152	11,736,265	385,887
Sneads Ferry Library & Education Center	4,596,580	4,518,135	78,445
Jail Demolition	1,022,908	912,739	110,169
Vehicle Maintenance Building	4,914,987	4,618,127	296,860
CHS Building	20,406,130	19,003,153	1,402,977
Courthouse	20,000,000	5,388,455	14,611,545
Burton Park IDF	1,804,500	1,667,709	136,791
Justice Complex Improvements	1,850,000	1,535,438	314,562
Health Dept Demolition & Parking Lot	3,290,000	609,916	2,680,084
Burton Park Shell Building	1,434,924	992,002	442,922
Total	<u>\$ 94,365,365</u>	<u>\$ 73,560,428</u>	<u>\$ 20,804,937</u>

Enterprise Fund Commitments

Project	Budget	Spent-to-date	Remaining Commitment
Solid Waste Projects	\$ 7,792,090	\$ 6,443,253	\$ 1,348,837
Airport Improvement Projects	53,811,322	49,213,933	4,597,389
Airport Projects	-	-	-
Total	<u>\$ 61,603,412</u>	<u>\$ 55,657,186</u>	<u>\$ 5,946,226</u>

School Fund Commitment

Project	Budget	Spent-to-date	remaining commitment
Dixon Middle School	\$ 28,752,517	\$ 27,304,133	\$ 1,448,384
Richlands Elementary School	24,038,557	7,422,282	16,616,275
Regional Skills Training Center	5,000,000	168,574	4,831,426
Total	<u>\$ 57,791,074</u>	<u>\$ 34,894,989</u>	<u>\$ 22,896,085</u>

Onslow County, North Carolina
Notes to the Financial Statements
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Discretely presented component units:

Capital asset activity for the ABC Board for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,454,553	\$ -	\$ -	\$ 2,454,553
Construction in progress	-	73,487	-	73,487
Total capital assets not being depreciated	2,454,553	73,487	-	2,528,040
Capital assets being depreciated				
Buildings	3,957,230	-	-	3,957,230
Furniture/Equipment	897,487	-	-	897,487
Vehicles	167,793	-	-	167,793
Leasehold Improvements	394,402	-	-	394,402
Total capital assets being depreciated	5,416,912	-	-	5,416,912
Less accumulated depreciation for:				
Buildings	1,339,530	113,516	-	1,453,046
Furniture/Equipment	844,752	34,187	-	878,939
Vehicles	87,293	20,125	-	107,418
Leasehold Improvements	101,959	17,208	-	119,167
Total accumulated depreciation	2,373,534	\$ 185,036	\$ -	2,558,570
Total capital assets being depreciated, net	3,043,378			2,858,342
ABC Board capital assets, net	<u>\$ 5,497,931</u>			<u>\$ 5,386,382</u>

Capital asset activity for the Hospital for the year ended September 30, 2016 was as follows:

	Beginning Balances	Transfers/ Additions	Transfers/ Deletions	Ending Balances
Capital assets being depreciated:				
Land Improvements	\$ 1,015,918	\$ -	\$ -	\$ 1,015,918
Buildings and Improvements	78,935,245	358,091	-	79,293,336
Equipment	65,252,025	8,103,140	(1,055,270)	72,299,895
Total capital assets being depreciated	145,203,188	8,461,231	(1,055,270)	152,609,149
Capital assets not being depreciated:				
Construction in progress	1,979,792	5,364,072	(3,741,739)	3,602,125
Land	5,237,024	-	-	5,237,024
Total capital assets not being depreciated	7,216,816	5,364,072	(3,741,739)	8,839,149
Less accumulated depreciation	(79,969,287)	(7,131,591)	1,027,101	(86,073,777)
Total capital assets	<u>\$ 72,450,717</u>	<u>\$ 6,693,712</u>	<u>\$ (3,769,908)</u>	<u>\$ 75,374,521</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

B. Liabilities

1. Payables

Payables at June 30, 2017 were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Customer Deposits</u>	<u>Other / Accrued Interst</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,395,778	\$ 3,328,062	\$ 1,368,456	\$ 1,219,958	\$ 9,312,254
Other Governmental Activities	<u>3,694,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,694,336</u>
Total Governmental Activities	<u>\$ 7,090,114</u>	<u>\$ 3,328,062</u>	<u>\$ 1,368,456</u>	<u>\$ 1,219,958</u>	<u>\$ 13,006,590</u>
Business-Type Activities:					
Solid Waste	\$ 251,202	\$ 71,779	\$ -	\$ 2,194	\$ 325,175
Airport	<u>171,842</u>	<u>82,046</u>	<u>-</u>	<u>-</u>	<u>253,887</u>
Total Business-Type Activities	<u>\$ 423,044</u>	<u>\$ 153,825</u>	<u>\$ -</u>	<u>\$ 2,194</u>	<u>\$ 579,062</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 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

Onslow County, North Carolina
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For the Fiscal Year Ended June 30, 2017

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, 2017 was 8.00% for law enforcement officers and 7.33% 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 \$3,671,074 for the year ended June 30, 2017. Contributions to the pension plan by the ABC Board were \$94,238 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$16,522,378 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on 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, 2016, the County's proportion was .7785% which was an increase of .00046% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$4,497,841. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 310,427	\$ 578,963
Changes of assumptions	1,131,635	\$ -
Net difference between projected and actual earnings on pension plan investments	9,134,794	-
Changes in proportion and difference between County contributions and proportionate share of contributions	289,202	79,279
County contributions subsequent to the measurement date	<u>3,671,074</u>	<u>-</u>
Total	<u>\$ 14,537,132</u>	<u>\$ 658,242</u>

\$3,671,074 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 1,592,544
2019	1,593,952
2020	4,407,856
2021	2,613,464
2022	-
Thereafter	-
	<u>\$ 10,207,816</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:	
Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Onslow County, North Carolina
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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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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 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:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	39,215,310	16,522,378	(2,432,447)

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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, 2017, the Board reported a liability of \$325,353 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Board’s proportion was .01533% which was an increase of .00059% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Board recognized pension expense of \$92,235. At June 30, 2017, 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	\$ 6,113	\$ 11,401
Changes of assumptions	22,284	-
Net difference between projected and actual earnings on pension plan investments	179,880	-
Changes in proportion and difference between County contributions and proportionate share of contributions	9,181	-
ABC Board's County contributions subsequent to the measurement date	94,238	-
Total	<u>\$ 311,696</u>	<u>\$ 11,401</u>

\$94,238 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, 2017. 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:	
2018	\$ 33,662
2019	33,658
2020	86,294
2021	52,443
2022	-
Thereafter	-
	<u>\$ 206,057</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 (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
ABC Board's proportionate share of the net pension liability (asset)	772,217	325,354	47,899

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan Members entitled to but not yet receiving benefits	12
Active plan members	<u>125</u>
	<u>137</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

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

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.71 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$216,432 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$3,071,164. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$258,950.

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	56,125
County benefit payments and plan administrative expenses made subsequent to the measurement date	<u>120,254</u>	<u>-</u>
Total	<u>\$ 120,254</u>	<u>\$ 56,125</u>

\$120,254 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ 10,983
2019	10,983
2020	10,983
2021	10,983
2022	10,983
Thereafter	<u>1,210</u>
	<u>\$ 56,125</u>

\$120,254 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.71 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71 percent) or 1-percentage-point higher (4.71 percent) than the current rate:

	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
Total pension liability	\$3,310,235	\$3,071,164	\$2,853,114

**Schedule of Changes in total Pension Liability
Law Enforcement Officer's Special Separation Allowance**

Beginning balance	\$ 3,059,849
Changes for the year:	
Service cost	163,718
Interest on the total pension liability	105,825
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	-
Changes of assumption or other inputs	(67,108)
Benefit payments	(191,120)
Other changes	-
Net changes	11,315
Ending balance of the total pension liability	\$ 3,071,164

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 were \$2,999,565 which consisted of \$1,488,879 from the County and \$1,510,686 from the law enforcement officers and other employees.

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, 2017 were \$2,999,565, which consisted of \$1,488,879 from the County and \$1,510,686 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 \$19,207 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$415,405 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 2.22189% which was a decrease of .06152% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$27,316. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 444	\$ 5,377
Changes of assumptions	110,672	-
Net difference between projected and actual earnings on pension plan investments	711	-
Changes in proportion and difference between County contributions and proportionate share of contributions	12,760	446
County contributions subsequent to the measurement date	19,207	-
Total	\$ 143,794	\$ 5,823

\$19,207 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 50,878
2019	51,500
2020	21,031
2021	(4,645)
2022	-
Thereafter	-
	\$ 118,764

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Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:	
Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. 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.

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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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	(334,950)	(415,405)	(482,994)

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, 2015, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	105	13
Active plan members	398	55
Total	503	68

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.

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The current ARC rate is 7.63% of annual covered payroll. For the current year, the County contributed \$1,873,600 or 10.20% 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. 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	\$	1,647,418
Interest on net OPEB obligation		338,461
Adjustment to annual required contribution		<u>(470,512)</u>
Annual OPEB cost (expense)		1,515,367
Contributions made		<u>(1,873,600)</u>
Increase in net OPEB obligation		(358,233)
Net OPEB obligation, beginning of year		<u>8,461,525</u>
Net OPEB obligation, end of year	\$	<u><u>8,103,292</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, 2017 are as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$1,742,145	87.04%	\$7,742,530
2015	\$1,803,137	42.13%	\$8,758,162
2016	\$1,783,623	118.2%	\$8,461,525
2017	\$1,515,368	123.6%	\$8,103,293

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$17,888,747. The covered payroll (annual payroll of active employees covered by the plan) was \$20,667,698, and the ratio of the UAAL to the covered payroll was 86.6%. 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, 2015 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, 2015, 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.

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 at least thirty continuous years of creditable service with the Board. The Board pays the full cost of these benefit 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 Medicare D prescription drug insurance premiums. Also, the Board's retirees cannot purchase spouse or dependent coverage.

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Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

MEMBERSHIP		
Active Members		
General Employees		29
Covered Payroll	\$	939,038
Valuation Compensation	\$	991,095
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 4.85% of annual covered payroll. For the current year, the Board contributed \$25,119 or 2.67% 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	\$	48,093
Interest on net OPEB obligation		9,215
Adjustments to annual required contribution		(8,803)
Annual OPEB cost (expense)		48,505
Contributions made		(25,119)
Increase (decrease) in net OPEB obligation		23,386
Net OPEB obligation, beginning of year		230,372
Net OPEB obligation, end of year	\$	253,758

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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:

For Year Ended June30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$48,505	45.7%	\$253,758
2016	\$44,790	50.8%	\$230,372
2016	\$38,195	59.6%	\$208,318

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$710,828. The covered payroll (annual payroll of active employees covered by the plan) was \$939,038 and the ratio of the UAAL to the covered payroll 75.70%. 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, 2015 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 7.75% 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, 2015, was 30 years.

j. Onslow County Hospital Authority Retirement Plan

The Authority 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 Authority matches 50% of each employee's contribution up to a maximum of 3% of eligible earnings. Employees do not become vested in the Authority'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 Authority'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 \$878,000 for the year ended September 30, 2016.

During the fiscal year 2015, the Authority began making supplemental nonmatching contributions to the 403(b) retirement savings plan on behalf of employees with two or more years of service. Employees with more than two but less than 10 years of service receive a nonmatching contribution of 2% of eligible earnings. Employees with 10 or more years of service receive a nonmatching contribution of 3% of eligible earnings. This supplemental contribution was implemented to supplement the overall employee benefits program as a result of the termination of the pension plan during the year. The Authority recognized expense for nonmatching contributions related to fiscal year 2016 of \$1,054,072 for the year ended September 30, 2016. These supplemental nonmatching contributions will be made once annually and expected to be contributed to the 403(b) retirement savings plan by March 2016. Accordingly, accrued expenses as of September 30, 2016, include approximately \$769,000 related to these supplemental nonmatching contributions. Further, the fiduciary fund made supplemental contributions of \$1,168,123 to the plan during the year ended September 30, 2016.

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 \$10,060,662 reported as landfill closure and post-closure care liability at June 30, 2017 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 \$3,779,568. Final costs may be higher due to inflation, changes in technology, or changes in regulations. The remaining estimated cost of closure and post-closure care on the current landfill of \$1,170,386 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, 2017, the County has used approximately 89.58% of its landfill currently in operation.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

4. Deferred Outflows and Inflows of Resources

Government-wide - Exhibit 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 8,775,617	\$ -
Pensions - difference between expected and actual experience	310,871	584,340
Pensions - difference between projected and actual investment earnings	9,135,505	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	301,962	79,725
Pensions - change in assumptions	1,242,307	56,125
Contributions to pension plan in 2016-2017 fiscal year (LGERs ROD)	3,690,281	
Benefit payments / administrative costs paid subsequent to the measurement date (LEOSSA)	120,254	
State Grant - Regional Skills Training Center		4,836,806
Prepaid taxes not yet earned (General)	-	241,873
Reserve for loans		81,281
Total	<u>\$ 23,576,797</u>	<u>\$ 5,880,150</u>

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, 2017, as determined by the plan administrator.

The County is fully-insured for its employee dental insurance. The policy is provided by Ameritas Life Insurance Company of Lincoln, NE. 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-sustaining through premiums.

Onslow County, North Carolina
Notes to the Financial Statements
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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
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
2016	122,285	7,723,412	7,687,234	86,106
2017	86,106	7,437,366	7,503,795	152,535

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
2016	116	340,485	340,369	-
2017	-	536,702	537,053	351

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, 2017, 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.

7. Long-Term Obligations

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, 2017 are comprised of the following:

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	\$ 300,000
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	23,000
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	291,667
County Building executed on March 1, 2004 for a 15 year period at 3.90% with quarterly installments of principal of \$ 28,667 plus	172,000
Energy management executed June 14, 2007 for a 12 year period at 3.909% with quarterly principal payments plus accrued interest.	201,034
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	1,739,108
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>4,950,000</u>
	<u><u>\$ 7,676,809</u></u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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>
2018	\$ 1,686,127	\$ 186,966	\$ 1,873,093
2019	1,271,128	143,179	1,873,093
2020	984,777	114,179	1,414,307
2021	984,777	92,654	1,099,685
2022	550,000	70,400	1,077,431
2023-2026	2,200,000	140,800	2,961,200
Total minimum lease payments	<u>\$ 7,676,809</u>	<u>\$ 748,178</u>	10,298,809
Amount representing interest			748,178
Present value of net minimum lease payments			<u>\$ 9,550,631</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%

\$ 28,620,000

Premium on bonds issued 3,742,380

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

14,265,000

\$ 46,627,380

Debt service requirements to maturity are as follows

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>
2018	\$ 4,075,000	\$ 340,216	\$ 2,946,810
2019	4,115,000	340,216	1,654,200
2020	4,075,000	340,217	1,495,950
2021	4,050,000	340,216	1,324,300
2022	4,045,000	340,216	1,138,575
2023-2027	19,315,000	1,701,082	2,940,375
2028	3,210,000	340,217	91,350
Total	<u>\$ 42,885,000</u>	<u>\$ 3,742,380</u>	<u>\$ 11,591,560</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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%		4,185,000
Premium on bonds issued		2,219,493
Series 2015 Limited Obligation Bonds for Dixon Middle School, Consolidated Human Service Building & Vehicle Maintenance Building		
Total issue of \$46,965,000 Payments are due in December and June with interest from 1.10% to 3.86%		46,965,000
Premium on bonds interest		5,021,289
Series 2016 Limited Obligation Bonds for Richlands Elementary School, Courthouse, Consolidated Human Service Building Parking Lot & Justice Complex HVAV Replacement Total issue of \$42,865,000 Payments are due in December and June with interest from .91% to 2.95%		42,865,000
Premium on bonds interest		6,696,822
	<u>\$</u>	<u>137,987,604</u>

Debt service requirements to maturity are as follows

<u>Year Ending June 30</u>	Government Activities		
	Principal	Premium	Interest
2018	\$ 4,905,000	\$ 752,520	\$ 5,057,139
2019	5,885,000	752,520	4,896,506
2020	7,030,000	752,520	4,696,918
2021	7,045,000	752,520	4,400,719
2022	7,045,000	752,520	4,071,419
2023-2027	35,580,000	3,762,600	15,748,445
2028-2032	35,195,000	3,762,600	8,088,679
2033-2037	21,365,000	2,649,804	1,710,238
Total	<u>\$ 124,050,000</u>	<u>\$ 13,937,604</u>	<u>\$ 48,670,063</u>

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017 are comprised of the following individual issues and serviced by the General Fund:

\$975,000 Courthouse Refunding Bonds Series 2013 Payments are due December and June through 2018 with interest from 1% to 4.00%	\$	190,000
\$ 33,325,000 School Refunding Bonds Series 2013 Payments are due December and June through 2026 with interest from 3.00% to 5.00%		30,940,000
Premium on bond issue		4,464,491
\$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%		2,000,000
\$ 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%		22,870,000
Premium on bonds issued		<u>3,282,208</u>
Carrying value of bonds	\$	<u><u>63,746,699</u></u>

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

<u>Year Ending June 30</u>	Governmental Activities		
	Principal	Premium	Interest
2018	\$ 5,860,000	\$ 823,617	\$ 3,635,900
2019	5,700,000	823,617	2,195,375
2020	5,670,000	823,617	1,949,250
2021	5,635,000	823,616	1,704,300
2022	5,625,000	823,617	1,441,525
2023-2027	25,660,000	3,330,233	3,178,500
2028	1,850,000	298,382	27,750
Total	<u>\$ 56,000,000</u>	<u>\$ 7,746,699</u>	<u>\$ 14,132,600</u>

Onslow County, North Carolina
Notes to the Financial Statements
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At June 30, 2017, Onslow County has no bonds authorized by unissued and a legal debt margin of \$875,565,000.

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.

	\$ 780,000
	\$ 780,000

Special obligation debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 780,000	\$ 27,612
TOTAL	\$ 780,000	\$ 27,612

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 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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Debt related to Capital Activities – Of the total Governmental Activities debt listed only \$144,337,153 related to assets the County holds title. Restricted cash related to this debt amounts to \$46,334,413.

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term debt obligations for the fiscal year ended June 30, 2017:

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balances
Governmental Activities					
General obligation debt	\$61,830,000	\$ -	\$5,830,000	\$ 56,000,000	\$5,860,000
Premium on GO debt	8,570,016	299	823,616	7,746,699	823,617
Installment Purchase	9,679,296	-	2,002,487	7,676,809	1,686,127
Certificates of Participation	46,980,000	-	4,095,000	42,885,000	4,075,000
Premium on COP's	4,082,597	-	340,217	3,742,380	340,216
Limited Obligation Bonds	83,325,000	42,865,000	2,140,000	124,050,000	4,905,000
Premium on LOBS Debt	7,379,501	6,696,822	138,719	13,937,604	752,520
Net OPEB obligation	7,906,932	-	450,490	7,456,442	-
Compensated absences	3,288,500	727,368	-	4,015,868	-
Net pension liability (LEOSSA)	3,059,849	269,543	258,228	3,071,164	-
Net pension liability (LGERS)	3,345,824	12,381,827	-	15,727,651	-
Total	\$ 239,447,515	\$62,940,859	\$ 16,078,757	\$ 286,309,617	\$ 18,442,480
Business-type activities					
Special obligation bonds	\$1,535,000	\$ -	\$755,000	\$ 780,000	\$780,000
Accrued landfill closure cost	9,651,121	409,541	-	10,060,662	450,000
Net OPEB obligation	554,593	92,257	-	646,850	-
Compensated absences	185,721	65,397	-	251,118	62,779
Net pension liability (LGERS)	145,985	648,742	-	794,727	-
Total	\$12,072,420	\$1,215,937	\$755,000	\$12,533,357	\$1,292,779

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

A summary of long-term debt at September 30, 2016, is as follows:

\$42,417,244 FHA Insured Mortgage Loan, including interest at 3.1% through March 2036 secured by a first lien on the Hospital's leasehold interest in the Hospital property owned by Onslow County	\$ 41,786,008
Other	3,762,984
Total	\$ 45,548,992

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, 2016.

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.

In March 2016, the Hospital obtained approval from the Department of Housing and Urban Development (HUD) to proceed with a transaction to defease the 2006 HUD Revenue Bond. Accordingly, in May 2016, the Authority obtained a mortgage bank loan in the amount of \$42,417,244. The interest rate at September 30, 2016, was 3.1%. The net proceeds of this new financing arrangement were principally used to fund an escrow account in the amount of \$45,733,053 for the advance refunding of \$44,655,000 of outstanding borrowing related to the 2006 HUD Revenue Bond. The Hospital made \$4,290,000 of principal payments during 2016 prior to the defeasance. The 2006 HUD Revenue Bond was defeased. This reduced the Hospital’s interest rate from approximately 5% to a fixed rate of 3.1%. The difference between the reacquisition price and the net carrying amount of the old debt was immaterial. The Hospital maintains the HUD insurance on the new mortgage loan. The defeasane transaction resulted in the Hospital obtaining an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$6,000,000. As a result of this transaction, the Hospital defeased the 2006 HUD Revenue Bond by placing the proceeds of the new mortgage bank loan in an irrevocable trust account to provide for all future debt service payments on the 2006 HYD Revenue Bond. Accordingly, the trust account assets and the liability for the defeased bond are not included in the Hospital’s financial statements. At September 30, 2016, \$44,655,000 of the defeased bond remained outstanding; however, such bonds were retired on October 1, 2016.

