

ONSLOW COUNTY
NORTH CAROLINA
Citizens' Financial Report



Popular Annual Financial Report

*For the Fiscal Year Ended
June 30, 2009*

About the cover

On June 13, 2009 the Vietnam Veterans Memorial located at the entrance to Camp Johnson