The mortgage loan is secured by a first lien on the Hospital’s leasehold interest in the property and original buildings; the improvement thereon; and certain fixtures, equipment, and personal property of the Hospital. The Hospital is required to maintain specified financial qualitative covenants. The Hospital was in compliance with these covenants as of September 30, 2016.

Onslow County, North Carolina
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The Hospital's debt service requirements for outstanding long-term debt as of September 30, 2016, (over the next five years and in five-year increments thereafter), are as follows:

Year Ending September 30,	Principal	Interest
2017	\$ 2,820,139	\$ 1,366,981
2018	2,892,409	1,287,455
2019	2,905,142	1,287,455
2020	2,791,545	1,113,158
2021	2,879,668	1,025,035
2022-2026	12,017,083	3,989,523
2027-2031	14,029,038	1,977,567
2032-2036	5,213,968	156,094
Total	<u>\$ 45,548,992</u>	<u>\$ 12,203,268</u>

A summary of changes in debt during 2016 is as follows:

	Balance			Balance		Current Portion of Balances
	October 1, 2015	Increases	Decreases	September 30, 2016		
Hospital revenue bonds	\$ 48,945,000	\$ -	\$ 48,945,000	\$ -		
Premium on revenue bonds	588,745	-	588,745	-		
FHA insured mortgage loan	-	42,417,244	631,236	41,786,008		
Equipment loan	284,639	-	284,639	-		
Other	220,304	3,614,839	72,159	3,762,984		
Total component unit	<u>\$ 50,038,688</u>	<u>\$ 46,032,083</u>	<u>\$ 50,521,779</u>	<u>\$ 45,548,992</u>	<u>\$ 2,820,139</u>	

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, 2017 there were no outstanding bonds.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2017 for operating loans are as follows:

		Interfund	
		Receivables	Payables
General Fund	Benefit Fund	\$ 8,208	\$ -
	Capital Project Fund	713	-
	Grant Fund	27,445	-
Benefit Fund	General Fund	-	8,208
	Solid Waste Fund	1,636	-
	Airport Fund	-	978
Grant Fund	General Fund	-	27,445
Capital Project Fund	General Fund	-	713
Solid Waste Fund	Benefit Fund	-	1,636
Airport Fund	Benefit Fund	978	-
		\$ 38,980	\$ 38,980
Operating Transfers From/To Component Units:			
General Fund			
Component Units - discretely presented			
	Onslow County ABC Board	\$ 750,454	\$ -
Component Units - discretely presented			
	Onslow County ABC Board		
	General Fund	-	750,454
Total operating transfers - component units		\$ 750,454	\$ 750,454

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Workers Comp Fund	\$ -	\$ 300,000
Health Insurance Fund	-	831,915
Burton Park Fund	-	83,100
Capital Improvement Fund	-	78,309
Economic Development Fund	-	1,184,924
Capital Reserve Fund	916,887	-
Memorial Fund	-	10,000
Airport Fund	518,780	129,695
Capital Project Fund	-	300,000
Workers Comp Fund		
General Fund	300,000	-
Health Insurance Fund		
General Fund	831,915	-
Burton Park Fund		
General Fund	83,100	-
Capital Reserve Fund		
General Fund	-	916,887
Capital Improvement Fund		295,000
Economic Development Fund		
General Fund	1,184,924	-
Memorial Fund		
General Fund	10,000	-
Capital Improvement Fund		
General Fund	78,309	-
Capital Reserve Fund	295,000	-
Capital Project Fund		
General Fund	300,000	-
Solid Waste Fund		
Solid Waste Project Fund	-	-
Solid Waste Project Fund		
Solid Waste	-	-
Airport Operations		
General Fund	129,695	518,780
Airport Construction	259,390	-
Airport Construction		
Airport Operations		259,390
Total operating transfers-other funds	\$ 4,908,000	\$ 4,908,000

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

The purposes for the transfers above are as follows:

The General Fund and Solid Waste Fund have advanced funds to the Benefit Fund to cover eligible employee benefits.

The General Fund has advanced funds to the Grant Fund for reimbursable grant purchases.

The General Fund advanced funds to the School Construction Fund 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	<u>\$ 78,840,525</u>
Less:	
Inventory and prepaids	562,492
Stabilization by State Statute	17,868,076
Appropriated Fund Balance in 2018 budget	20,139,611
Health Programs	3,344,123
Adoption Programs	-
Drug Enforcement	217,971
Occupancy Tax	2,007,201
Economic Development	174,450
Disaster Contingency	5,123,066
Capital improvements	22,782,786
Other Employee Benefits	980,345
LEOSSA Special Separation Allowance	812,667
Workers' compensation insurance	578,069
Remaining Fund Balance	<u>\$ 4,249,668</u>

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.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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

	General Fund	Non-Major Funds
Encumbrances	\$941,083	\$429,962

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 \$4,237,566 and \$2,586,025 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2017. 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, 2017. 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 Eastern 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 \$19,731 to the Council during the fiscal year ended June 30, 2017. The County was the sub recipient of various grants totaling \$676,640 from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture that was passed through the Council.

Onslow County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

	Federal	State
Special Supplemental Food Program for Women, Infants and Children	\$ 4,849,057	\$ -
Medical Assistance	115,688,718	60,815,990
Food Stamp Program	33,553,032	
IV-E Adoptions Subsidy Payments	453,585	114,763
IV-E Foster Care Maximization	4,949	
IV-E Foster Care	223,479	55,914
IV-E Foster Care in Excess	331,885	86,283
IV-E Foster Care Administration to CCI	253,997	126,998
Temporary Assistance for Needy Families	560,352	-
CWS Adoption Subsidy Payments	-	488,687
Foster Care at Risk Maximization	-	12,143
Special Assistance to Adults (SC/SA Domiciliary Care)	-	610,948
State Foster Home Facility Maximization	-	366,789
State Foster Home	-	285,387

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. Operating Lease

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
2018	\$ 114,667
2019	57,331
	\$ 171,998

NOTE VIII. Subsequent Event

Management has evaluated subsequent events through February 28, 2018, the date on which the financial statements were available to be issued.

NOTE X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$3,128,342. The County also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

Subsequent to the issuance of the Hospital's fiscal 2015 financial statements, the Hospital's management determined that the beginning of the year balance of net position reflected in the statement of revenues, expenses and changes in net position required restatement to correct the accounting for other post-employment benefits (OPEB) obligation liability. Historically, healthcare benefits were provided to retirees on a pay-as-you-go basis. The Hospital determined that such OPEB benefits should be accounted for in accordance with Governmental Accounting Standards Board (GASB) No. Statement 45. As a result, net position as of October 1, 2015 has been restated to reflect a reduction of \$8,152,697 to record the liability for other post-employment benefits.

NOTE XI. New Governmental Accounting Standards

The Governmental Accounting Standards Board has issued statements that will become effective in 2018. The statements address:

- OPEB – accounting and financial reporting by employers;
- Split-interest agreements;
- Various practice issues (Omnibus) and;
- Certain debt extinguishment issues.

Onslow County is currently evaluating the effects that these statements will have on its 2018 financial statements.

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTAL

FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll 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 Changes in Total Pension Liability

	2017
Beginning balance	\$ 3,059,849
Changes for the Year	
Service Cost	163,718
Interest on the total pension liability	105,825
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(67,108)
Benefit payments	(191,120)
Other changes	-
	11,315
Net Changes	11,315
Ending balance of the total pension liability	\$ 3,071,164

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

Schedule 2
Onslow County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll

		2017
Total pension liability	\$	3,071,164
County's covered-employee payroll	\$	6,623,826
Total pension liability as a percentage of covered payroll		46.37%

Notes to the Schedules:

Onslow County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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)
12/31/2015	\$ -	\$ 17,888,747	\$ 17,888,747	0.00%	\$ 20,667,698	86.60%
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%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2014	\$ 1,859,451	81.55%
2015	1,920,736	39.55%
2016	1,920,736	109.75%
2017	1,647,418	113.73%

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	12/31/15
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 rate	2022
* 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.779%	0.778%	0.722%	0.747%
County's proportionate share of the net pension liability (asset) \$	\$ 16,522,378	\$ 3,491,809	\$ (4,255,843)	\$ 9,000,602
County's covered-employee payroll	\$ 49,949,756	\$ 42,225,701	\$ 38,191,416	\$ 37,331,335
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.08%	8.27%	-11.14%	24.11%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,671,074	\$ 3,143,116	\$ 2,700,127	\$ 2,639,887
Contributions in relation to the contractually required contribution	<u>3,671,074</u>	<u>3,143,116</u>	<u>2,700,127</u>	<u>2,639,887</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 49,949,756	\$ 42,225,701	\$ 38,191,416	\$ 37,331,335
Contributions as a percentage of covered-employee payroll	7.35%	7.44%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.219%	2.283%	2.278%	2.454%
County's proportionate share of the net pension liability (asset) \$	\$ (415,405)	\$ (529,157)	\$ (516,372)	\$ (524,266)
County's covered-employee payroll	\$ 63,226	\$ 273,641	\$ 263,098	\$ 269,519
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-657.02%	-193.38%	-196.27%	-194.52%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	94.35%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,207	\$ 18,272	\$ 18,601	\$ 19,055
Contributions in relation to the contractually required contribution	<u>19,207</u>	<u>18,272</u>	<u>18,601</u>	<u>19,055</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 63,226	\$ 263,098	\$ 263,098	\$ 269,519
Contributions as a percentage of covered-employee payroll	30.38%	6.94%	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, 2017

	General Fund	Workers Comp Fund	Burton Industrial Park Fund	Benefit Fund	Reserve	Disaster Contingency Fund	Capital Improvement	LEO Separation Allowance	Health Insurance Fund	Totals
ASSETS										
Cash and investments	\$ 33,984,424	\$ 948,420	\$ 170,319	\$ 280,749	\$ 25,333,400	\$ 5,123,066	\$ 545,991	\$ 812,667	\$ 2,313,606	\$ 69,512,642
Accounts receivable, net	5,815,264	-	-	-	45,797	8,394	-	-	-	5,869,455
Due from other funds	36,366	-	-	1,637	-	-	-	-	-	38,003
Due from other governments	12,534,433	-	495	-	-	-	11,730	-	-	12,546,658
Inventories	186,416	-	-	-	-	-	-	-	-	186,416
Prepaid expenditures	376,076	-	-	-	-	-	-	-	-	376,076
Total assets	\$ 52,932,979	\$ 948,420	\$ 170,814	\$ 282,386	\$ 25,379,197	\$ 5,131,460	\$ 557,721	\$ 812,667	\$ 2,313,606	\$ 88,529,250
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable and accrued liabilities	\$ 7,075,063	\$ 351	\$ 19,197	\$ 272,844	\$ -	\$ -	\$ 37,272	\$ -	\$ 533,261	\$ 7,937,988
Due to other funds	-	-	-	9,186	-	-	-	-	-	9,186
Total liabilities	7,075,063	351	19,197	282,030	-	-	37,272	-	533,261	7,947,174
DEFERRED INFLOWS OF RESOURCES	1,741,551	-	-	-	-	-	-	-	-	1,741,551
Fund balances:										
Nonspendable										
Inventory and prepaid expenditures	562,492	-	-	-	-	-	-	-	-	562,492
Restricted										
Stabilization by State Statute	17,827,468	-	495	1,637	45,797	8,394	11,730	-	-	17,895,521
Health programs	3,344,123	-	-	-	-	-	-	-	-	3,344,123
Adoption programs	0	-	-	-	-	-	-	-	-	-
Drug enforcement	217,971	-	-	-	-	-	-	-	-	217,971
Occupancy Tax	2,007,201	-	-	-	-	-	-	-	-	2,007,201
Economic Development	174,450	-	-	-	-	-	-	-	-	174,450
Committed										
Disaster Contingency	-	-	-	-	-	5,123,066	-	-	-	5,123,066
Capital Improvements	-	-	93,922	-	22,373,972	-	314,892	-	-	22,782,786
Other Employee Benefits	-	-	-	-	-	-	-	-	980,345	980,345
Workers' Compensation Insurance	-	578,069	-	-	-	-	-	-	-	578,069
LEO Special Separation Allowance	-	-	-	-	-	-	-	812,667	-	812,667
Assigned										
Subsequent year expenditures	15,759,156	370,000	57,200	-	2,959,428	-	193,827	-	800,000	20,139,611
Unassigned	4,223,504	-	-	(1,281)	-	-	-	-	-	4,222,223
Total equity	44,116,365	948,069	151,617	356	25,379,197	5,131,460	520,449	812,667	1,780,345	78,840,525
Total liabilities, deferred inflows of resources, and fund balances	\$ 52,932,979	\$ 948,420	\$ 170,814	\$ 282,386	\$ 25,379,197	\$ 5,131,460	\$ 557,721	\$ 812,667	\$ 2,313,606	\$ 88,529,250

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, 2017

	General	Workers Comp Fund	Burton Industrial Park	Benefit Fund	Reserve	Disaster Contingency Fund	Capital Improvement	LEO LEO Separation	Health Insurance Fund	Totals
Revenues:										
Ad valorem taxes	\$ 93,509,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,509,432
Local option sales taxes	42,089,627	-	-	-	-	-	-	-	-	42,089,627
Other taxes and licenses	3,100,073	-	-	-	-	-	-	-	-	3,100,073
Unrestricted intergovernmental	2,138,830	-	-	-	-	-	-	-	-	2,138,830
Restricted intergovernmental	28,077,253	-	-	-	1,567,129	-	-	293,179	8,898,811	38,836,372
Permits and fees	2,852,625	-	-	-	-	-	-	-	-	2,852,625
Sales and services	9,448,836	-	-	-	-	-	-	-	-	9,448,836
Investment Earning	219,541	2,613	435	160	158,626	32,902	2,784	1,441	501	419,003
Other revenues	891,822	354,454	-	-	-	-	-	-	148,599	1,394,875
Total revenues	182,328,039	357,067	435	160	1,725,755	32,902	2,784	294,620	9,047,911	193,789,673
Expenditures										
General Government	15,497,043	-	-	-	-	-	-	-	9,253,148	24,750,191
Public safety	35,874,341	-	-	-	-	-	-	216,432	-	36,090,773
Transportation	273,784	-	-	-	-	-	-	-	-	273,784
Economic and Physical Development	2,509,527	-	52,486	-	-	-	-	-	-	2,562,013
Human Services	46,909,201	-	-	-	-	-	-	-	-	46,909,201
Environmental protection	441,254	-	-	-	-	-	-	-	-	441,254
Cultural and recreational	4,258,693	-	-	-	-	-	-	-	-	4,258,693
Workers' Comp	-	665,777	-	-	-	-	-	-	-	665,777
Intergovernmental										
Education	56,535,827	-	-	-	-	-	-	-	-	56,535,827
Capital Projects	-	-	-	-	-	-	861,070	-	-	861,070
Debt service:										
Principal	14,067,486	-	-	-	-	-	-	-	-	14,067,486
Interest and other charges	9,154,534	-	-	-	-	-	-	-	-	9,154,534
Total expenditures	185,521,690	665,777	52,486	-	-	-	861,070	216,432	9,253,148	196,570,603
Revenues over (under) expenditures	(3,193,651)	(308,710)	(52,051)	160	1,725,755	32,902	(858,286)	78,188	(205,237)	(2,780,930)
Other financing sources:										
Sale of fixed assets	419,649	-	-	-	-	-	-	-	-	419,649
Transfers from (to) other funds	(1,482,276)	300,000	83,100	-	(1,211,887)	-	373,309	-	831,915	(1,105,839)
Total other financing sources	(1,062,627)	300,000	83,100	-	(1,211,887)	-	373,309	-	831,915	(686,190)
Revenues and other financing sources over (under) expenditures	(4,256,278)	(8,710)	31,049	160	513,868	32,902	(484,977)	78,188	626,678	(3,467,120)
FUND BALANCES, beginning of year	48,372,643	956,779	120,568	196	24,865,329	5,098,558	1,005,426	734,479	1,153,667	82,307,645
FUND BALANCES, end of year	\$ 44,116,365	\$ 948,069	\$ 151,617	\$ 356	\$ 25,379,197	\$ 5,131,460	\$ 520,449	\$ 812,667	\$ 1,780,345	\$ 78,840,525

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 92,002,017	\$ 92,929,423		\$ 91,201,019
Penalties and interest	600,000	580,009		626,219
Total	92,602,017	93,509,432	\$ 907,415	91,827,238
Local option sales taxes:				
Article 39 one percent	12,510,906	11,944,161		11,940,066
Article 40 one-half of one percent	10,352,265	10,639,419		10,250,113
Article 42 one-half of one percent	8,343,600	8,192,433		8,059,051
Article 44 one-half of one percent	-	700,686		60,624
Article 46 one-half of one percent	4,419,645	4,877,277		4,669,481
Medicaid Hold Harmless	4,500,000	5,735,651		4,698,140
Total	40,126,416	42,089,627	1,963,212	39,677,475
Other taxes and licenses:				
Deed stamp excise tax	650,000	886,889		720,052
Motor vehicles taxes	380,000	342,891		360,064
Occupancy and tourism tax	1,650,000	1,860,433		1,732,715
Privilege licenses	16,000	9,860		12,485
Total	2,696,000	3,100,073	404,073	2,825,316
Unrestricted intergovernmental :				
Beer and wine tax	450,000	497,187		481,682
Cablevision fees	1,000,000	950,186		947,846
ABC Profit distribution	550,000	691,457		821,292
Total	2,000,000	2,138,830	138,830	2,250,820
Restricted intergovernmental:				
Onslow County ABC Board:				
Law enforcement	60,000	58,997		71,779
Lottery Proceeds - School Capital Outlay	-	-		3,171,574
Social service	22,628,515	19,961,436		20,784,663
Health department	3,325,321	4,271,681		3,238,004
Mental health	100,000	131,349		146,634
Council on Aging	695,825	685,512		699,077
Federal grants	130,900	306,299		85,977
State grants	733,524	604,266		578,538
Local grants	1,000,442	1,003,593		1,047,960
Court facility fees	330,000	306,798		327,507
Library	252,216	263,451		248,092
Youth services	461,664	427,787		455,084
Drug enforcement revenues	35,000	56,084		38,438
Total	29,753,407	28,077,253	(1,676,154)	30,893,327

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Permits and fees:				
Clerk of Court fees	\$ 295,200	\$ 309,226		\$ 309,386
Building permits and inspection fees	1,067,150	1,082,809		982,980
Register of deeds	810,000	912,028		857,000
Elections fees	-	5		3,858
Environmental Health inspections	415,842	446,860		354,669
Other fees	101,620	101,697		101,562
Total	2,689,812	2,852,625	162,813	2,609,455
Sales and services:				
Rescue Squad	3,855,668	3,307,123		3,729,766
Library fees	138,360	151,443		153,951
Rents and other	169,170	192,371		195,173
Sheriff's department fees	1,164,300	1,655,697		1,495,108
Health department fees	868,815	689,298		953,350
Animal services fees	232,676	222,407		239,067
DSS fees	-	3,550		700
Senior services fees	3,669,700	2,937,944		3,249,586
Recreation fees	306,454	280,003		275,574
Farmers Market	-	9,000		-
Total	10,405,143	9,448,836	(956,307)	10,292,275
Investment earnings	80,000	219,541	139,541	137,191
Miscellaneous:				
Other revenues	810,570	891,822	81,252	826,358
Total revenues	181,163,365	182,328,039	1,164,675	181,339,455
Expenditures				
General Government:				
Governing body				
Salaries and employee benefits	214,987	212,246		205,947
Other operating expenditures	118,463	110,297		124,445
Capital Outlay	-	-		-
Total	333,450	322,543	10,907	330,392
Administration:				
Salaries and employee benefits	575,832	535,491		677,052
Other operating expenditures	56,551	42,204		58,203
Capital Outlay	-	-		-
Total	632,383	577,695	54,688	735,255

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Elections:				
Salaries and employee benefits	\$ 444,813	\$ 427,555		\$ 403,011
Other operating expenditures	236,648	161,549		224,617
Capital outlay	-	-		-
Total	681,461	589,104	92,357	627,628
Finance:				
Salaries and employee benefits	713,347	698,962		622,055
Other operating expenditures	57,272	51,540		71,462
Total	770,619	750,502	20,117	693,517
Legal:				
Salaries and employee benefits	-	-		368,254
Other operating expenditures	322,190	197,814		121,978
Total	322,190	197,814	124,376	490,232
Jury selection:				
Salaries and employee benefits	2,775	213		1,905
Other operating expenditures	21,300	13,015		14,420
Total	24,075	13,228	10,847	16,325
Taxes:				
Salaries and employee benefits	1,706,352	1,646,793		1,672,994
Other operating expenditures	761,295	738,396		683,316
Capital outlay	-	-		-
Total	2,467,647	2,385,189	82,458	2,356,310
Facilities and maintenance:				
Salaries and employee benefits	1,240,398	1,192,467		1,216,770
Other operating expenditures	564,544	464,845		471,255
Capital outlay	-	-		-
Total	1,804,942	1,657,312	147,630	1,688,025
Communications:				
Salaries and employee benefits	118,434	120,728		34,030
Other operating expenditures	43,180	13,927		1,750
Total	161,614	134,655	26,959	35,780
Court facilities:				
Other operating expenditures	251,955	209,384	42,571	209,071
Purchasing:				
Salaries and employee benefits	325,202	305,782		304,818
Other operating expenditures	79,050	(1,587)		62,377
Capital outlay	28,511	24,246		48,298
Total	432,763	328,441	104,322	415,493

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Register of Deeds:				
Salaries and employee benefits	\$ 402,387	\$ 399,732		\$ 396,662
Other operating expenditures	34,145	23,392		32,507
Capital outlay	-	-		-
Total	436,532	423,124	13,408	429,169
Information Technology Systems:				
Salaries and employee benefits	1,321,960	1,294,761		1,073,410
Other operating expenditures	1,991,076	1,816,128		1,702,261
Capital outlay	211,605	146,605		71,354
Total	3,524,641	3,257,494	267,147	2,847,025
Revaluation:				
Salaries and employee benefits	269,851	246,625		238,148
Other operating expenditures	193,739	136,977		56,975
Total	463,590	383,602	79,988	295,123
District Attorney:				
Other operating expenditures	57,825	55,528	2,297	55,621
Probation Office:				
Other operating expenditures	65,542	64,512	1,030	62,868
Public Works Garage:				
Salaries and employee benefits	635,229	561,380		521,034
Other operating expenditures	129,278	164,107		54,572
Capital outlay	34,570	17,735		7,300
Total	799,077	743,222	55,855	582,906
Planning:				
Salaries and employee benefits	310,746	282,919		279,347
Other operating expenditures	38,929	31,776		38,080
Capital Outlay	-	-		-
Total	349,675	314,695	34,980	317,427
Human Resources:				
Salaries and employee benefits	584,235	531,976		577,461
Other operating expenditures	233,636	177,017		150,743
Capital outlay	8,897	8,896		9,575
Total	826,768	717,889	108,879	737,779

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Non-departmental:				
Professional fees	\$ 238,231	\$ 205,600		\$ 249,389
Salaries and employee benefits	538,458	178,774		24,800
Contingency	-	-		-
Wellness Clinic	1,009,858	770,858		847,010
Insurance	885,000	823,229		915,269
Tax refunds	102,727	102,726		39,339
Other expenditures	957,214	289,923		248,535
Capital outlay	10,500	-		15,000
Contributions to municipalities	-	-		-
Total	3,741,988	2,371,110	1,370,878	2,339,342
Total general government	18,148,737	15,497,043	2,651,694	15,265,288
Public Safety:				
Sheriff:				
Salaries and employee benefits	9,670,843	9,313,302		9,138,917
Other operating expenditures	1,290,715	1,109,925		1,096,052
Capital outlay	307,274	272,025		490,741
Total	11,268,832	10,695,252	573,580	10,725,710
Sheriff NARC funds	35,000	48,412	(13,412)	43,457
Jail:				
Salaries and employee benefits	6,703,065	6,460,544		6,075,882
Other operating expenditures	2,933,264	2,469,645		2,115,367
Capital outlay	27,845	27,811		-
Total	9,664,174	8,958,000	706,174	8,191,249
Communications:				
Salaries and employee benefits	1,618,549	1,580,958		1,529,900
Other operating expenditures	543,667	496,632		178,451
Capital outlay	58,635	51,410		-
Total	2,220,851	2,129,000	91,851	1,708,351
Emergency management:				
Salaries and employee benefits	433,669	427,182		478,756
Other operating expenditures	132,546	102,619		69,476
Capital outlay	60,000	21,711		-
Total	626,215	551,512	74,703	548,232
Fire and Rescue Commission:				
Assistance to volunteer fire & rescue	2,818,027	2,818,027		2,982,062
Operating expenses	17,667	20,490		24,427
Total	2,835,694	2,838,517	(2,823)	3,006,489

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Code Enforcement:				
Salaries and employee benefits	\$ 787,280	\$ 736,839		\$ 810,797
Other operating expenditures	70,014	51,225		55,576
Capital outlay	-	-		-
Total	857,294	788,064	69,230	866,373
Animal services:				
Salaries and employee benefits	959,734	859,344		812,169
Other operating expenditures	461,861	342,096		414,819
Pet Smart Grant	6,999	6,462		-
Capital outlay	38,962	38,962		89,228
Total	1,467,556	1,246,864	220,692	1,316,216
Medical examiner:				
Professional services	100,000	140,900	(40,900)	177,700
Onslow E.M.S.:				
Salaries and employee benefits	6,045,364	5,829,877		5,539,350
Other operating expenditures	1,301,454	1,071,383		1,035,509
Capital outlay	345,897	230,325		330,270
Total	7,692,715	7,131,585	561,130	6,905,129
Emergency Responders:				
Salaries and employee benefits	1,053,488	1,011,130		869,988
Other operating expenditures	265,304	182,487		205,778
Capital outlay	-	-		7,027
Total	1,318,792	1,193,617	125,175	1,082,793
Bear Creek Station 2:				
Salaries and employee benefits	95,763	93,693		58,460
Other operating expenditures	71,626	57,347		39,202
Capital outlay	2,267	1,578		68,441
Total	169,656	152,618	17,038	166,103
National Night Out contribution	-	-	-	-
Total public safety	38,256,779	35,874,341	2,382,438	34,737,802

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Transportation:				
OUTS grant and county funding	\$ 273,784	\$ 273,784	\$ -	\$ 252,469
Total transportation	273,784	273,784	-	252,469
Economic and Physical Development:				
Tourism:				
Other operating expenditures	1,361,025	1,007,419		1,154,305
Capital outlay	-	-		-
Total	1,361,025	1,007,419	353,606	1,154,305
Agriculture extension:				
Salaries and employee benefits	54,603	59,617		5,928
Other operating expenditures	434,348	361,885		368,188
Capital outlay	-	-		-
Total	488,951	421,502	67,449	374,116
Soil and water conservation:				
Salaries and employee benefits	179,455	164,861		158,320
Other operating expenditures	22,091	13,519		10,853
Total	201,546	178,380	23,166	169,173
Land use management:				
Salaries and employee benefits	716,467	666,233		644,416
Other operating expenditures	172,373	61,993		105,717
Capital outlay	-	-		-
Total	888,840	728,226	160,614	750,133
Contributions	174,000	174,000	-	175,000
Total economic and physical development	3,114,362	2,509,527	604,835	2,622,727
Human Services:				
Consolidated Human Services Admin:				
Salaries and employee benefits	208,759	209,741		207,784
Other operating expenditures	11,160	10,293		20,080
Total Consolidated Human Services	219,919	220,034	(115)	227,864
Health:				
Administration:				
Salaries and employee benefits	399,969	386,100		367,472
Other operating expenditures	337,878	270,250		364,399
Capital outlay	1,050	0		69,295
Total	738,897	656,350	82,547	801,166

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
AIDS Education:				
Salaries and employee benefits	\$ 14,929	\$ 13,600		\$ 12,533
Other operating expenditures	4,160	3,422		3,590
Total	19,089	17,022	2,067	16,123
Communicable diseases:				
Salaries and employee benefits	394,826	320,792		336,466
Other operating expenditures	40,865	29,383		29,266
Capital outlay	-	-		-
Total	435,691	350,175	85,516	365,732
Immunization:				
Salaries and employee benefits	372,739	331,707		293,506
Other operating expenditures	318,347	196,671		289,322
Total	691,086	528,378	162,708	582,828
MCH Evid Base Strategy:				
Other operating expenditures	-	-		20,000
Total	-	-	-	20,000
Triple P:				
Other operating expenditures	24,620	24,596		30,441
Total	24,620	24,596	24	30,441
W.I.C. breast feeding:				
Salaries and employee benefits	29,551	25,670		20,325
Other operating expenditures	22,750	9,714		13,984
Total	52,301	35,384	16,917	34,309
W.I.C.:				
Salaries and employee benefits	33,819	30,796		28,551
Other operating expenditures	9,260	6,717		7,832
Total	43,079	37,513	5,566	36,383
W.I.C. nutrition:				
Salaries and employee benefits	314,788	261,083		264,622
Other operating expenditures	21,342	12,925		19,500
Total	336,130	274,008	62,122	284,122
W.I.C. client services:				
Salaries and employee benefits	1,139,816	1,039,175		1,016,903
Other operating expenditures	81,269	53,629		72,205
Capital Outlay	-	-		-
Total	1,221,085	1,092,804	128,281	1,089,108
W.I.C. breast feeding peer counselor:				
Salaries and employee benefits	60,156	56,259		44,996
Other operating expenditures	3,844	710		4,030
Total	64,000	56,969	7,031	49,026

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Environmental health:				
Salaries and employee benefits	\$ 1,360,691	\$ 1,263,617		\$ 1,294,134
Other operating expenditures	121,319	113,554		88,833
Capital outlay	15,145	-		28,788
Total	1,497,155	1,377,171	119,984	1,411,755
Bioterrorism:				
Salaries and employee benefits	36,121	34,370		30,654
Other operating expenditures	23,184	25,782		24,119
Capital outlay	-	-		-
Total	59,305	60,152	(847)	54,773
Tuberculosis:				
Salaries and employee benefits	135,496	135,946		110,899
Other operating expenditures	8,135	5,268		5,087
Total	143,631	141,214	2,417	115,986
Maternal Care Coordination:				
Salaries and employee benefits	356,341	352,853		350,684
Capital outlay	17,400	13,798		13,657
Total	373,741	366,651	7,090	364,341
Health promotions:				
Salaries and employee benefits	378,919	364,874		349,276
Other operating expenditures	84,473	51,607		52,475
Capital outlay	2,500	-		-
Total	465,892	416,481	49,411	401,751
Child health:				
Salaries and employee benefits	127,036	108,170		110,557
Other operating expenditures	109,792	107,496		107,743
Capital outlay	-	-		-
Total	236,828	215,666	21,162	218,300
Women's preventive health:				
Salaries and employee benefits	526,992	481,767		506,504
Other operating expenditures	96,562	80,344		80,345
Total	623,554	562,111	61,443	586,849

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Child service coordination:				
Salaries and employee benefits	\$ 423,394	\$ 400,641		\$ 387,766
Other operating expenditures	21,345	18,642		15,751
Total	444,739	419,283	25,456	403,517
Maternal health:				
Salaries and employee benefits	631,601	595,720		582,561
Other operating expenditures	63,129	43,892		57,054
Total	694,730	639,612	55,118	639,615
LEAP-Diabetes Program:				
Salaries and employee benefits	193,118	24,884		107,328
Other operating expenditures	8,456	3,511		59,198
Total	201,574	28,395	173,179	166,526
Medical Reserve Corp:				
Other operating expenditures	-	-		-
Total	-	-	-	-
Total health	8,367,127	7,299,935	1,067,192	7,672,651
Social services:				
Administration:				
Salaries and employee benefits	1,582,096	1,313,056		1,286,113
Other operating expenditures	1,299,521	1,073,883		1,014,663
Capital outlay	23,155	22,480		49,381
Total	2,904,772	2,409,419	495,353	2,350,157
Day care:				
Salaries and employee benefits	-	-		-
Assistance payments	8,669,980	8,243,616		8,288,753
Other operating expenditures	567,458	570,463		529,642
Total	9,237,438	8,814,079	423,359	8,818,395
Public assistance:				
Medical assistance payments	660,000	637,684	22,316	613,468
Medicaid unit:				
Salaries and employee benefits	5,939,662	5,508,089		4,390,266
Other operating expenditures	766,928	514,117		651,858
Total	6,706,590	6,022,206	684,384	5,042,124
Work first employment services:				
Salaries and employee benefits	498,644	485,263		537,785
Other operating expenditures	189,000	140,658		136,240
Total	687,644	625,921	61,723	674,025

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	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Child support enforcement IV-D:				
Other operating expenditures	\$ 1,584,044	\$ 1,422,101	\$ 161,943	\$ 1,394,801
Child protective services:				
Salaries and employee benefits	7,394,768	7,362,225		6,270,285
Other operating expenditures	3,901,752	3,437,083		2,970,669
Total	11,296,520	10,799,308	497,212	9,240,954
Smart Start adolescent parenting:				
Salaries and employee benefits	153,066	132,216		138,007
Other operating expenditures	3,729	814		868
Total	156,795	133,030	23,765	138,875
PEERS program:				
Salaries and employee benefits	252,491	230,893		185,969
Other operating expenditures	2,504	2,740		4,112
Total	254,995	233,633	21,362	190,081
Parent Education Enhancement:				
Salaries and employee benefits	63,382	56,285		49,501
Other operating expenditures	2,101	435		477
Total	65,483	56,720	8,763	49,978
DSS - Special Children Adoptions:				
Other operating expenditures	24,094	64	24,030	1,441
Crisis intervention:				
Operating expenditures	1,110,114	1,013,418	96,696	1,109,149
Juvenile Crime Prevention:				
Operating expenditures	4,760	4,323	437	14,498
Youth services:				
Salaries and employee benefits	37,432	37,399		25,176
Other operating expenditures	151,566	106,983		144,876
Total	188,998	144,382	44,616	170,052
Restitution program:				
Salaries and employee benefits	174,064	173,950		157,691
Other operating expenditures	49,281	37,233		31,753
Total	223,345	211,183	12,162	189,444
SHARP Program:				
Other operating expenditures	42,813	35,243	7,570	18,305

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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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
School Treatment Program:				
Salaries and employee benefits	\$ 83,654	\$ 83,609		\$ 78,491
Other operating expenditures	69,909	56,355		54,792
Capital outlay	-	-		-
Total	153,563	139,964	13,599	133,283
Day Services:				
Salaries and employee benefits	87,367	87,308		77,272
Other operating expenditures	21,658	18,091		17,777
Total	109,025	105,399	3,626	95,049
Total social services	35,410,993	32,808,077	2,602,916	30,244,079
Senior Services:				
Administration:				
Salaries and employee benefits	783,706	729,516		736,321
Other operating expenditures	88,675	71,350		88,261
Capital outlay	-	-		-
Total	872,381	800,866	71,515	824,582
Adult Day Care:				
Salaries and employee benefits	126,176	111,897		118,156
Other operating expenditures	5,718	4,616		4,649
Total	131,894	116,513	15,381	122,805
Transportation - nutritional:				
Other operating expenditures	199,315	174,866	24,449	176,893
Transportation - medical:				
Other operating expenditures	17,000	15,226	1,774	18,781
Home Delivered Meals:				
Salaries and employee benefits	39,924	45,247		36,457
Other operating expenditures	171,247	73,400		84,655
Total	211,171	118,647	92,524	121,112
In home chore (IIIB):				
Salaries and employee benefits	1,047,117	1,006,342		858,193
Other operating expenditures	63,381	56,592		72,928
Total	1,110,498	1,062,934	47,564	931,121
CAP - Chore:				
Salaries and employee benefits	348,046	350,173		321,600
Other operating expenditures	72,354	68,720		86,859
Total	420,400	418,893	1,507	408,459

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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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Title IIIID:				
Other operating expenditures	\$ 7,207	\$ 6,412	\$ 795	\$ 7,074
Congregate meals:				
Salaries and employee benefits	77,976	84,327		71,251
Other operating expenditures	179,172	164,885		160,529
Total	257,148	249,212	7,936	231,780
Senior Center:				
Other operating expenditures	14,795	14,629	166	16,677
Home health:				
Salaries and employee benefits	1,015,612	971,841		924,865
Other operating expenditures	1,576,986	1,120,899		1,684,532
Total	2,592,598	2,092,740	499,858	2,609,397
Hospice:				
Salaries and employee benefits	200,088	185,639		200,013
Other operating expenditures	92,460	66,727		86,766
Total	292,548	252,366	40,182	286,779
Outreach Coordination:				
Other operating expenditures	7,902	7,338	564	4,499
Total Senior Services	6,134,857	5,330,642	804,215	5,759,959
Veteran's Services:				
Salaries and employee benefits	383,109	373,489		367,929
Other operating expenditures	14,427	10,510		14,537
Total	397,536	383,999	13,537	382,466
Other Human Services:				
Other contributions	866,514	866,514	-	868,884
Total human services	51,396,946	46,909,201	4,487,745	45,155,903
Environmental Protection:				
Vector control:				
Salaries and employee benefits	265,663	268,697		257,668
Other operating expenditures	79,820	51,580		67,587
Capital Outlay	-	-		41,000
Total	345,483	320,277	25,206	366,255
Contribution to NC Forestry Service	149,000	120,977	28,023	115,740
Total environmental protection	494,483	441,254	53,229	481,995

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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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Cultural and Recreational:				
Recreation and parks:				
Salaries and employee benefits	\$ 1,404,010	\$ 1,351,466		\$ 1,278,026
Other operating expenditures	365,565	348,428		330,958
Capital outlay	-	-		49,035
Total	1,769,575	1,699,894	69,681	1,658,019
Library:				
Salaries and employee benefits	1,074,630	990,126		944,438
Other operating expenditures	406,114	376,406		370,279
Capital outlay	43,508	43,607		-
Total	1,524,252	1,410,139	114,113	1,314,717
Museum:				
Salaries and employee benefits	280,099	258,657		248,408
Other operating expenditures	51,866	42,460		46,677
Total	331,965	301,117	30,848	295,085
Swansboro library:				
Salaries and employee benefits	195,511	177,404		161,299
Other operating expenditures	89,395	78,404		85,040
Capital outlay	-	-		-
Total	284,906	255,808	29,098	246,339
Sneads Ferry library:				
Salaries and employee benefits	209,507	199,994		181,093
Other operating expenditures	156,192	136,947		124,583
Capital outlay	-	-		-
Total	365,699	336,941	28,758	305,676
Richlands library:				
Salaries and employee benefits	203,107	185,149		156,990
Other operating expenditures	65,223	59,745		64,287
Capital outlay	-	-		-
Total	268,330	244,894	23,436	221,277
Contributions	9,900	9,900	-	10,000
Total cultural and recreational	4,554,627	4,258,693	295,934	4,051,113

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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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Education:				
Public schools - current	\$ 46,751,506	\$ 46,712,236		\$ 45,055,326
Public schools - capital outlay	3,000,000	3,000,000		2,575,000
Community colleges - current	4,237,566	4,237,566		3,981,968
Community colleges - capital outlay	2,586,025	2,586,025		2,962,500
Total education	56,575,097	56,535,827	39,270	54,574,794
Debt service:				
Principal	14,067,486	14,067,486		13,983,748
Interest and fees	9,617,150	9,154,534		8,250,653
Total debt service	23,684,636	23,222,020	462,616	22,234,401
Total expenditures	196,499,451	185,521,690	10,977,761	179,376,492
Revenues over expenditures	(15,336,086)	(3,193,651)	12,142,435	1,962,963
Other financing sources (uses):				
Proceed from refunding of bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of fixed assets	70,000	419,649	349,649	114,717
Transfers from other funds	2,771,145	1,435,667	(1,335,478)	671,119
Transfers to other funds	(4,110,448)	(2,917,943)	1,192,505	(5,882,590)
Total	(1,269,303)	(1,062,627)	206,676	(5,096,754)
Revenues and other financing sources over expenditures and other financing uses	\$ (16,605,389)	\$ (4,256,278)	\$ 12,349,111	\$ (3,133,791)
Appropriated fund balance	16,605,389	-	(16,605,389)	-
Revenues, other financing sources, and appropriated fund balance under expenditures and other financing uses	\$ -	(4,256,278)	\$ (4,256,278)	(3,133,791)
Fund balance, beginning		48,372,643		51,506,434
Fund balance, end of year		\$ 44,116,365		\$ 48,372,643

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ 2,613	\$ 2,613	\$ 1,011
Other Revenues	-	354,454	354,454	-
Total Revenues	-	357,067	357,067	1,011
Expenditures:				
Workers' Comp Fund	670,000	665,777	4,223	458,758
Revenues over (under) expenditures	(670,000)	(308,710)	361,290	(457,747)
Other financing sources (uses):				
Transfers from other funds	300,000	300,000	-	900,000
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	300,000	300,000	-	900,000
Revenues and other financing sources over (under) expenditures and other financing uses	(370,000)	(8,710)	361,290	442,253
Appropriated fund balance	370,000	-	(370,000)	-
Revenues, other financing sources, and appropriated fund balance under expenditures and other financing uses	<u>\$ -</u>	<u>(8,710)</u>	<u>\$ (8,710)</u>	442,253
Fund balance, beginning of year		956,779		514,526
Fund balance, end of year	\$	948,069	\$	956,779

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 435	\$ 435	\$ 146
Other Revenues	-	-	-	-
Total Revenues	-	435	435	146
Expenditures:				
Economic and Physical Development	108,100	52,486	55,614	115,446
Revenues over (under) expenditures	(108,100)	(52,051)	56,049	(115,300)
Other financing sources (uses):				
Transfers from other funds	108,100	83,100	(25,000)	187,500
Sales of fixed assets	-	-	-	-
Total other financing sources (uses)	108,100	83,100	(25,000)	187,500
Revenues and other financing sources over (under) expenditures and other financing uses	-	31,049	31,049	72,200
Appropriated fund balance	-	-	-	-
Revenues, other financing sources, and appropriated fund balance under expenditures and other financing uses	<u>\$ -</u>	<u>31,049</u>	<u>\$ 31,049</u>	<u>72,200</u>
Fund balance, beginning of year		120,568		48,368
Fund balance, end of year	\$	151,617	\$	120,568

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 160	\$ 160	\$ 34
Expenditures:				
Other Expenses	-	-	-	-
Revenues over (under) expenditures	-	160	160	34
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>	160	<u>\$ 160</u>	34
Fund balance, beginning of year		196		162
Fund balance, end of year		\$ 356		\$ 196

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted Intergovernmental	\$ 1,646,000	\$ 1,567,129	\$ (78,871)	\$ -
Investment earnings	-	158,626	158,626	74,216
Total revenues	1,646,000	1,725,755	79,755	74,216
Expenditures:				
Other Expenses	-	-	-	-
Revenues over (under) expenditures	1,646,000	1,725,755	79,755	74,216
Other financing sources (uses):				
Transfers from other funds	823,449	-	(823,449)	1,811,774
Transfers to other funds	(3,370,814)	(1,211,887)	2,158,927	(296,141)
Total other financing sources (uses)	(2,547,365)	(1,211,887)	(2,982,376)	1,515,633
Revenues and other financing sources over expenditures and other uses	(901,365)	513,868	1,415,233	1,589,849
Appropriated fund balance	901,365	-	(901,365)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	513,868	<u>\$ 513,868</u>	1,589,849
Fund balance, beginning of year		24,865,329		23,275,480
Fund balance, end of year		\$ 25,379,197		\$ 24,865,329

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 32,902	\$ 32,902	\$ 18,816
Total Revenues	-	32,902	32,902	18,816
Revenues over expenditures	<u>\$ -</u>	<u>32,902</u>	<u>\$ 32,902</u>	18,816
Fund balance, beginning of year		5,098,558		5,079,742
Fund balance, end of year		\$ 5,131,460		\$ 5,098,558

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 2,784	\$ 2,784	\$ 1,441
Total revenues	-	2,784	2,784	1,441
Expenditures:				
Capital projects				
Roofing	45,000	34,287	10,713	8,489
Parking lots	56,100	23,012	33,088	-
Regional park improvements	36,300	29,543	6,757	62,355
HVAC replacement	45,000	32,790	12,210	124,304
MPC improvements	-	-	-	25,956
Museum improvements	50,000	-	50,000	-
Courthouse Security	90,000	82,200	7,800	-
Carpet replacements	50,000	49,018	982	40,005
Beach access repairs	99,280	46,859	52,421	85,320
Superior Courthouse improvements	-	-	-	3,300
Old courthouse floor renovations	-	-	-	2,000
Summersill improvements	-	-	-	3,575
SFSSNS improvements	11,870	11,885	(15)	19,873
General Improvements	772,328	551,476	220,852	310,356
Total expenditures	1,255,878	861,070	394,808	685,533
Revenues over (under) expenditures	(1,255,878)	(858,286)	397,592	(684,092)
Other financing sources (uses):				
Transfer to Other Funds	-	-	-	-
Transfer from Other Funds	444,280	373,309	(70,971)	1,082,299
Total other financing sources (uses)	444,280	373,309	(70,971)	1,082,299
Revenues and other financing sources over (under) expenditures and other financing uses	(811,598)	(484,977)	326,621	398,207
Appropriated Fund Balance	811,598	-	(811,598)	-
Revenue, other financing sources, and appropriated fund balance over (under) expenditures and financing uses	<u>\$ -</u>	<u>(484,977)</u>	<u>\$ (484,977)</u>	398,207
FUND BALANCES, beginning of year		1,005,426		607,219
FUND BALANCES, end of year		\$ 520,449		\$ 1,005,426

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted Intergovernmental	\$ 9,768,656	\$ 8,898,811	\$ (869,845)	\$ 7,569,021
Investment earnings	-	501	501	2,522
Other Revenues	86,000	148,599	62,599	110,144
Total Revenues	9,854,656	9,047,911	(806,745)	7,681,687
Expenditures:				
Benefits Paid	9,704,656	7,898,206	1,806,450	7,770,440
Administrative Expenses	1,850,000	1,354,942	495,058	1,233,013
Total Expenditures	11,554,656	9,253,148	2,301,508	9,003,453
Revenues over (under) expenditures	(1,700,000)	(205,237)	1,494,763	(1,321,766)
Other financing sources (uses):				
Transfers from other funds	900,000	831,915	(68,085)	795,697
Total other financing sources (uses)	900,000	831,915	(68,085)	795,697
Revenues and other financing sources over (under) expenditures	(800,000)	626,678	1,426,678	(526,069)
Appropriated Fund Balance	800,000	-	(800,000)	-
Revenue, other financing sources, and appropriated fund balance over (under) expenditures and financing uses	<u>\$ -</u>	<u>626,678</u>	<u>\$ 626,678</u>	<u>(526,069)</u>
Fund balance, beginning of year		1,153,667		1,679,736
Fund balance, end of year		\$ 1,780,345		\$ 1,153,667

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.

Economic Development Fund – accounts for funds used for economic development purposes

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

Schedule 18
Onslow County, North Carolina
Non-Major Governmental Funds – Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	Memorial	Emergency Telephone System Fund	Register of Deeds	Grant Project Fund	Economic Development	Community Assistance	Totals
ASSETS							
Cash and investments	\$ 7,454	\$ 861,165	\$ 451,178	\$ -	\$ 229,909	\$ 27,259	\$ 1,576,965
Accounts receivable	-	-	-	-	-	81,281	81,281
Due from other governments	1,430	17,115	3,338	28,722	20,234	-	70,839
Total assets	\$ 8,884	\$ 878,280	\$ 454,516	\$ 28,722	\$ 250,143	\$ 108,540	\$ 1,729,085
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 933	\$ 35,123	\$ 1,106	\$ 57,221	\$ -	\$ 94,383
Due to other funds	-	-	-	27,445	-	-	27,445
Total liabilities	-	933	35,123	28,551	57,221	-	121,828
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	81,281	81,281
Fund balances:							
Restricted							
Stabilization by State Statute	1,430	17,115	3,338	28,722	20,234	-	70,839
Register of Deeds	-	-	386,955	-	-	-	386,955
Emergency Services	-	838,832	-	-	-	-	838,832
Grant Project	-	-	-	-	-	-	-
Committed							
Public Safety	-	-	-	-	-	-	-
Economic Development	-	-	-	-	172,688	-	172,688
Community Assistance	-	-	-	-	-	11,059	11,059
Assigned							
Subsequent year's expenditures	7,454	21,400	29,100	-	-	16,200	74,154
Unassigned	-	-	-	(28,551)	-	-	(28,551)
Total equity	8,884	877,347	419,393	171	192,922	27,259	1,525,976
Total liabilities, deferred inflows of resources and fund balances	\$ 8,884	\$ 878,280	\$ 454,516	\$ 28,722	\$ 250,143	\$ 108,540	\$ 1,729,085

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, 2017

	Memorial	Emergency Telephone System Fund	Register of Deeds	Grant Project	Economic Development	Community Assistance	Totals
Revenues:							
E-911 fees	\$ -	\$ 359,114	\$ -	\$ -	\$ -	\$ -	\$ 359,114
Grant revenue	-	-	-	426,740	-	-	426,740
Investment earnings	5	3,193	1,675	-	-	2,342	7,215
Other revenues	11,742	-	106,503	-	-	16,787	135,032
Total revenues	11,747	362,307	108,178	426,740	-	19,129	928,101
Expenditures							
Professional services	24,258	227	-	-	7,636	1,392	33,513
Operating expenditures	-	166,418	83,519	-	-	27,686	277,623
Equipment maintenance	-	174,516	-	-	-	-	174,516
Capital outlay	-	-	-	242,467	984,366	-	1,226,833
Total expenditures	24,258	341,161	83,519	242,467	992,002	29,078	1,712,485
Revenues over (under) expenditures	(12,511)	21,146	24,659	184,273	(992,002)	(9,949)	(784,384)
Other financing sources:							
Transfers from (to) other funds	10,000	-	-	-	1,184,924	-	1,194,924
Total other financing sources	10,000	-	-	-	1,184,924	-	1,194,924
Revenues and other financing sources over (under) expenditures	(2,511)	21,146	24,659	184,273	192,922	(9,949)	410,540
FUND BALANCES, beginning of year	11,395	856,201	394,734	(184,102)	-	37,208	1,115,436
FUND BALANCES, end of year	\$ 8,884	\$ 877,347	\$ 419,393	\$ 171	\$ 192,922	\$ 27,259	\$ 1,525,976

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Donations	\$ 7,000	\$ 11,742	\$ 4,742	\$ 61,854
Investment earnings	-	5	5	20
Total revenues	7,000	11,747	4,747	61,874
Expenditures:				
General improvements	28,624	24,258	4,366	108,317
Total expenditures	28,624	24,258	4,366	108,317
Revenues over (under) expenditures	(21,624)	(12,511)	9,113	(46,443)
Other financing sources (uses)				
Transfer from other funds	10,000	10,000	-	15,000
Revenues and other financing sources over (under) expenditures and other financing uses	(11,624)	(2,511)	9,113	(31,443)
Appropriated Fund Balance	11,624	-	(11,624)	-
Revenue, other financing sources, and appropriated fund balance over (under) expenditures and financing uses	<u>\$ -</u>	(2,511)	<u>\$ (2,511)</u>	(31,443)
Fund balance, beginning of year		11,395		42,838
Fund balance, end of year		\$ 8,884		\$ 11,395

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental:				
Wireless E-911 fees	\$ 324,625	\$ 359,114	\$ 34,489	\$ 393,272
Investment earnings	-	3,193	3,193	1,359
Total revenues	324,625	362,307	37,682	394,631
Expenditures:				
Public Safety				
Professional services	2,000	227	1,773	1,115
Operating expenditures	159,725	166,418	(6,693)	160,415
Equipment maintenance	221,700	174,516	47,184	152,770
Capital outlay	14,465	-	14,465	89,500
Debt Service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	397,890	341,161	56,729	403,800
Revenues over (under) expenditures	(73,265)	21,146	94,411	(9,169)
Fund balance appropriated	73,265	-	(73,265)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	21,146	\$ 21,146	(9,169)
Fund balance, beginning of year		856,201		865,370
Fund balance, end of year		\$ 877,347		\$ 856,201

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Permits and fees	\$ 75,750	\$ 106,503	\$ 30,753	\$ 104,131
Investment earnings	-	1,675	1,675	600
Total revenues	75,750	108,178	32,428	104,731
Expenditures:				
Automation expenditures	87,490	83,519	3,971	61,509
Capital outlay	-	-	-	-
Total expenditures	87,490	83,519	3,971	61,509
Revenues over (under) expenditures	(11,740)	24,659	36,399	43,222
Appropriated fund balance	11,740	-	(11,740)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	24,659	<u>\$ 24,659</u>	43,222
Fund balance, beginning of year		394,734		351,512
Fund balance, end of year		<u>\$ 419,393</u>		<u>\$ 394,734</u>

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, 2017

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental					
JAG 2014 Federal Grant	\$ 23,099	\$ 20,956	\$ -	\$ 20,956	\$ (2,143)
JAG 2015 Federal Grant	13,893	-	13,255	13,255	(638)
JAG 2016 Federal Grant	13,235	-	12,922	12,922	(313)
Federal Grant CFDA 97.067	8,800	-	7,562	7,562	(1,238)
EOC Grant	115,014	113,175	-	113,175	(1,839)
Regional Park Improvement Grant	400,000	15,743	375,384	391,127	(8,873)
Stream/Creek Clean up State Grant	17,617	-	17,617	17,617	-
Total Revenue	591,658	149,874	426,740	576,614	(15,044)
Expenditures					
Capital Expenditures					
JAG 2014 Federal Grant	23,099	20,956	-	20,956	2,143
JAG 2015 Federal Grant	13,893	-	13,255	13,255	638
JAG 2016 Federal Grant	13,235	-	12,922	12,922	313
Federal Grant CFDA 97.067	8,800	-	8,765	8,765	35
EOC Grant	115,014	111,801	-	111,801	3,213
Regional Park Improvement Grant	400,000	183,602	207,525	391,127	8,873
Stream/Creek Clean Up State Grant	17,617	17,617	-	17,617	-
Total Capital Expenditures	591,658	333,976	242,467	576,443	15,215
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (184,102)</u>	184,273	<u>\$ 171</u>	<u>\$ 171</u>
FUND BALANCES, beginning of year				(184,102)	
FUND BALANCES, end of year				\$ 171	

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, 2017
With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues				
State grant-CWMTF	\$ -	\$ -	\$ -	\$ -
Loan repayments	-	16,392	(16,392)	12,203
Interest on loan payments	-	2,342	(2,342)	1,432
Miscellaneous Revenue	-	395	(395)	18
Total revenues	-	19,129	(19,129)	13,653
Expenditures				
Legal Fees	4,000	1,392	2,608	-
Septic system repair program	27,000	27,686	(686)	36,561
Total Expenditures	31,000	29,078	1,922	36,561
Revenues over (under) expenditures	(31,000)	(9,949)	(17,207)	(22,908)
Appropriated fund balance	31,000	-	31,000	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	(9,949)	\$ 13,793	(22,908)
FUND BALANCES, beginning of year		37,208		60,116
FUND BALANCES, end of year	\$	27,259	\$	37,208

Schedule 25
Onslow County, North Carolina
Economic Development Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental					
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	250,000	-	-	-	(250,000)
Total revenue	250,000	-	-	-	(250,000)
Expenditures					
Economic Development					
Professional services	174,000	-	7,636	7,636	166,364
Capital Outlay - Building	1,260,924	-	984,366	984,366	276,558
Total expenditures	1,434,924	-	992,002	992,002	442,922
Revenues over (under) expenditures	(1,184,924)	-	(992,002)	(992,002)	192,922
Other financing sources:					
Transfers from (to) other funds	1,184,924	-	1,184,924	1,184,924	-
Total other financing sources	1,184,924	-	1,184,924	1,184,924	-
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	192,922	<u>\$ 192,922</u>	<u>\$ 192,922</u>
FUND BALANCES, beginning of year					-
FUND BALANCES, end of year			\$ 192,922		

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:

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

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

Schedule 26
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, 2017

	Project Authorization			Actual			Variance Positive (Negative)
	Prior Years	Amendments	June 30, 2017	Prior Years	Current Year	Total to Date	
Revenues							
Restricted intergovernmental:							
State grant	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -	\$ 168,574	\$ 168,574	\$ (4,831,426)
Investment earnings	-	-	-	49,164	105,764	154,928	154,928
Total revenues	-	5,000,000	5,000,000	49,164	274,338	323,502	(4,676,498)
Expenditures							
Dixon Middle School	28,752,517	-	28,752,517	12,166,049	15,138,084	27,304,133	1,448,384
Regional Skills Center	-	5,000,000	5,000,000	-	168,574	168,574	4,831,426
Richlands Elementary School	25,344,251	(1,305,694)	24,038,557	951,792	6,470,490	7,422,282	16,616,275
Total expenditures	54,096,768	3,694,306	57,791,074	13,117,841	21,777,148	34,894,989	22,896,085
Revenues over (under) expenditures	(54,096,768)	1,305,694	(52,791,074)	(13,068,677)	(21,502,810)	(34,571,487)	18,219,587
Other financing sources (uses):							
Proceeds from issuance of debt	54,096,768	(1,305,694)	52,791,074	28,752,517	24,124,939	52,877,456	86,382
Total other financing sources (uses)	54,096,768	(1,305,694)	52,791,074	28,752,517	24,124,939	52,877,456	86,382
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,683,840</u>	2,622,129	<u>\$ 18,305,969</u>	<u>\$ 18,305,969</u>
FUND BALANCES, beginning of year				15,683,840			
FUND BALANCES, end of year				\$ 18,305,969			

Schedule 27
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, 2017

	Project Authorization			Actual			Variance Positive (Negative)
	Prior Years	Amendments	June 30, 2017	Prior Years	Current Year	Total to Date	
Revenues:							
Restricted intergovernmental							
Federal grants	\$ 1,243,875	\$ -	\$ 1,243,875	\$ -	\$ -	\$ -	\$ (1,243,875)
State grants	71,011	-	71,011	67,407	-	67,407	(3,604)
Local grants	25,491	-	25,491	-	-	-	(25,491)
Total restricted	1,340,377	-	1,340,377	67,407	-	67,407	(1,272,970)
Unrestricted intergovernmental							
Other income	25,500	-	25,500	40,574	-	40,574	15,074
Investment earnings	75,250	-	75,250	251,449	118,799	370,248	294,998
Total unrestricted	100,750	-	100,750	292,023	118,799	410,822	310,072
Total revenues	1,441,127	-	1,441,127	359,430	118,799	478,229	(962,898)
Expenditures							
Capital projects							
Government Center Public Buildings	20,701,942	-	20,701,942	20,363,272	238,621	20,601,893	100,049
Vehicle Maintenance Building	4,914,987	-	4,914,987	3,018,418	1,599,710	4,618,128	296,859
Sneads Ferry Library	4,596,580	-	4,596,580	4,518,135	-	4,518,135	78,445
Cultural and Recreational	-	-	-	-	617	617	(617)
USMC Museum	700,000	-	700,000	574,159	-	574,159	125,841
Discovery Gardens	866,242	-	866,242	471,377	316,270	787,647	78,595
Sylvester House Preservation	100,000	-	100,000	16,600	-	16,600	83,400
OPP Restroom Redevelopment	103,802	-	103,802	103,801	-	103,801	1
Burton Park Infrastructure	1,804,500	-	1,804,500	122,802	1,544,907	1,667,709	136,791
Tax Software	1,255,000	-	1,255,000	1,172,349	-	1,172,349	82,651
800 MHZ Infrastructure	12,122,152	-	12,122,152	11,712,346	23,918	11,736,264	385,888
Courthouse Construction	20,000,000	-	20,000,000	965,218	4,423,237	5,388,455	14,611,545
Jail Demolition	1,022,908	-	1,022,908	912,739	-	912,739	110,169
Coastal Carolina College Maintenance	5,577,092	-	5,577,092	5,558,578	-	5,558,578	18,514
E&P Development-Waterway Maintenance	986,164	300,000	1,286,164	626,523	-	626,523	659,641
Health & Service Building	20,406,130	-	20,406,130	8,293,950	10,709,203	19,003,153	1,402,977
Justice Complex Improvements	1,700,000	150,000	1,850,000	-	1,535,438	1,535,438	314,562
Health Dept. Demolition and Parking Lot	3,290,000	-	3,290,000	-	609,916	609,916	2,680,084
Total expenditures	100,147,499	450,000	100,597,499	58,430,267	21,001,837	79,432,104	21,165,395
Revenues over (under) expenditures	(98,706,372)	(450,000)	(99,156,372)	(58,070,837)	(20,883,038)	(78,953,875)	20,202,497
Other financing sources (uses):							
Proceeds from issuance of debt	90,328,876	-	90,328,876	65,409,142	25,436,883	90,846,025	517,149
Transfers from other funds	8,377,496	450,000	8,827,496	8,544,695	300,000	8,844,695	17,199
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	98,706,372	450,000	99,156,372	73,953,837	25,736,883	99,690,720	534,348
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ 15,883,000	4,853,845	\$ 20,736,845	\$ 20,736,845
FUND BALANCES, beginning of year						15,883,000	
FUND BALANCES, end of year						\$ 20,736,845	

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.

Airport Fund – accounts for operations at Albert J. Ellis Airport

Onslow County, North Carolina

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2017

With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Charges for services				
Tipping fees	4,158,596	\$ 4,627,909	\$ 469,313	\$ 4,407,162
Debris fees	1,200,000	844,799	(355,201)	887,650
Site fees	300,000	309,965	9,965	270,372
Other operating revenues	468,825	410,315	(58,510)	424,271
Total operating revenues	6,127,421	6,192,988	65,567	5,989,455
Nonoperating revenues				
Restricted intergovernmental	516,145	743,106	226,961	412,005
Investment earnings	30,000	52,180	22,180	28,265
Sale of fixed assets	-	-	-	(331,984)
Total nonoperating revenues	546,145	795,286	249,141	108,286
Total revenues	6,673,566	6,988,274	314,708	6,097,741
EXPENDITURES				
Solid Waste Administration				
Salaries and benefits	290,367	307,960		263,750
Contracted services	480	-		610
Other expenditures	165,005	55,851		56,527
Total	455,852	363,811	92,041	320,887
Landfill operations				
Salaries and benefits	783,894	920,383		788,994
Contracted services	58,500	52,920		43,092
Other expenditures	2,089,080	1,200,474		1,347,571
Total	2,931,474	2,173,777	757,697	2,179,657
Recycling				
Salaries and benefits	19,395	20,884		19,317
Contracted services	280,500	336,634		280,932
Other expenditures	35,833	23,721		27,240
Total	335,728	381,239	(45,511)	327,489
Electronics Recycling				
Contracted services	32,250	33,876		23,348
Other expenditures	-	118		-
Total	32,250	33,994	(1,744)	23,348
Refuse sites				
Salaries and benefits	354,941	375,962		340,939
Contracted services	265,000	337,377		324,892
Other expenditures	102,044	100,682		89,991
Total	721,985	814,021	(92,036)	755,822
Keep Onslow Beautiful				
Contracted services	7,200	7,609		455
Other expenditures	28,985	24,984		28,326
Total	36,185	32,593	3,592	28,781
White goods				
Salaries and benefits	68,222	63,454		57,718
Other expenditures	202,300	4,851		15,628
Total	270,522	68,305	202,217	73,346

Onslow County, North Carolina

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2017

With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Capital outlays	1,131,845	\$ 223,609	\$ 908,236	\$ 438,000
Debt service				
Bond principal	755,000	755,000	-	730,000
Interest and fees	54,340	55,022	(682)	81,309
Total	809,340	810,022	(682)	811,309
Total expenditures	6,725,181	4,901,371	1,823,810	4,958,639
Revenues over (under) expenditures	(51,615)	2,086,903	2,138,518	1,139,102
Other financing sources				
Transfers from (to) other funds	(502,090)	-	502,090	(1,012,090)
Revenues and other financing sources over (under) expenditures and other financing uses	(553,705)	2,086,903	2,640,608	127,012
Appropriated fund balance	553,705	-	(553,705)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	-	\$ 2,086,903	\$ 2,086,903	\$ 127,012
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		\$ 2,086,903		\$ 127,012
Reconciling items:				
Basis on disposal of assets		-		-
Debt principal		755,000		730,000
Capital outlay		223,609		438,000
Depreciation		(956,653)		(1,114,922)
Landfill Construction Project Fund				
Operating income from landfill projects		-		24,343
Operating costs from landfill projects		-		351,752
Transfer to landfill projects		-		1,012,090
Investment earnings from landfill projects		6,458		10,889
Contributions made to the pension plan in the current fiscal year		85,903		-
Pension Expense		(106,910)		(23,162)
Increase in compensated absences		(9,267)		-
Increase in other postemployment benefits		(2,409)		-
Increase in accrued interest payable		(2,194)		-
Increase in accrued landfill closure and postclosure care costs		(409,541)		(965,617)
Total reconciling items		(416,004)		463,373
Change in net position		\$ 1,670,899		\$ 590,385

Schedule 29
Onslow County, North Carolina
Landfill Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2017

	Project Authorization			Actual			Variance Positive (Negative)
	Prior Years	Amendments	June 30, 2017	Prior Years	Current Year	Total to Date	
Revenues:							
Other income	-	23,000	23,000	\$ 24,343	\$ -	\$ 24,343	\$ 1,343
Investment Earnings	22,000	-	22,000	23,761	6,458	30,219	8,219
Total Revenue	22,000	23,000	45,000	48,104	6,458	54,562	9,562
Expenditures							
Professional Services	-	-	-	-	-	-	-
General Improvements	7,267,000	525,090	7,792,090	1,818,904	4,624,349	6,443,253	1,348,837
Total Capital Expenditures	7,267,000	525,090	7,792,090	1,818,904	4,624,349	6,443,253	1,348,837
Revenues over (under) expenditures	(7,245,000)	(502,090)	(7,747,090)	(1,770,800)	(4,617,891)	(6,388,691)	1,358,399
Other financing sources (uses):							
Transfers from other funds	7,245,000	502,090	7,747,090	7,706,539	-	7,706,539	(40,551)
Total other financing sources (uses)	7,245,000	502,090	7,747,090	7,706,539	-	7,706,539	(40,551)
Revenue and other financing sources over (under) expenditures and financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,935,739</u>	<u>\$ (4,617,891)</u>	<u>\$ 1,317,848</u>	<u>\$ 1,317,848</u>
FUND BALANCES, beginning of year				5,935,739			
FUND BALANCES, end of year				\$ 1,317,848			

Onslow County, North Carolina

Airport Operations Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2017

With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Charges for services				
Rents	\$ 1,224,605	\$ 1,058,820	\$ (165,785)	\$ 876,379
Fees and parking	1,423,692	1,553,734	130,042	1,389,080
Other operating revenues	42,600	34,384	(8,216)	36,643
Total operating revenues	2,690,897	2,646,938	(43,959)	2,302,102
Nonoperating revenues				
Restricted intergovernmental	-	4,555	4,555	-
Investment earnings	-	1,526	1,526	720
Sale of fixed assets	-	260	260	(400,171)
Total nonoperating revenues	-	6,341	6,341	(399,451)
Total revenues	2,690,897	2,653,279	(37,618)	1,902,651
EXPENDITURES				
Airport Administration				
Salaries and benefits	283,590	285,539		243,978
Other expenditures	255,177	194,756		225,380
Total	538,767	480,295	58,472	469,358
Airport Airside				
Salaries and benefits	478,734	473,881		371,174
Contract services	4,033	724		535
Repairs and maintenance	49,200	63,241		29,014
Other expenditures	184,260	151,179		153,638
Total	716,227	689,025	27,202	554,361
Airport Terminal				
Salaries and benefits	697,286	698,223		557,331
Contracted services	17,220	10,821		7,899
Repairs and maintenance	50,704	48,113		19,820
Other expenditures	307,224	299,210		297,719
Total	1,072,434	1,056,367	16,067	882,769
Airport Landside				
Salaries and benefits	52,527	44,710		28,205
Contracted services	-	-		65
Repairs and maintenance	5,699	832		867
Other expenditures	20,910	13,977		14,702
Total	79,136	59,519	19,617	43,839
Airport Parking				
Salaries and benefits	202,475	208,624		187,325
Repairs and maintenance	7,000	3,885		7,725
Other expenditures	57,857	69,840		68,770
Total	267,332	282,349	(15,017)	263,820

Onslow County, North Carolina

Airport Operations Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2017

With Comparative Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016
	Budget	Actual	(Negative)	Actual
Capital outlays	\$ 54,591	\$ 9,062	\$ 45,529	\$ 7,638
Total expenditures	2,728,487	2,576,617	151,870	2,221,785
Revenues over (under) expenditures	(37,590)	76,662	114,252	(319,134)
Other financing sources				
Capital contributions	-	-	-	-
Transfer from General Fund	279,695	129,695	(150,000)	279,695
Transfer from Airport Project Fund	259,390	259,390	-	259,390
Transfers to General Fund	(518,780)	(518,780)	-	(518,780)
Total	20,305	(129,695)	(150,000)	20,305
Revenues and other financing sources over (under) expenditures and other financing uses	(17,285)	(53,033)	114,252	(298,829)
Appropriated fund balance	17,285	-	(17,285)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	-	\$ (53,033)	\$ 96,967	\$ (298,829)
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		\$ (53,033)		\$ (298,829)
Reconciling items:				
Capital outlay		9,062		7,638
Depreciation		(367,856)		(564,416)
Airport Construction Fund				
Transfers from airport construction projects		(259,390)		(259,390)
Transfer from other funds		-		-
Airport construction capital contributions		5,085,800		6,273,648
Airport construction operating revenues		1,038,076		1,726,818
Airport construction in progress not capitalized		(2,174,441)		-
Airport construction investment earnings		1,995		1,793
Airport construction financing costs		-		-
Contributions made to the pension plan in the current fiscal year		90,676		-
Pension Expense		(113,404)		(6,233)
Increase in compensated absences		(34,131)		-
Increase in other postemployment benefits		(38,544)		-
Capital contributions from general fund		-		-
(Increase) Decrease in pension benefit obligation		-		-
Total reconciling items		3,237,843		7,179,858
Change in net position		\$ 3,184,810		\$ 6,881,029

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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, 2017

	Project Authorization			Actual			Variance Positive (Negative)
	Prior Years	Amendments	June 30, 2017	Prior Years	Current Year	Total to Date	
Revenues:							
Restricted intergovernmental							
State AIP 31	\$ -	\$ 38,170	\$ 38,170	\$ -	\$ 38,170	\$ 38,170	\$ -
State AIP 32	31,771	-	31,771	-	-	-	(31,771)
State AIP 33	16,696	-	16,696	-	-	-	(16,696)
State Terminal Building Construction	343,860	-	343,860	-	386,427	386,427	42,567
State GA Terminal/Apron	1,956,140	343,860	2,300,000	-	2,177,021	2,177,021	(122,979)
State AWOS System	100,000	-	100,000	-	-	-	(100,000)
State Landside Land Acquisition	106,140	(106,140)	-	-	-	-	-
State Air Traffic Control Tower	2,000,000	-	2,000,000	-	-	-	(2,000,000)
Total state grants	4,554,607	275,890	4,830,497	-	2,601,618	2,601,618	(2,228,879)
Federal AIP 31	-	1,653,216	1,653,216	-	1,653,216	1,653,216	-
Federal AIP 32	1,189,135	-	1,189,135	1,189,135	-	1,189,135	-
Federal AIP 33	634,462	-	634,462	622,639	-	622,639	(11,823)
Federal Terminal Building Construction	18,363,221	-	18,363,221	18,103,837	259,384	18,363,221	-
Federal FAA Entitlement Terminal Bldg. Const.	27,590	-	27,590	27,590	-	27,590	-
Federal FAA Entitlement GA Terminal/Apron	105,000	-	105,000	105,000	-	105,000	-
Federal Grant	-	169,249	169,249	-	103,244	103,244	(66,005)
Federal Grant	-	262,215	262,215	-	68,062	68,062	(194,153)
Federal Air/Landside Pavement	7,952,901	-	7,952,901	7,952,901	-	7,952,901	-
Federal Reimbursement Airfield Improvements	18,950	-	18,950	18,950	-	18,950	-
Federal Passenger Boarding Bridges	1,378,958	-	1,378,958	1,350,202	-	1,350,202	(28,756)
Federal Airside/Aircraft Apron	1,800,000	-	1,800,000	610,717	315,588	926,305	(873,695)
Total federal grants	31,470,217	2,084,680	33,554,897	-	29,980,971	32,380,465	(1,174,432)
Total restricted	36,024,824	2,360,570	38,385,394	-	29,980,971	5,001,112	(3,403,311)
Unrestricted intergovernmental							
Contract facility charges	1,357,200	-	1,357,200	1,495,630	374,566	1,870,196	512,996
Passenger facility charges	4,346,831	362,326	4,709,157	4,859,370	638,508	5,497,878	788,721
Tenant contribution	500,000	250,000	750,000	750,000	25,002	775,002	25,002
Sale of surplus property	-	-	-	250	-	250	250
Investment earnings	302,223	8,387	310,610	343,122	1,995	345,117	34,507
Total unrestricted	6,506,254	620,713	7,126,967	-	7,448,372	1,040,071	1,361,476
Total revenues	42,531,078	2,981,283	45,512,361	-	37,429,343	6,041,183	(2,041,835)

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Page 2 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, 2017

	Project Authorization			Actual			Variance Positive (Negative)
	Prior Years	Amendments	June 30, 2017	Prior Years	Current Year	Total to Date	
Expenditures							
Capital projects							
Terminal-AIP 31	\$ -	\$ 1,791,996	\$ 1,791,996	\$ -	\$ 1,791,996	\$ 1,791,996	\$ -
Terminal-AIP 32	1,510,384	-	1,510,384	1,510,383	-	1,510,383	1
Terminal-AIP 33	667,855	-	667,855	655,409	-	655,409	12,446
Terminal Building Construction	25,470,773	-	25,470,773	24,836,323	356,039	25,192,362	278,411
New GA Terminal/Apron	5,840,128	(223,946)	5,616,182	5,614,880	1,302	5,616,182	-
Professional Services	-	188,055	188,055	-	114,716	114,716	73,339
Professional Services	-	286,016	286,016	-	92,871	92,871	193,145
Airside-AWOS	120,000	-	120,000	-	-	-	120,000
Landside-Land Acquisition	301,140	707,332	1,008,472	42,292	617,479	659,771	348,701
Airside-Air/Landside Pavement & Utility	10,424,685	35,637	10,460,322	9,702,036	10,150	9,712,186	748,136
Airside-Airfield Improvements	29,551	-	29,551	29,028	-	29,028	523
Terminal Passenger Boarding Bridges	1,960,546	-	1,960,546	1,951,351	-	1,951,351	9,195
Airside-Aircraft Apron Rehabilitation	2,000,000	-	2,000,000	740,160	297,678	1,037,838	962,162
Airside-Rotating Beacon Refurbishment	30,000	-	30,000	29,618	-	29,618	382
Airside-Air Traffic Control Tower	2,158,970	-	2,158,970	137,821	261,634	399,455	1,759,515
PFC Application #7	65,000	-	65,000	9,179	5,958	15,137	49,863
Landside-Rental Car Service Site	447,200	-	447,200	405,630	-	405,630	41,570
Total expenditures	51,026,232	2,785,090	53,811,322	45,664,110	3,549,823	49,213,933	4,597,389
Revenues over (under) expenditures	(8,495,154)	196,193	(8,298,961)	(8,234,767)	2,491,360	(5,743,407)	2,555,554
Other financing sources (uses):							
Financing Costs	(83,373)	(22,938)	(106,311)	(105,970)	-	(105,970)	341
Capital contributions	8,333,510	(67,645)	8,265,865	8,189,219	84,688	8,273,907	8,042
Transfers from other funds	554,203	153,780	707,983	603,352	-	603,352	(104,631)
Transfers to other funds	(309,186)	(259,390)	(568,576)	(293,288)	(259,390)	(552,678)	15,898
Total other financing sources (uses)	8,495,154	(196,193)	8,298,961	8,393,313	(174,702)	8,218,611	(80,350)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ 158,546	2,316,658	\$ 2,475,204	\$ 2,475,204
FUND BALANCES, beginning of year					158,546		
FUND BALANCES, end of year					\$ 2,475,204		

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

Bear Creek Volunteer Fire Fund – accounts for moneys deposited by the County for the benefit of the operations of Bear Creek Volunteer Fire Department.

Sheriff's Department Fund – accounts for moneys collected by the Sherriff'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 32
Onslow County, North Carolina
Combining Schedule of Changes in Assets
And Liabilities – Agency Funds
June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Social Services:				
Assets				
Cash and investments	\$ 209,277	\$ 846,500	\$ 765,493	\$ 290,284
Liabilities				
Miscellaneous liabilities	\$ 209,277	\$ 846,500	\$ 765,493	\$ 290,284
Agriculture:				
Assets				
Cash and investments	\$ 37,699	\$ 23,335	\$ 17,126	\$ 43,908
Liabilities				
Miscellaneous liabilities	\$ 37,699	\$ 23,335	\$ 17,126	\$ 43,908
Bear Creek Volunteer Fire:				
Assets				
Cash and investments	\$ 61,664	\$ -	\$ -	\$ 61,664
Liabilities				
Miscellaneous liabilities	\$ 61,664	\$ -	\$ -	\$ 61,664
Sheriff:				
Assets				
Cash and investments	\$ 140,520	\$ 154,880	\$ 155,120	\$ 140,280
Liabilities				
Miscellaneous liabilities	\$ 140,520	\$ 154,880	\$ 155,120	\$ 140,280
Fines and Forfeitures:				
Assets				
Cash and investments	\$ 4,139	\$ 885,377	\$ 830,907	\$ 58,609
Liabilities				
Intergovernmental payables	\$ 4,139	\$ 885,377	\$ 830,907	\$ 58,609
Municipal Tax:				
Assets				
Cash and investments	\$ 66,905	\$ 30,473,694	\$ 30,509,970	\$ 30,629
Intergovernmental receivables	194,967	-	194,967	-
Total Assets	\$ 261,872	\$ 30,473,694	\$ 30,704,937	\$ 30,629
Liabilities				
Intergovernmental payables	\$ 261,872	\$ 30,473,694	\$ 30,704,937	\$ 30,629
Register of Deeds Trust Fund				
Assets				
Cash and investments	\$ 14,613	\$ 50	\$ -	\$ 14,663
Liabilities				
Intergovernmental payables	\$ 14,613	\$ 50	\$ -	\$ 14,663
Total - All Agency Funds:				
Assets				
Cash and investments	\$ 534,817	\$ 32,383,836	\$ 32,278,616	\$ 640,037
Intergovernmental receivables	194,967	-	194,967	-
Total	\$ 729,784	\$ 32,383,836	\$ 32,473,583	\$ 640,037
Liabilities				
Miscellaneous liabilities	\$ 449,160	\$ 1,024,715	\$ 937,739	\$ 536,136
Intergovernmental payables	280,624	31,359,121	31,535,844	103,901
Total	\$ 729,784	\$ 32,383,836	\$ 32,473,583	\$ 640,037

GOVERNMENTAL CAPITAL ASSETS

Schedule 33
Onslow County, North Carolina
Comparative Schedule of Capital Assets
By Source
June 30, 2017 and 2016

	2017	2016
GOVERNMENTAL FIXED ASSETS		
Land	\$ 13,784,878	\$13,863,358
Buildings	121,262,887	101,678,084
Improvements	16,184,364	16,908,185
Equipment	19,957,827	19,854,062
Computer Equipment	4,600,471	4,600,471
Automotive Equipment	9,275,686	10,268,023
Heavy Equipment	244,344	278,923
Construction in process	12,799,625	20,189,011
<hr/>		
Total Governmental Fixed Assets	\$ 198,110,082	\$ 187,640,117
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INVESTMENT IN FIXED ASSETS BY SOURCE:

General Fund	\$ 31,858,768	\$ 42,390,639
Capital Project Funds	164,796,648	143,794,811
Donations	1,454,666	1,454,666
<hr/>		
Total Investment in Governmental Fixed Assets	\$ 198,110,082	\$ 187,640,116
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Onslow County, North Carolina
Schedule of Governmental Capital Assets
By Function and Activity
June 30, 2017

Function & Activity	Land	Improvements	Buildings	Equipment	Vehicles	Heavy Equipment	Construction In Process	Total
General Government:								
Governing Body	\$ -	\$ -	\$ -	\$ 18,257	\$ -	\$ -	\$ -	\$ 18,257
Administration	-	-	-	18,857	-	-	-	18,857
Finance	-	-	-	-	-	-	-	-
Taxes	-	-	-	760,160	13,879	-	-	774,039
Revaluation	-	-	-	-	96,042	-	-	96,042
Human Resources	-	-	-	13,980	19,610	-	-	33,590
Court Facilities	-	186,650	-	7,996	-	-	-	194,646
District Attorney	-	14,904	-	-	-	-	-	14,904
Elections	-	-	-	340,199	-	-	-	340,199
Register of Deeds	-	-	-	74,016	-	-	-	74,016
ITS	-	-	-	827,466	-	-	-	827,466
GIS	-	-	-	153,487	-	-	-	153,487
ITS-Activities	-	-	-	3,665,153	-	-	-	3,665,153
Purchasing	-	8,200	-	83,743	48,298	-	-	140,241
Central Garage	-	67,175	4,487,133	115,491	210,984	-	-	4,880,783
Public Buildings	-	-	-	43,920	209,931	20,354	-	274,205
Non-departmental	12,059,563	8,741,311	27,388,980	1,319,969	-	-	-	49,509,823
Construction in progress	-	-	-	-	-	-	6,563,787	6,563,787
Total General Government	12,059,563	9,018,240	31,876,113	7,442,694	598,744	20,354	6,563,787	67,579,495
Public Safety:								
Sheriff	-	-	-	698,560	3,602,539	-	-	4,301,099
Communications	-	95,346	1,527,458	13,189,307	-	-	-	14,812,111
Jail	-	643,287	56,664,730	432,766	40,367	-	-	57,781,150
Emergency Mgt.	-	32,650	2,186,962	276,969	43,355	-	-	2,539,936
Bio preparedness	-	-	-	-	-	-	-	-
Med reserve	-	-	-	-	-	-	-	-
State Homeland Security	-	-	-	-	-	-	-	-
SHSGP	-	-	-	-	-	-	-	-
SHSGP emergency management	-	-	-	-	-	-	-	-
Emergency Services	-	-	-	-	-	-	-	-
Emergency Responder Services	-	-	-	60,546	80,855	-	-	141,401
Bear Creek	36,250	-	252,770	38,521	206,375	-	-	533,916
Emergency Med. Ser.	-	-	-	6,504	792,455	-	-	798,959
Onslow EMS	-	79,455	127,431	571,369	2,390,263	-	-	3,168,518
Animal Control	-	377,471	676,577	217,443	188,640	-	-	1,460,131
Inspections	-	-	-	-	180,177	-	-	180,177
Construction in progress	-	-	-	-	-	-	1,535,437	1,535,437
Total Public Safety	36,250	1,228,209	61,435,928	15,491,985	7,525,026	-	1,535,437	87,252,835

Schedule 34
Page 2 of 2
Onslow County, North Carolina
Schedule of Governmental Capital Assets
By Function and Activity
June 30, 2017

	Land	Improvements	Buildings	Equipment	Vehicles	Heavy Equipment	Construction In Process	Total
Economic & Physical Development								
Planning	\$ -	\$ -	\$ -	\$ 8,603	\$ -	\$ -	\$ -	\$ 8,603
Building Inspections	-	-	-	37,271	74,514	-	-	111,785
Central Permitting	-	-	-	2,040	-	-	-	2,040
Agriculture	-	263,489	-	25,476	58,737	-	-	347,702
Soil Conservation	-	-	-	16,791	39,109	-	-	55,900
Construction in progress	-	-	-	-	-	-	3,286,234	3,286,234
Total Economic and Physical Development	-	263,489	-	90,181	172,360	-	3,286,234	3,812,264
Human Services:								
Consolidated Human Services	201,714	44,668	19,535,225	16,757	-	-	-	19,798,364
Health	-	-	-	199,967	-	-	-	199,967
Environmental Health	-	-	-	30,188	256,973	-	-	287,161
Mental Health	-	-	-	-	-	-	-	-
Social Services	-	16,681	1,025,575	231,819	167,720	-	-	1,441,795
Council on Aging	13,761	58,635	163,408	76,233	18,035	-	-	330,072
Veterans Services	-	-	-	2,995	-	-	-	2,995
Construction in progress	-	-	-	-	-	-	609,919	609,919
Total Human Services	215,475	119,984	20,724,208	557,959	442,728	-	609,919	22,670,273
Cultural & Recreational:								
Libraries	83,723	1,302,244	5,680,830	265,208	66,940	-	-	7,398,945
Parks & Recreation	1,117,982	4,120,572	409,557	541,874	302,920	53,353	-	6,546,258
Museum	271,885	131,626	1,063,795	30,675	18,691	-	-	1,516,672
Construction in progress	-	-	-	-	-	-	804,248	804,248
Total Cultural & Recreational	1,473,590	5,554,442	7,154,182	837,757	388,551	53,353	804,248	16,266,123
Environmental Protection:								
Vector/Mosquito Control	-	-	72,456	137,722	148,277	170,637	-	529,092
Construction in process	-	-	-	-	-	-	-	-
Total Environmental Protection	-	-	72,456	137,722	148,277	170,637	-	529,092
Total Governmental Capital Assets	\$ 13,784,878	\$ 16,184,364	\$ 121,262,887	\$ 24,558,298	\$ 9,275,686	\$ 244,344	\$ 12,799,625	\$ 198,110,082

Schedule 35
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Onslow County, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Year Ended June 30, 2017

Function and Activity	Governmental Capital Assets			Reclassifications and Adjustments	Governmental Capital Assets June 30, 2017
	June 30, 2016	Additions	Retirements		
General Government					
Governing Body	\$ 18,257	\$ -	\$ -	\$ -	\$ 18,257
Administration	20,569	-	1,712	-	18,857
Finance	-	-	-	-	-
Taxes	774,039	-	-	-	774,039
Revaluation	96,043	-	-	-	96,043
Human Resources	24,693	8,896	-	-	33,589
Court Facilities	257,599	28,914	91,867	-	194,646
Legal	14,904	-	-	-	14,904
Elections	369,939	-	29,740	-	340,199
Register of Deeds	74,016	-	-	-	74,016
ITS	4,511,980	134,125	-	-	4,646,105
Purchasing	156,835	14,823	31,417	-	140,241
Public Works Garage	1,401,237	4,456,946	977,399	-	4,880,784
Facilities Maintenance	42,493,113	-	390,230	(41,828,678)	274,205
Non-Departmental/Surplus	7,019,339	680,021	-	41,828,678	49,528,038
Construction in progress	10,717,546	6,004,731	10,176,705	-	6,545,572
Total General Government	67,950,109	11,328,456	11,699,070	-	67,579,495
Public Safety:					
Sheriff	4,307,714	17,129	23,745	-	4,301,098
Jail	57,350,095	431,054	-	-	57,781,149
Communications	14,762,734	51,410	2,032	-	14,812,112
Emergency Management	2,532,948	107,098	100,111	-	2,539,935
Emergency Medical Ser.	3,211,921	230,325	273,727	-	3,168,519
Emergency Services	1,474,276	-	-	-	1,474,276
Animal Control	1,385,484	108,711	34,064	-	1,460,131
Inspection/code enf.	180,177	-	-	-	180,177
Construction in progress	-	1,535,438	-	-	1,535,438
Total Public Safety	85,205,349	2,481,165	433,679	-	87,252,835

Onslow County, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Year Ended June 30, 2017

Function and Activity	Governmental Capital Assets			Reclassifications and Adjustments	Governmental Capital Assets June 30, 2017
	June 30, 2016	Additions	Retirements		
Economic & Physical Dev.					
Agriculture Extension	\$ 1,272,210	\$ 7,785	\$ 932,293	\$ -	\$ 347,702
Planning	121,834	-	-	-	121,834
Community Development	593	-	-	-	593
Soil and Water Conservation	55,901	-	-	-	55,901
Construction in progress	689,538	2,596,696	-	-	3,286,234
Total Econ. & Phy. Develop.	2,140,076	2,604,481	932,293	-	3,812,264
Human Services:					
Consolidated Human Services	2,951,660	16,846,705	-	-	19,798,365
Health	1,078,095	-	590,968	-	487,127
Mental Health	-	-	-	-	-
Social Services	1,632,824	24,486	215,514	-	1,441,796
Senior Services	2,194,435	-	1,864,363	-	330,072
Veteran Services	2,995	-	-	-	2,995
Construction in progress	8,293,950	11,319,122	19,003,154	-	609,918
Total Human Services	16,153,959	28,190,313	21,673,999	-	22,670,273
Cultural & Recreational:					
Library - Main Branch	2,011,235	75,434	13,905	-	2,072,764
Library - Swansboro	99,526	17,931	-	-	117,457
Library - Snead Ferry	4,834,366	-	41,789	-	4,792,577
Library - Richlands	404,213	11,934	-	-	416,147
Parks & Recreation	6,283,616	283,452	20,810	-	6,546,258
Museum	1,516,672	-	-	-	1,516,672
Construction in progress	487,977	316,271	-	-	804,248
Total Cultural & Recreation	15,637,605	705,022	76,504	-	16,266,123
Environmental Protection:					
Vector/Mosquito Control	553,017	-	23,925	-	529,092
Construction in progress	-	-	-	-	-
Total Environmental Protection	553,017	-	23,925	-	529,092
Total Governmental Capital Assets	\$ 187,640,115	\$ 45,309,437	\$ 34,839,470	\$ -	\$ 198,110,082

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 36
Onslow County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	92,967,900	91,180,345	\$ 1,787,555
2015-2016	2,161,287	-	1,419,514	741,773
2014-2015	825,033	-	372,735	452,298
2013-2014	676,149	-	176,903	499,246
2012-2013	664,884	-	84,426	580,458
2011-2012	445,187	-	44,244	400,943
2010-2011	382,196	-	34,452	347,744
2009-2010	382,445	-	22,730	359,715
2008-2009	340,107	-	14,359	325,748
2007-2008	254,544	-	5,876	248,668
2006-2007	238,603	-	238,603	-
	<u>\$ 6,370,435</u>	<u>\$ 92,967,900</u>	<u>\$ 93,594,187</u>	<u>\$ 5,744,148</u>
Less allowance for uncollectible taxes General Fund				(4,244,470)
Ad valorem taxes receivable - net				<u>\$ 1,499,678</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 93,509,432
Reconciling items				
Releases on prior years				37,703
Amounts written off for prior years				234,824
Less penalties and Interest				(580,009)
Refunds overpaid taxes				392,236
Total reconciling items				<u>84,755</u>
Total Collections and Credits				<u>\$ 93,594,187</u>

Schedule 37
Onslow County, North Carolina
Analysis of Current Tax Levy County-Wide Levy
June 30, 2017

	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	\$ 13,444,283,160	\$ 0.675	\$ 90,748,911	\$ 82,129,378	8,619,533
Penalties	-	-	86,193	86,193	-
Total	13,444,283,160		90,835,104	82,215,571	8,619,533
Discoveries:					
Current year discoveries and (releases) net	289,635,078	\$ 0.675	2,119,556	2,119,556	-
Prior year taxes	-		215,552	215,552	-
Total	13,733,918,238		93,170,212	84,550,679	8,619,533
Abatements	(29,972,148)	\$ 0.675	(202,312)	(202,312)	-
Total property valuation	<u>\$ 13,703,946,090</u>				
Net Levy			92,967,900	84,348,367	8,619,533
Uncollected taxes at June 30, 2017			1,787,555	1,787,555	-
Current years taxes collected			\$ 91,180,345	\$ 82,560,812	\$ 8,619,533
Current levy collection percentage			98.08%	97.88%	100.00%

Schedule 38
Onslow County, North Carolina
Analysis of Current Tax Levy
Secondary Market Disclosures
June 30, 2017

Assessed Valuation:	
Assessment Ratio*	100.00%
Real property	\$ 11,616,438,222
Personal property	550,385,336
Public service companies**	290,126,822
<hr/>	
Total assessed valuation	12,456,950,380
Tax rate per \$100	0.675%
Levy (including discoveries, releases and abatements)***	\$ 84,084,415
<hr/> <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 39
Onslow County, North Carolina
Schedule of Cash and Investment Balances
June 30, 2017

	Amounts Presented On Statements	Cost Value	Market Value
Cash			
On hand	\$ 9,892	\$ 9,892	\$ 9,892
In demand deposits	20,098,978	20,098,978	20,098,978
In time deposits	2,553,706	2,553,706	2,553,706
	<u>22,662,576</u>	<u>22,662,576</u>	<u>22,662,576</u>
Other investments			
North Carolina Capital Management Trust	49,521,009	49,521,009	49,521,009
US Bank Local Government Investment Pool	40,184,305	40,184,305	40,184,305
Commercial Paper (held by the dealer bank's trust department in the name of the County):			
Wells Fargo	24,312,064	24,312,064	24,460,000
Total other investments	<u>114,017,378</u>	<u>114,017,378</u>	<u>114,165,314</u>
Total cash and investments	\$ 136,679,954	\$ 136,679,954	\$ 136,827,890

Distribution by Funds:		<u>Carrying Value</u>
General Funds		
General Fund	33,984,424	
Workers Compensation Fund	948,420	
Burton Industrial Park	170,319	
Benefit Fund	280,749	
Reserve Fund	25,333,400	
Disaster Contingency Fund	5,123,066	
Capital Improvements Fund	545,991	
Pension Trust Fund	812,667	
Health Insurance Fund	<u>2,313,606</u>	\$ 69,512,642
Special Revenue Funds		
Memorial Fund	7,454	
Emergency 911 Fund	861,165	
Register of Deeds Fund	451,178	
Economic Development	229,909	
Community Assistance Fund	<u>27,259</u>	1,576,965
Capital Project Funds		
School Construction Fund	24,477,670	
Capital Project Fund	<u>21,856,743</u>	46,334,413
Enterprise Funds		
Solid Waste Fund	16,143,728	
Airport Fund	<u>2,472,169</u>	18,615,897
Fiduciary Funds		
Agency Funds	<u>640,037</u>	640,037
		<u>\$ 136,679,954</u>

Schedule 40
Onslow County, North Carolina
Schedule of Interfund Transactions
June 30, 2017

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Workers Comp Fund	\$ -	\$ 300,000
Health Insurance Fund	-	831,915
Burton Park Fund	-	83,100
Capital Improvement Fund	-	78,309
Economic Development Fund	-	1,184,924
Memorial Fund	-	10,000
Airport Fund	518,780	129,695
Capital Project Fund	-	300,000
Capital Reserve Fund	916,887	-
Workers Comp Fund		
General Fund	300,000	-
Health Insurance Fund		
General Fund	831,915	-
Burton Park Fund		
General Fund	83,100	-
Capital Reserve Fund		
General Fund	-	916,887
Capital Improvement Fund	-	295,000
Economic Development Fund		
General Fund	1,184,924	-
Memorial Fund		
General Fund	10,000	-
Capital Improvement Fund		
General Fund	78,309	-
Capital Reserve Fund	295,000	-
Capital Project Fund		
General Fund	300,000	-
Solid Waste Fund		
Solid Waste Project Fund	-	-
Solid Waste Project Fund		
Solid Waste Fund	-	-
Airport Operations		
General Fund	129,695	518,780
Airport Construction	259,390	-
Airport Construction		
Airport Operations		259,390
Total operating transfers-other funds	\$ 4,908,000	\$ 4,908,000
Operating Transfers From/To Component Units:		
General Fund		
Component Units - discretely presented		
Onslow County ABC Board	\$ 750,454	\$ -
Component Units - discretely presented		
Onslow County ABC Board		
General Fund	-	750,454
Total operating transfers - component units	\$ 750,454	\$ 750,454

Schedule 41
Onslow County, North Carolina
Calculation of Debt Service Coverage Ratio
In the Solid Waste Fund
June 30, 2017

	<u>2017</u>	<u>2016</u>
Gross Revenue	\$ 6,192,988	\$ 5,989,455
<u>Current Expense (1)</u>	<u>4,091,349</u>	<u>4,147,330</u>
Net Operating Revenues	2,101,639	1,842,125
<u>Non-Operating Revenues (2)</u>	<u>795,286</u>	<u>108,286</u>
Net Revenues Available for Debt Service	2,896,925	1,950,411
<u>Debt Service(4)</u>	<u>810,022</u>	<u>811,309</u>
<u>Balance after Debt Service</u>	<u>\$ 2,086,903</u>	<u>\$ 1,139,102</u>
Debt Service Coverage Ratio (3)	3.58	2.40

(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)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net invested in capital assets	\$ 38,329,706	\$ 32,883,201	\$ 37,923,064	\$ 39,169,765	\$ 41,295,541	\$ 52,499,284	35,009,562	\$ 21,751,936	\$ 27,383,173	\$ 46,638,251
Restricted	2,035,393	2,280,741	25,386,032	23,751,953	21,880,805	17,933,655	17,587,375	20,415,082	24,513,219	43,772,141
Unrestricted	(43,252,580)	(64,961,380)	(87,567,450)	(73,052,983)	(57,291,328)	(55,307,563)	(21,429,680)	(18,480,500)	(31,553,746)	(97,008,911)
Total governmental activities net position	\$ (2,887,481)	\$ (29,797,438)	\$ (24,258,354)	\$ (10,131,265)	\$ 5,885,018	\$ 15,125,376	\$ 31,167,257	\$ 23,686,518	\$ 20,342,646	\$ (6,598,519)
Business-type activities										
Net invested in capital assets	\$ 2,454,198	\$ 4,738,776	\$ 8,424,592	\$ 10,483,833	\$ 9,920,340	\$ 6,996,050	\$ 7,584,760	\$ 52,764,262	\$ 61,195,486	\$ 66,859,805
Restricted	-	-	3,365,129	-	-	434,333	3,621,795	11,506,481	5,973,043	3,116,482
Unrestricted	15,983,417	14,745,453	8,068,733	7,654,375	6,679,992	10,381,899	5,658,668	(1,147,250)	3,426,382	5,474,333
Total business-type activities net position	\$ 18,437,615	\$ 19,484,229	\$ 19,858,454	\$ 18,138,208	\$ 16,600,332	\$ 17,812,282	\$ 16,865,223	\$ 63,123,493	\$ 70,594,911	\$ 75,450,620
Primary government										
Net invested in capital assets	\$ 40,783,904	\$ 37,621,977	\$ 46,347,656	\$ 49,653,598	\$ 51,215,881	\$ 59,495,334	\$ 42,594,322	\$ 74,516,198	\$ 88,578,659	\$ 113,498,056
Restricted	2,035,393	2,280,741	28,751,161	23,751,953	21,880,805	18,367,988	21,209,170	31,921,563	30,486,262	46,888,623
Unrestricted	(27,269,163)	(50,215,927)	(79,498,717)	(65,398,608)	(50,611,336)	(44,925,664)	(15,771,012)	(19,627,750)	(28,127,364)	(91,534,578)
Total primary governmental net position	\$ 15,550,134	\$ (10,313,209)	\$ (4,399,900)	\$ 8,006,943	\$ 22,485,350	\$ 32,937,658	\$ 48,032,480	\$ 86,810,011	\$ 90,937,557	\$ 68,852,101

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 12,885,050	\$ 11,989,943	\$ 13,108,549	\$ 14,411,264	\$ 15,560,998	\$ 14,799,008	\$ 22,777,669	\$ 30,659,150	\$ 47,971,694	\$ 70,662,241
Public safety	24,191,727	23,477,719	25,113,972	26,146,318	28,802,679	32,660,320	36,093,273	33,008,595	33,239,161	37,686,112
Transportation	2,156,825	3,138,168	2,819,917	2,925,992	2,936,231	2,661,338	2,690,594	256,337	252,469	273,784
Economic and physical development	2,912,482	2,916,105	2,777,640	3,072,804	3,070,191	3,168,507	2,908,105	3,058,587	2,595,080	965,006
Human services	43,677,025	43,677,144	40,821,312	42,670,482	43,152,170	42,198,540	41,384,535	42,075,113	34,890,914	37,879,610
Environmental protection	550,949	515,044	451,991	925,393	486,504	431,598	428,552	375,724	337,895	493,372
Cultural and recreation	4,463,909	4,496,234	3,798,833	3,922,812	3,994,784	3,491,814	4,307,435	3,489,563	4,225,753	3,868,999
Education	89,228,692	63,555,809	40,290,927	40,223,529	43,724,834	48,109,492	48,109,492	39,606,710	54,574,794	56,535,827
Interest on debt	4,458,772	7,702,337	8,915,976	8,650,557	8,221,233	8,093,175	7,766,668	7,035,533	6,948,105	10,002,444
Total governmental activities	184,525,431	161,468,503	138,099,117	142,949,151	149,949,624	155,613,792	166,466,323	159,565,312	185,035,865	218,367,395
Business-type activities:										
Solid waste	4,697,800	5,545,959	6,419,767	6,424,364	7,323,629	5,808,913	5,372,303	5,544,747	5,542,587	5,323,833
Airport	-	-	-	-	-	-	-	2,908,190	2,785,503	5,205,255
Total business-type activities	4,697,800	5,545,959	6,419,767	6,424,364	7,323,629	5,808,913	5,372,303	8,452,937	8,328,090	10,529,088
Total primary government expenses	\$ 189,223,231	\$ 167,014,462	\$ 144,518,884	\$ 149,373,515	\$ 157,273,253	\$ 161,422,705	\$ 171,838,626	\$ 168,018,249	\$ 193,363,955	\$ 228,896,483

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,203,932	\$ 1,902,364	\$ 1,963,740	\$ 2,138,352	\$ 2,182,950	\$ 1,787,860	\$ 2,131,857	\$ 3,446,028	\$ 3,296,243	\$ 2,496,439
Public safety	4,935,674	4,700,693	5,769,223	6,399,138	6,002,452	6,147,792	6,447,295	4,967,549	5,618,146	5,321,934
Transportation	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	101,562	110,697
Human services	4,705,082	4,646,566	4,685,967	5,075,059	4,411,314	4,663,733	4,420,348	4,360,533	4,442,703	3,853,199
Cultural and recreation	190,704	197,341	242,348	272,779	266,546	250,904	414,953	402,178	429,525	431,446
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	1,336,683	1,201,211	1,131,643	1,156,629	1,250,276	1,118,654	9,816,366	7,192,983	7,644,059	9,205,609
Public safety	794,784	951,515	957,419	933,541	836,718	1,073,486	874,443	703,787	811,431	1,505,781
Transportation	380,211	130,416	1,066,915	1,815,222	349,362	328,046	487,700	256,337	252,469	239,784
Economic and physical development	122,398	54,045	30,053	631,746	604,233	80,484	43,598	1,005,327	1,047,960	1,003,593
Human services	20,894,074	22,415,187	23,030,678	23,964,412	25,043,577	23,385,442	22,939,407	26,159,904	26,144,754	25,477,765
Environmental protection	154,763	17,539	18,600	4,904	56,737	-	16,796	411,025	354,669	446,860
Cultural and recreation	493,586	316,944	276,698	377,949	259,635	233,124	232,538	242,506	248,092	263,451
Education	-	-	-	87	1,562	-	-	-	-	-
Capital grants and contributions:										
General government	24,545	-	-	-	-	-	-	-	50,303	-
Public safety	-	-	-	-	3,400	-	-	-	-	-
Transportation	4,576,696	686,252	-	-	2,598,850	144,210	4,860,837	-	-	-
Economic and physical development	-	-	52,275	-	-	-	2,046,467	-	-	-
Cultural and recreation	288,804	694,946	-	-	19,604	-	-	-	-	-
Education	2,198,571	3,290,688	2,426,414	3,163,000	3,000,000	3,000,000	-	1,646,000	3,171,574	1,735,703
Total governmental activities program revenues	44,880,826	42,944,201	43,734,723	48,386,207	48,974,062	45,550,322	57,081,213	50,900,269	53,613,490	52,092,261
Business-type activities:										
Charge for services - Solid waste	6,530,492	6,130,707	6,348,998	6,689,597	6,876,377	5,969,509	5,653,844	5,634,478	5,565,184	5,782,673
Charge for services - Airport								3,011,013	4,028,920	3,685,014
Operating grants and contributions - Solid Waste	28,768	7,164	1,735	76,460	198,301	788,394	408,088	410,136	448,614	526,806
Operating grants and contributions - Airport	-	-	-	-	-	-	-	-	-	4,555
Capital grants and contributions - Solid Waste	-	-	-	-	-	-	-	197,557	-	197,927
Total business-type activities program revenues	6,559,260	6,137,871	6,350,733	6,766,057	7,074,678	6,757,903	6,061,932	9,253,184	10,042,718	10,196,975
Total primary government program revenues	\$ 51,440,086	\$ 49,082,072	\$ 50,085,456	\$ 55,152,264	\$ 56,048,740	\$ 52,308,225	\$ 63,143,145	\$ 60,153,453	\$ 63,656,208	\$ 62,289,236

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (Expense)/Revenue										
Governmental activities	\$ (139,644,605)	\$ (118,524,302)	\$ (94,364,394)	\$ (94,562,944)	\$ (100,975,562)	\$ (110,063,470)	\$ (109,385,110)	\$ (108,665,043)	\$ (131,422,375)	\$ (166,275,134)
Business-type activities	1,861,460	591,912	(69,034)	341,693	(248,951)	948,990	689,629	800,247	1,714,628	(332,113)
Total primary government net (expense)/revenue	\$ (137,783,145)	\$ (117,932,390)	\$ (94,433,428)	\$ (94,221,251)	\$ (101,224,513)	\$ (109,114,480)	\$ (108,695,481)	\$ (107,864,796)	\$ (129,707,747)	\$ (166,607,247)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	56,594,728	58,541,517	70,692,827	72,001,685	74,515,960	77,688,298	82,125,826	88,826,062	90,617,420	92,571,203
Local option sales tax	34,988,753	28,466,620	24,884,095	29,764,463	35,124,668	36,431,687	37,749,744	38,646,343	39,677,477	42,089,627
Other taxes and licenses	1,761,763	2,674,940	2,946,759	2,930,666	2,947,134	2,895,039	2,800,525	2,841,268	2,825,316	3,100,073
Investment earnings	3,286,406	1,681,207	785,945	314,889	252,501	246,202	206,322	402,355	337,455	650,781
Grants and contributions not restricted	-	-	-	-	-	-	472,153	518,230	481,682	2,138,830
Miscellaneous	2,868,100	228,044	615,871	1,178,330	1,651,581	2,042,600	(14,010)	1,833,997	(6,379,618)	1,522,712
Transfers	-	-	-	2,500,000	2,500,000	-	2,086,436	-	518,780	389,085
Total governmental activities:	99,499,750	91,592,328	99,925,497	108,690,033	116,991,844	119,303,826	125,426,996	133,068,255	128,078,512	142,462,311
Business-type activities:										
Other taxes and licenses	-	-	-	-	-	-	381,391	407,735	412,005	428,688
Investment earnings	918,563	402,646	271,063	57,803	49,469	60,509	41,010	42,795	41,666	62,159
Grants	-	-	-	-	-	-	291,299	18,541,290	6,553,343	5,085,800
Miscellaneous	(44,750)	52,056	172,196	380,258	1,161,606	202,451	(263,952)	(35,808)	(731,449)	260
Special Item	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(2,500,000)	(2,500,000)	-	(2,086,436)	-	(518,780)	(389,085)
Total business-type activities	873,813	454,702	443,259	(2,061,939)	(1,288,925)	262,960	(1,636,688)	18,956,012	5,756,785	5,187,822
Total primary government	\$ 100,373,563	\$ 92,047,030	\$ 100,368,756	\$ 106,628,094	\$ 115,702,919	\$ 119,566,786	\$ 123,790,308	\$ 152,024,267	\$ 133,835,297	\$ 147,650,133
Change in Net Position										
Governmental activities	(40,144,855)	(26,931,974)	5,561,103	14,127,089	16,016,282	9,240,356	16,041,886	24,403,212	(3,343,863)	(23,812,823)
Business-type activities	2,735,273	1,046,614	374,225	(1,720,246)	(1,537,876)	1,211,950	(947,059)	19,756,259	7,471,413	4,855,709
Total primary government	\$ (37,409,582)	\$ (25,885,360)	\$ 5,935,328	\$ 12,406,843	\$ 14,478,406	\$ 10,452,306	\$ 15,094,827	\$ 44,159,471	\$ 4,127,550	\$ (18,957,114)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non Spendable	\$ 594,253	\$ 608,678	\$ 220,199	\$ 201,363	\$ 385,272	\$ 378,401	\$ 315,160	\$ 838,763	\$ 203,256	\$ 562,492
Restricted	26,306,216	16,207,577	18,025,155	17,520,915	18,604,070	16,815,361	22,979,240	26,533,879	22,976,631	23,639,266
Committed	-	-	2,814,281	5,748,148	9,971,633	12,732,066	14,119,181	30,203,810	30,637,191	30,276,933
Assigned	17,143,971	12,165,672	11,602,272	16,235,147	16,512,852	14,352,225	15,045,048	13,175,417	16,844,249	20,139,611
Unassigned	7,822,153	19,355,926	19,807,478	19,176,784	17,260,233	19,527,233	13,343,077	11,959,790	10,911,833	4,222,223
Total general fund	\$ 51,866,593	\$ 48,337,853	\$ 52,469,385	\$ 58,882,357	\$ 62,734,060	\$ 63,805,286	\$ 65,801,706	\$ 82,711,659	\$ 81,573,160	\$ 78,840,525
All Other Governmental Funds										
Non Spendable										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	-	-	-	-	-	-	-	-	-	-
School Construction	-	-	-	-	-	-	-	-	-	-
Restricted										
Special revenue funds	291,196	229,968	420,719	3,662,646	1,342,657	1,017,659	1,088,535	1,158,894	1,256,264	1,296,626
Capital project funds	319,854	23,196,635	14,315,981	2,547,963	1,934,078	100,635	367,482	459,776	280,324	530,280
School Construction	1,023,287	3,393,817	683,481	20,429	-	-	-	-	-	18,305,969
Committed										
Special revenue funds	-	-	-	272,108	21,645	70,292	74,553	59,908	36,140	183,747
Capital project funds	-	-	-	3,302,634	4,508,352	40,669,482	30,406,223	8,290,150	15,602,676	20,206,565
School Construction	-	-	-	-	-	-	-	(1,422,280)	15,683,840	-
Assigned										
Special revenue funds	9,500	14,885	-	105,000	-	-	49,764	103,339	11,740	74,154
Capital project funds	314,000	15,316,277	4,929,620	-	-	-	115,378	-	-	-
School Construction	31,873,926	2,784,964	998,095	-	-	-	-	-	-	-
Unassigned										
Special revenue funds	762,436	1,169,922	1,323,284	(119,912)	(75,401)	(26,802)	(172,624)	(18,547)	(188,708)	(28,551)
Capital project funds	(681,941)	1,142,816	1,687,975	-	-	-	-	-	-	-
School Construction	-	-	-	(20,429)	-	-	-	-	-	-
Total all other governmental funds	\$ 33,912,258	\$ 47,249,284	\$ 24,359,155	\$ 9,770,439	\$ 7,731,331	\$ 41,831,266	\$ 31,929,311	\$ 8,631,240	\$ 32,682,276	\$ 40,568,790

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Expenditures	\$ 131,686,704	\$ 137,991,019	\$ 135,282,972	\$ 147,861,457	\$ 157,177,551	\$ 161,852,822	\$ 173,120,035	\$ 168,044,709	\$ 189,919,382	\$ 196,570,603
Non Spendable	0.45%	0.44%	0.16%	0.14%	0.25%	0.23%	0.18%	0.50%	0.11%	0.29%
Restricted	19.98%	11.75%	13.32%	11.85%	11.84%	10.39%	13.27%	15.79%	12.10%	12.03%
Committed	0.00%	0.00%	2.08%	3.89%	6.34%	7.87%	8.16%	17.97%	16.13%	15.40%
Assigned	13.02%	8.82%	8.58%	10.98%	10.51%	8.87%	8.69%	7.84%	8.87%	10.25%
Unassigned	5.94%	14.03%	14.64%	12.97%	10.97%	12.06%	7.71%	7.12%	5.75%	2.15%
Total general fund	39.39% #	35.03% #	38.78% #	39.82% #	39.90%	39.42%	38.01%	49.22%	42.95%	40.11%
All Other Governmental Funds										
Expenditures	\$ 68,522,081	\$ 45,098,695	\$ 26,962,722	\$ 18,031,083	\$ 7,412,474	\$ 9,749,587	\$ 28,194,360	\$ 14,430,800	\$ 29,666,330	\$ 44,491,470
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	0.42%	0.51%	1.56%	20.31%	18.11%	10.44%	3.86%	8.03%	4.23%	2.91%
Capital project funds	0.47%	51.44%	53.10%	14.13%	26.09%	1.03%	1.30%	3.19%	0.94%	1.19%
School Construction	1.49%	7.53%	2.53%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	41.14%
Committed										
Special revenue funds	0.00%	0.00%	0.00%	1.51%	0.29%	0.72%	0.26%	0.42%	0.12%	0.41%
Capital project funds	0.00%	0.00%	0.00%	18.32%	60.82%	417.14%	107.85%	57.45%	52.59%	45.42%
School Construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-9.86%	52.87%	0.00%
Assigned										
Special revenue funds	0.01%	0.03%	0.00%	0.00%	0.00%	0.00%	0.18%	0.72%	0.04%	0.17%
Capital project funds	0.46%	33.96%	18.28%	0.58%	0.00%	0.00%	0.41%	0.00%	0.00%	0.00%
School Construction	46.52%	6.18%	3.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unassigned										
Special revenue funds	1.11%	2.59%	4.91%	-0.67%	-1.02%	-0.27%	-0.61%	-0.13%	-0.64%	-0.06%
Capital project funds	-1.00%	2.53%	6.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School Construction	0.00%	0.00%	0.00%	-0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total all other governmental funds	49.49%	104.77%	90.34%	54.19%	104.29%	429.05%	113.25%	59.81%	110.17%	91.18%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes:										
Property tax	\$ 56,367,265	\$ 57,728,574	\$ 69,385,321	\$ 72,618,421	\$ 74,594,932	\$ 77,685,835	\$ 82,381,962	\$ 90,012,138	\$ 91,827,237	\$ 93,509,432
Sales tax	35,058,774	28,466,620	24,884,096	29,764,463	35,124,668	36,431,687	37,749,744	38,646,343	39,677,477	42,089,627
Other tax	2,808,433	2,674,940	2,946,760	2,930,666	2,947,134	2,895,039	2,800,525	2,841,268	2,825,316	3,100,073
Total taxes	94,234,472	88,870,134	97,216,177	105,313,550	112,666,734	117,012,561	122,932,231	131,499,749	134,330,030	138,699,132
Intergovernmental	32,048,067	29,895,117	29,667,721	32,990,197	34,684,046	31,307,663	41,366,424	37,692,797	36,644,051	41,143,776
Charges for Services	10,228,791	10,175,286	10,397,550	15,813,798	14,867,213	15,398,482	15,763,061	13,693,426	17,414,422	12,660,575
Interest	3,286,406	1,681,210	785,945	314,889	250,812	246,202	206,322	402,355	337,455	650,781
Miscellaneous	4,087,680	3,723,187	4,750,887	760,439	1,059,099	1,004,686	1,293,058	1,024,576	1,152,512	1,956,647
Total Revenues	143,885,416	134,344,934	142,818,280	155,192,873	163,527,904	164,969,594	181,561,096	184,312,903	189,878,470	195,110,911
Expenditures										
General Government	11,678,761	11,837,539	11,955,285	12,606,338	13,839,700	13,546,837	21,549,070	22,999,946	24,933,886	25,552,823
Public Safety	21,630,113	22,505,219	23,150,641	24,648,768	27,696,591	29,816,004	32,356,310	33,994,452	34,737,802	36,090,773
Transportation	1,493,708	1,703,789	1,678,993	1,815,862	1,966,533	1,864,069	2,024,051	256,337	252,469	273,784
Economic Development	2,932,565	2,812,872	2,626,961	2,857,424	3,621,583	3,054,463	2,843,520	3,125,569	3,017,868	3,554,015
Human Services	43,738,986	42,887,585	40,019,477	41,919,385	43,049,213	41,131,828	41,123,280	42,979,592	45,155,903	46,909,201
Environmental Protection	550,949	518,340	455,353	524,107	459,966	483,414	388,634	418,666	481,995	441,254
Culture and Recreation	4,074,930	4,209,182	3,737,238	3,784,381	3,703,656	3,523,774	4,097,889	4,067,374	4,051,113	4,258,693
Non-departmental	-	-	-	-	-	-	-	-	-	-
E-911	283,959	255,944	441,711	444,308	264,966	78,234	316,131	304,588	314,300	341,161
Education	35,029,481	37,694,405	36,729,263	40,223,529	43,724,834	48,109,492	48,109,492	39,606,710	54,574,794	56,535,827
Capital Outlay	68,034,763	44,516,255	26,112,325	16,519,532	6,628,862	9,543,564	27,847,160	15,810,784	29,831,178	43,882,522
Debt Service:										
Principal	6,301,797	6,379,837	6,356,359	11,832,236	11,358,243	12,736,387	12,709,662	12,083,616	13,983,748	14,067,486
Interest and Fees	4,458,774	7,768,750	8,982,087	8,716,670	8,275,880	7,714,343	7,949,197	8,077,532	8,250,656	9,154,534
Total Expenditures	200,208,786	183,089,717	162,245,693	165,892,540	164,590,027	171,602,409	201,314,396	183,725,166	219,585,712	241,062,073
Excess of revenues over (under) expenditures	(56,323,370)	(48,744,783)	(19,427,413)	(10,699,667)	(1,062,123)	(6,632,815)	(19,753,300)	587,737	(29,707,242)	(45,951,162)
Other Financing Sources (Uses)										
Transfers in	3,013,651	2,112,955	1,733,450	4,104,869	5,084,659	5,515,670	6,975,085	20,386,729	6,703,709	4,518,915
Transfers out	(3,013,651)	(2,112,955)	(1,733,450)	(1,604,869)	(2,584,659)	(5,515,670)	(4,888,649)	(20,386,729)	(6,184,929)	(4,129,830)
Proceeds from issuance of debt	45,147,260	57,000,000	1,600,000	-	335,000	81,862,358	9,643,440	61,671,787	51,986,289	49,561,822
Proceeds from sale of capital assets	324,662	386,255	235,631	23,922	39,716	256,239	117,891	1,290,607	114,717	419,649
Transfer to escrow agent	-	-	-	-	-	(40,314,625)	-	(61,299,846)	-	-
Total other financing sources (uses)	45,471,922	57,386,255	1,835,631	2,523,922	2,874,716	41,803,972	11,847,767	1,662,548	52,619,786	50,370,556
Net change in fund balances	\$ (10,851,448)	\$ 8,641,472	\$ (17,591,782)	\$ (8,175,745)	\$ 1,812,593	\$ 35,171,157	\$ (7,905,533)	\$ 2,250,285	\$ 22,912,544	\$ 4,419,394
Debt service as a percentage of noncapital expenditures	5.68%	8.37%	10.44%	14.14%	13.54%	13.53%	11.44%	12.33%	11.27%	10.66%

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						Exemptions	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					
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	11,803,945,757	97.83%
2016	9,583,040,338	1,837,274,076	22,555,280	292,376,515	1,739,646,266	284,070,687	294,767,759	13,464,195,403	0.675	13,334,271,730	97.83%
2017	9,733,175,407	1,874,018,606	22,086,340	292,342,825	1,813,199,894	290,126,822	321,003,804	13,703,946,090	0.675	13,571,708,926	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 2015 taxes.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Onslow County	\$ 0.5030	\$ 0.5030	\$ 0.5900	\$ 0.5850	\$ 0.5850	\$ 0.5850	\$ 0.5850	\$ 0.6750	\$ 0.6750	0.6750
<u>Municipality Rates:</u>										
Holly Ridge	0.3800	0.3800	0.3500	0.4150	0.4150	0.4150	0.4150	0.4150	0.4150	0.4150
Jacksonville	0.6260	0.6260	0.6260	0.5380	0.5380	0.5380	0.5380	0.6420	0.6420	0.6420
North Topsail Beach	0.1600	0.1400	0.1400	0.2355	0.2355	0.2355	0.3755	0.3932	0.3932	0.3932
Richlands	0.3800	0.3800	0.3800	0.3700	0.3700	0.3700	0.3600	0.3800	0.3800	0.3800
Surf City (1)	0.3100	0.3100	0.3100	0.3100	0.2826	0.3100	0.4100	0.4100	0.4100	0.4100
Swansboro	0.3530	0.3930	0.3930	0.3930	0.3930	0.3930	0.3500	0.3500	0.3500	0.3500

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

Notes:

^A Property was revalued in 2014.

^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	2017			2008		
	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	138,777,785	1	1.11%	93,413,176	1	0.83%
Duke Energy Progress	71,362,132	2	0.57%			
PR Jacksonville Limited Partnership	44,492,600	3	0.36%			
Wal Mart Real Estate Business Trust	29,058,800	4	0.23%			
Carolina Telephone	28,315,679	5	0.23%	55,379,084	3	0.49%
Stanadyne Corporation	25,667,776	6	0.21%			
Bailey & Fuller Properties LLC	25,642,120	7	0.21%			
Independence Place Arlington West LLC	24,558,806	8	0.20%			
Secretary of Veterans Affairs	24,633,577	9	0.20%			
Time Warner Cable Southeast LLC	23,385,581	10	0.19%			
RA North Development I Inc				83,428,932	2	0.74%
Progress Energy Carolinas				37,338,837	4	0.33%
Crown America Acquisitions				37,043,405	5	0.33%
Brunswick Timber LLC				30,630,712	6	0.27%
Robert J Finlay				23,917,050	7	0.21%
Rogers Bay Campground Co				21,500,000	8	0.19%
Puller Place LLC				15,453,737	9	0.14%
Marine Federal Credit Union				15,346,691	10	0.14%
Total	435,894,856		3.50%	413,451,624		3.69%

Source: County Tax Administration

* Value includes prior year discovery assessments.

Total Valuation	12,456,950,380	11,215,003,771
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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
2008	\$ 56,728	\$ 54,766	96.54%	\$ 1,588	\$ 56,354	99.34%
2009	59,012	56,049	94.98%	2,475	58,524	99.17%
2010	70,601	66,822	94.65%	3,179	70,001	99.15%
2011	72,816	69,098	94.89%	2,279	71,377	98.02%
2012	75,432	71,749	95.12%	2,322	74,071	98.20%
2013	79,022	74,883	94.76%	2,245	77,128	97.60%
2014	78,566	75,301	95.84%	1,919	77,220	98.29%
2015	82,177	79,757	97.06%	1,556	81,313	98.95%
2016	83,333	81,172	97.41%	1,402	82,574	99.09%
2017	84,550	82,560	97.65%	-	82,560	97.65%

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			
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	67,455,000	11,783,043	-	38,500,000	51,095,000	-	-	2,265,000	171,098,043	888	2.09%
2016	61,830,000	9,679,295	-	83,325,000	46,980,000	-	-	1,535,000	203,349,295	1,045	N/A
2017	56,000,000	7,676,809	-	124,050,000	42,885,000	-	-	780,000	231,391,809	1,189	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			
2008	\$ 106,665,000.00	\$ -	\$ 106,665,000.00	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	67,455,000	-	67,455,000	0.82%	0.52%	350
2016	61,830,000	-	61,830,000	N/A	0.47%	318
2017	56,000,000	-	56,000,000	N/A	0.41%	288

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 11,215,003	\$ 11,516,307	\$ 12,025,428	\$ 12,308,817	\$ 12,792,909	\$ 13,349,052	\$ 13,316,023	\$ 13,036,903	\$ 13,154,328	\$ 13,827,200
Debt Limit, 8% of Assessed Value (Statutory Limitation)	897,200	921,305	962,034	984,705	1,023,433	1,067,924	1,065,282	1,042,952	1,052,346	1,106,176
Amount of Debt Applicable to Limit										
General obligation bonds	107,987	104,137	100,190	94,324	88,493	84,631	81,240	67,455	61,830	56,000
Bonds authorized but not issued	3,780	3,780	3,780	3,780	3,780	-	-	-	-	-
Installment purchase agreements	17,542	15,787	15,621	13,538	12,176	10,129	16,922	11,783	9,679	7,676
Bond anticipation bonds	-	-	-	-	-	-	-	-	-	-
Limited obligation bonds	-	-	-	-	-	40,997	40,996	38,500	83,325	124,050
Certificates of participation	13,950	70,175	69,400	65,450	61,500	57,555	53,610	51,095	46,980	42,885
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Special obligation bonds	12,463	10,418	5,550	4,940	4,305	-	2,970	2,265	1,535	780
Gross Debt	155,722	204,297	194,541	182,032	170,254	193,312	195,738	171,098	203,349	231,391
Less:										
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Special obligation Bonds	12,463	10,418	5,550	4,940	4,305	3,650	2,970	2,265	1,535	780
Total net debt applicable to limit	143,259	193,879	188,991	177,092	165,949	189,662	192,768	168,833	201,084	230,611
Legal Debt Margin	\$ 753,941	\$ 727,426	\$ 773,043	\$ 807,613	\$ 857,484	\$ 878,262	\$ 872,514	\$ 874,119	\$ 851,262	\$ 875,565
Total net debt applicable to the limit as a percentage of debt limit	15.97%	21.04%	19.64%	17.98%	16.21%	17.76%	18.10%	16.19%	19.11%	20.85%

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, 2017
(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	\$ 56,000,000	\$ -	100.00%	\$ 56,000,000
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>\$ 56,251,000</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	
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	6,045	5,135	629	1,539	705	106	811	1.89
2016	6,014	5,438	451	1,027	730	81	811	1.27
2017	6,193	5,267	802	1,728	755	55	810	2.13

* excludes early retirement of debt

Source: Onslow County Audits

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)
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	45,277	26.60	24,232	9.20%
2013	191,030	8,421,526	44,124	25.90	24,889	8.90%
2014	193,221	8,342,524	44,538	26.29	25,169	6.60%
2015	192,645	8,188,720	43,952	26.26	25,314	6.20%
2016	194,636	N/A	N/A	26.26	25,702	5.30%
2017	194,636	N/A	N/A	N/A	26,055	4.60%

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	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
USMC Base, Camp Lejeune	1000+	1	See %	1000+	1	See %
Department of Defense	1000+	2		1000+	2	
Onslow County Board of Education	1000+	3	Below	1000+	3	Below
Camp Lejeune M CCS	1000+	4				
Wal-Mart Associates, Inc.	1000+	5		500-999	6	
Onslow County Government	1000+	6		1000+	5	
Onslow Memorial Hospital	1000+	7		1000+	4	
Alorica	500-999	8				
Convergys Customer Mgmt group	500-999	9		500-999	7	
Food Lion	500-999	10		500-999	10	
Camp Lejeune Dependent Schools				500-999	8	
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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	123	125	122	121	123	127	130	135	136	131
Public safety ***	281	282	307	331	430	426	461	465	436	446
Transportation	23	23	23	23	23	23	28	-	-	-
Economic & physical development	38	36	34	33	33	31	31	32	32	31
Human Services *	526	510	472	474	474	455	467	451	451	443
Environmental protection	7	7	4	4	4	4	4	4	4	4
Cultural and recreational	75	75	66	66	67	65	88	87	66	66
Enterprise Fund - Solid Waste	27	27	27	27	27	27	27	27	27	27
Enterprise Fund - Airport								31	22	28
Total	1,100	1,085	1,055	1,079	1,181	1,158	1,236	1,232	1,174	1,176

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Number of registered voters	79,247	84,645	86,857	87,126	92,076	92,234	94,684	95,408	90,601	100,159
Marriage licenses issued	2,697	3,007	3,187	3,101	2,851	2,714	2,697	2,633	2,577	2,662
Deeds recorded	7,195	6,294	7,227	6,903	6,613	6,984	6,658	7,152	7,292	8,320
Public Safety										
# of Civil papers received at sheriffs	28,045	28,235	26,345	24,853	23,847	25,377	25,471	36,982	24,834	25,554
# of Civil papers served at sheriffs	21,526	21,624	20,588	20,049	18,789	19,781	19,299	25,608	19,856	20,443
# of E911 EMS calls	13,878	14,976	16,329	16,596	16,691	17,510	25,587	26,447	29,020	31,573
# of E911 Fire calls	3,505	3,776	3,920	4,336	3,919	12,598	3,964	3,917	4,304	4,876
# of E911 law enforcement calls	52,213	45,358	45,986	45,134	48,861	46,348	60,347	67,373	75,878	85,501
Animal Complaints	9,374	10,179	8,437	7,625	7,719	8,348	9,203	8,039	6,567	7,636
Animals sheltered	7,270	7,654	6,639	5,994	6,477	6,012	5,889	6,297	4,788	4,346
Transportation										
Enplanements	124,598	125,221	129,826	165,322	174,903	172,285	162,867	151,903	146,417	156,010
Economic & Physical Development										
# of building permits	2,922	2,261	3,362	2,043	2,074	1,827	1,760	2,249	2,097	2,667
# of building inspections	21,260	16,969	21,548	24,949	29,416	30,980	28,221	24,522	22,443	20,923
Human Services										
Health Dept										
# of Food & Lodging inspections	1,235	967	693	1,198	1,528	1,514	1,335	1,486	1,812	1,974
# of patients contacts	32,600	24,625	25,850	27,150	13,077	24,612	13,653	13,578	16,709	18,589
Social Services										
# of clients served	57,853	59,833	66,388	60,548	66,076	49,269	52,810	35,769	39,370	44,598
Senior Services										
# of clients served	3,353	3,470	41996	4,526	4,916	2,796	5,089	5,160	6,551	7,530
Veterans Services										
# clients served	11,258	11,241	11,992	15,493	22,969	44,561	35,779	35,281	39,832	42,424
Environmental Protection										
feet on waterways cleared of debris	22,878	23,665	117,979	20,225	102,145	86,369	61,232	21,648	18,565	18,565
# of citizen mosquito complaints & responses	517	446	410	690	433	307	432	705	756	756
Cultural & recreational										
# of library visits	346,256	370,005	388,457	360,882	357,559	345,982	362,800	415,545	418,004	400,029
# of museum visits	13,5003	11,151	9,708	4,000	3,708	5,216	4,557	4,680	3,809	5,902
Enterprise Fund-Solid Waste										
Landfill & Convenience site transactions	137,869	137,678	144,395	157,253	256,457	286,791	154,969	159,816	174,956	171,676
Tonnage at sites	1,721	2,220	2,384	1,521	2,744	2,777	2,644	3,837	3,815	3,895
Recyclables tonnage from sites	751	645	727	922	621	744	1,402	646	925	1,009
White goods tonnage	517	378	361	261	199	264	349	471	581	750

Source: Onslow County departments

¹ thru May 2006

² thru 8/23/06

³ estimate

⁴ prior 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Number of patrol vehicles	155	155	153	166	178	195	187	150	150	150
Volunteer Fire Depts	20	20	20	20	20	19	17	17	17	15
Volunteer Rescue Squads	9	9	9	9	8	7	7	7	7	5
Volunteer Fire & Rescue	-	-	-	-	-	-	-	1	2	2
Number of EMS stations	7	7	7	7	7	7	7	7	7	7
Number of ambulances	29	36	31	32	32	24	23	23	23	28
Number of other emergency vehicles	-	-	-	-	-	-	-	-	-	12
Number of jail beds	118	118	118	118	528 *	528	528	528	528	528
Cultural & Recreational										
Number of Parks	13	13	13	13	13	13	13	13	13	13
Acreage	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
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	11	11	12	12	12	11	13	13	13	13
Education										
Number of Public Schools	35	35	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, 2017, and the related notes to the financial statements, which collectively comprise Onslow County’s basic financial statements, and have issued our report thereon dated February 28, 2018. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weaknesses (2017-001).

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 questioned costs as items 2017-002 through 2017-003.

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 questioned costs. 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.

Carri Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
February 28, 2018



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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 UNIFORM GUIDANCE 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 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, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2017.

Report on Internal Control over Compliance

Management of Onslow County, North Carolina, 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs at items 2017-002 and 2017-003 to be a significant deficiency.

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

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

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
February 28, 2018



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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 UNIFORM GUIDANCE; 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, 2017. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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, 2017.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cary, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina

February 28, 2018

**Onslow County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

-- Material weaknesses identified? X yes no

-- Significant deficiencies identified that are not considered to be material weaknesses yes X none reported

Noncompliance material to financial statements noted yes X 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 2 CFR 200.516(a) yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program (Medicaid; Title XIX)
93.658	Foster Care and Adoption Cluster
93.659	

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, 2017**

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

State Awards

Internal control over major State programs:

--	Material weaknesses identified?	_____ yes	_____ <u>X</u> no
--	Significant deficiencies identified that are not considered to be material weaknesses	_____ yes	_____ <u>X</u> none reported
	Noncompliance material to State awards	_____ no	_____ <u>X</u> 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	_____ <u>X</u> no
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Identification of major State programs:

Program Names

93.778	Medical Assistance Program (Medicaid; Title XIX)
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Section II - Financial Statement Findings

Finding: 2017-01
Deficit Fund Balance of Individual Funds

MATERIAL WEAKNESS

Criteria: The County is required to estimate the self-insurance reserve for claims incurred but not reported (IBNR) and the estimated landfill closure and post-closure costs at each period end. The estimate for IBNR claims should be performed on an actuarial basis.

Perspective/ Condition: The County's incurred but not reported claims at June 30, 2017 was not performed on an actuarial basis by an actuary. The estimate for landfill post-closure cost was performed by an engineer in fiscal year 2009 and has been adjusted for inflation.

Effect: The County's IBNR does not take into account actuarial factors in its estimation. The estimated landfill postclosure costs is eight years old and therefore outdated due to changes in regulations, costs and technology related to monitoring and closing the landfill.

Cause The County contract with a third-party benefits administration firm to assist in the claims and premiums management process. As part of this, the contractor provides an estimation for the IBNR claims, though it is not performed on an actuarial basis. The estimated post-closure costs was performed by an engineering firm in fiscal year 2009.

Recommendation: The County should work with an third party actuary to ensure that the estimated IBNR claims are estimated on an actuarial basis going forward or is estimated by an actuarial firm. The County should also work with an engineer to prepare a current estimate of landfill closure and post-closure care costs includes changes in regulations, technology and current estimated costs of closing and monitoring the landfill.

View of responsible officials: Management agrees with this finding and has set forth a corrective action plan as noted in the following section.

Section III - Federal Award Findings and Questioned Costs

North Carolina Department of Health and Human Services

Program Name; Medical Assistance Program

CFDA Number: 93.778

Significant Deficiencies

Immaterial to Noncompliance (2017 Findings)

Finding 2017-002 Medicaid Eligibility

Criteria: Recipients of Medicaid benefits are required to have an annual review for eligibility

Perspective/Condition: One out of 71 Medicaid recipients tested was eligible for MAD Medicaid assistance in August 2016. However, the individual died in September 2016. Onslow County was not notified of his death until April 2017. Therefore, the case was not closed.

Effect: The Medicaid case was not closed upon death of individual.

Questioned Costs: \$0

Cause: The County was not notified of the death of Medicaid recipient.

Recommendation: The County should establish procedures to ensure that all Medicaid files are reviewed annually for eligibility.

Response: Per County DSS, all payments were recovered after the County was notified of individual's death.

Finding 2017-003 Medicaid Eligibility

Criteria: Recipients of Medicaid benefits are required to have an annual review for eligibility

Perspective/Condition: One out of 71 Medicaid recipients tested was an SSI recipient and therefore automatically eligible for Medicaid. The case was due for annual exparte review in Onslow County but was listed in New Hanover County in NCFAST software. Therefore, case did not show up for review in Onslow County.

Effect: Individual did not receive a timely annual exparte review

Questioned Costs: \$0

Cause: The individual was listed in another county in NCFAST software.

Recommendation: The County should establish procedures to ensure that all Medicaid files are reviewed annually for eligibility.

Response: County has updated its record for Medicaid recipient's county of residence and has performed annual exparte review.

Section IV - State Award Findings and Questioned Costs

None reported.

Section II - Financial Statement Findings

Finding: 2017-001

Name of Contact Person: David McCole, Finance Director

Corrective Action Plan: Plans have been made to obtain a current engineering estimate of landfill closure and postclosure care costs

Proposed Completion Date: June 30, 2018

Section III- Federal Award Findings and Questioned Costs

Finding: 2017-002

Name of Contact Person: Heidi Baur, DSS Director

Corrective Action Plan: County has updated its records for death of Medicaid recipient and has recovered all payments made subsequent to his death.

Proposed Completion Date: June 30, 2017

Finding: 2017-003

Name of Contact Person: Heidi Baur, DSS Director

Corrective Action Plan: County has updated its records for Medicaid recipient County of residence has performed annual exparte review

Proposed Completion Date: June 30, 2017

Section IV - State Award Findings and Questioned Costs

None reported.

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

Finding: 2016-01 Deficit Fund Balance of Individual Funds

Status: Deficit fund balance in Grant Project fund has been corrected.

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
Federal Awards:						
<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>						
State Administrative Matching Grants for the Supplemental Nutrition A	10.561		\$ 1,463,931	\$ -	\$ -	\$ 1,463,930
Total Food Stamp Cluster			1,463,931	-	-	1,463,930
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		1,511,127	-	-	-
Direct Benefit Payments:						
Special Supplemental Nutrition Program for Women, Infant and Children	10.557		4,849,057	-	-	-
Total U.S. Department of Agriculture			7,824,115	-	-	1,463,930
<u>U.S. Institute of Museum and Library Services:</u>						
Passed through the NC Department of Cultural Resources:						
LSTA Planning Grant	45.310		13,936	-	-	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
<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		-	-	-	-
Passed thru Transportation Security Administration						
Law Enforcement	97.090		94,240	-	-	-
Total U.S. Department of Homeland Security			94,240	-	-	-
<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		48,731	2,867	-	5,733
HCCBG-home delivered meals	N/A		-	18,986	-	2,110
HCCBG-Congregate meals	93.045		80,531	4,737	-	9,474
HCCBG-Access	N/A		-	44,764	-	4,974
HCCBG-Access	93.044		51,464	3,027	-	6,055
HCCBG-In home/Supp Services	93.044		51,673	3,040	-	6,079
HCCBG-In home/Supp Services	93.667		31,385	897	-	3,587
HCCBG-In home/Supp Services	N/A		-	282,433	-	31,381
Title III-D Preventive health	93.043		3,917	230	-	461
Operation Fan	N/A		-	800	-	-
Family Caregiver Support Title III-E	93.052		10,636	-	-	2,965
Nutrition Services Incentive Program	93.053		26,321	-	-	-
Senior Center Development	N/A		-	10,201	-	-
Total Aging Cluster			304,658	371,982	-	72,819

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
Division of Social Services:						
<u>Temporary Assistance for Needy Families Cluster</u>						
Temporary Assistance for Needy Families (TANF)/Work First	93.558		1,305,365	-	-	1,730,793
Aid to Families with Dependent Children AFDC - Direct Benefit Payments	93.560		(31)	(9)	-	(8)
TANF/Work First - Direct Benefit Payments	93.558		560,352	-	-	-
Total TANF Cluster			1,865,686	(9)	-	1,730,785
<u>Foster Care and Adoption Cluster</u>						
Title IV-E Foster Care (CPS)	93.658		123,109	123,109	-	-
Title IV-E Foster Care Admin	93.658		10,729	-	-	10,729
Title IV-E Foster Care Trn & Off Trn & family foster max, max level III	93.658		552,863	-	-	550,455
Title IV-E Foster Care foster max, max level III - Direct Benefit Payments	93.658		4,949	-	-	2,464
Title IV-E Foster Care Public Assistance & in excess - Direct Benefit Paym	93.658		331,885	86,283	-	79,160
Title IV-E Admin county paid to CCI - Direct Benefit Payments	93.658		253,997	126,998	-	126,998
Title IV-E optional Adopt Trn 50%	93.659		30,166	-	-	30,166
Title IV-E Adopt subsidy & vendor public assistance - Direct Benefit Paym	93.659		453,585	114,763	-	114,763
Title IV-E Foster Care - Direct Benefit Payments	93.658		223,479	55,914	-	55,216
Foster Care	93.658		164,632	-	-	95,802
Total Foster Care and Adoption Cluster			2,149,394	507,067	-	1,065,753
Refugee and Entrant Assistance - State Administered Program	93.566		(12)	-	-	-
IV-D Administration & offset fees	93.563		542,576	(36)	-	279,545
Low-Income Home Energy Assistance:						
Low Income Energy Admin	93.568		86,443	-	-	-
Low Income Home Energy Assistance Payments-Direct Benefit Paym	93.568		484,300	-	-	-
Crisis Intervention Program	93.568		468,549	-	-	-
Family Preservation	93.556		73,699	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning - Spec	93.645		95,341	-	-	31,780
SSBG Other Services and Training	93.667		438,832	43,426	-	160,752
Foster/Parent Fing and Crime Hist	93.658		-	7,145	-	-
Division of Aging and Adult Services:						
Division of Social Services:						
Adult Protective Service	93.667		51,141	-	-	17,047
In Home Services	93.667		6,947	-	-	992
Links, independent living transitional	93.674		50,611	10,275	-	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	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		523,175	-	-	-
Division of Child Development:						
Child Care and Development Fund - Discretionary	93.575		3,162,859	-	-	-
Child Care and Development Fund - Mandatory	93.596		1,495,460	-	-	-
Child Care and Development Fund - Match	93.596		302,906	157,577	-	-
Total Child Care Development Fund Cluster			5,484,400	157,577	-	-
Temporary Assistance for Needy Families- ARRA- Emergency Contingency Fund for Foster Care Title IV-E	93.558		1,247,728	-	-	-
TANF Contingency	93.658		124,050	-	-	-
TANF Contingency	93.575		792,447	-	-	-
State Appropriations	N/A		-	144,427	-	-
Foster Care Title IV-E			-	61,917	-	-
TANF-MOE	N/A		-	754,246	-	-
Total Subsidized Child Care Cluster			7,648,625	1,118,167	-	-
Centers for Disease Control And Prevention						
Bioterrorism Grant	93.069		45,335	-	-	-
Ebola Preparedness and Response Grant	93.074		11,100	-	-	-
Total Centers of Disease Control and Prevention			56,435	-	-	-
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	93.074		45,335	-	-	-
Tuberculosis Control Program	93.116		29,578	-	-	-
Immunization Program/Aid to County Funding	93.268		32,675	-	-	-
Immunization Action Plan	93.539		46,273	-	-	-
Preventive Health and Health Services Block Grant	93.758		26,708	-	-	-
HIV Prevention Activities-Health Department Based	93.940		2,999	-	-	-
Preventive Health Services-Sexually Transmitted Diseases Control	93.977		988	-	-	-
PHEP Ebola	93.074		11,100	-	-	-
Total Division of Public Health			195,656	-	-	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	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		20,735	-	-	-
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		219,196	165,359	-	-
Office of Population Affairs Passed through NC Department of Health and Human Services Office of Population Affairs Family Planning Services	93.217		85,720	-	-	-
Passed through the NC Department of Health and Human Services Division of Medical Assistance: Direct Benefit Payments: Medical Assistance Program	97.778		115,688,718	60,815,990	-	-
Division of Social Services: Administration: Medical Assistance Program	93.778		3,026,848	7,917		1,088,913
Total Medical Assistance Program			118,715,566	60,823,907	-	1,088,913
Direct Benefit Payments State Children's Insurance Program - N.C. Health Choice	93.767		2,000,362	9,680	-	-
Division of Social Services: Administration: State Children's Health Insurance Program - N.C. Health Choice	93.767		94,660	113	-	128
Total State Children's Insurance Program - N.C. Health Choice			2,095,022	9,793	-	128
Passed thru National Association of County and City Health Officials (NAACHO)	93.008		-	-	-	-
Total U.S Department of Health and Human Services			135,655,120	63,057,076	-	4,448,514
US Army Corp of Engineers Mosquito Control contract W912HN-09-P-0059	12.355		4,110	-	-	-
Total Federal Awards			143,591,521	63,057,076	-	5,912,444

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
State Awards:						
<u>N.C. Department of Agriculture and Consumer Services</u>						
State Vehicle Usage Reimbursement Program			-	5,382	-	-
Soil Conservation Program Grant			-	-	-	-
Soil Conservation Reimbursement Program			-	33,266	-	-
Total N.C. Department of Agriculture and Consumer Services			-	38,648	-	-
<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			-	610,948	-	610,948
Adoption Subsidy & vendor - Direct Benefit Payments			-	487,377	-	155,954
Foster Care At Risk Maximization			-	12,143	-	6,045
Energy Assist Private Grants			-	5,406	-	-
TANF/AFDC Incent/Program Integrity			-	173	-	-
SFHF Maximization - Direct Benefit Payments			-	366,789	-	366,788
State Child Welfare/CPS/CS LD			-	173,042	-	-
County Funded Programs			-	-	-	3,804,577
Non-Allocating County Cost			-	-	-	376,152
Work First Non-reimbursable			-	-	-	1,173,046
State Foster Home - Direct Benefit Payments			-	285,387	-	285,385
SAA/SAD HB 1030			-	32,028	-	26,078
Extended FC/Max NON IV-E			-	3,511	-	-
Total Division of Social Services			-	1,976,804	-	6,804,973
Division of Public Health:						
Food and Lodging fees			-	45,117	-	-
General Aid to Counties			-	239,624	-	-
General Communicable Disease Control			-	11,954	-	-
Child Health			-	4,048	-	-
HMHC-Family Planning			-	20,778	-	-
Maternal Health (HMHC)			-	7,552	-	-
Women's Health Service Fund			-	11,621	-	-
HIV/STD SSBG Aid			-	12,500	-	-
Sexually Transmitted Diseases			-	847	-	-
Tuberculosis			-	38,051	-	-
TB Medical Services			-	2,024	-	-
Triple P			-	24,596	-	-
Eliminating Health Disparities Initiative			-	43,751	-	-
School Nurse Funding Initiative			-	100,000	-	-
Total Division of Public Health			-	562,463	-	-
Total N.C. Department of Health and Human Services			-	2,539,267	-	6,804,973

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
<u>N.C. Department of Transportation:</u>						
Public Transportation Division:						
Rural Operating Assistance Program (ROAP)						
Elderly and Disabled Transportation Assistance Program (EDTAP)		DOT-16CL	-	99,987	99,987	-
Work First/Employment Transportation Operating Assistance (Work First)		DOT-16CL	-	38,141	38,141	-
Rural General Public Program (RGP)		DOT-16CL	-	101,656	101,656	-
Terminal Area Redevelopment (design)		DOT-8	-	27,583	-	-
Total NC Dept. of Transportation			-	267,367	239,784	-
<u>N.C. Department of Environmental Quality</u>						
Division of Environmental Assistance and Outreach						
Off Waste Reduction Trust Fund			-	8,645	-	-
Division of Waste Management						
Electronics Recycling Program			-	14,416	-	-
White Goods - Solid Waste Management			-	197,927	-	-
Division of Water Resources						
Waterway Dredging			-	-	-	-
Total N.C. Department of Environment and Natural Resources			-	220,988	-	-
<u>N.C. Admin Office of the Courts</u>						
Civil License revocation			-	14,714	-	-
<u>N.C. Department of Natural and Cultural Resources</u>						
State Aid to Libraries			-	220,280	-	-
Tax Collections			-	25,427	-	-
Total NC Department of Natural and Cultural Resources			-	245,707	-	-
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>						
Temporary Shelter Services			-	28,679	-	-
Juvenile Restitution Program			-	150,744	-	-
School treatment Program			-	130,840	-	-
Day Services Commitment Program			-	92,000	-	-
Onslow County Juvenile Program			-	(486)	-	-
SHARP			-	26,010	-	-
Youth Court Diversion Program			-	25,000	-	-
Total Dept. of Juvenile Justice			-	452,787	-	-

Onslow County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Passthrough Grantor's Number	Federal (Direct and Pass-through Expenditures)	State Expenditures	Passed Through to Subrecipients	Local Expenditures
<u>N.C. Department of Public Safety</u>						
2015 Governor's Crime Commission ICAC Grant				4,520	-	-
<u>N.C. Department of Insurance</u>						
Seniors Health Insurance Information Program			-	8,031	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	916,887	-	-
Total State Awards			-	4,708,916	239,784	6,804,973
Total Federal and State Awards			\$ 143,591,521	\$ 67,765,992	\$ 239,784	\$ 12,717,417

Onslow County, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

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, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available. Onslow County has elected not to utilize the 10% de minimis indirect cost rate.

3. 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
- Foster Care and Adoption.

4. Subrecipients

Of the federal and state expenditures presented in the schedule, Onslow County, North Carolina provided state awards to subrecipients as follows:

State Program Title	Subrecipient	State Expenditures
Elderly and Disabled Transportation Assistance Program (EDTAP)	Onslow United Transit System	\$99,987
Work First/Employment Transportation Operating Assistance (Work First)	Onslow United Transit System	38,411
Rural General Public Program (RGP)	Onslow United Transit System	101,656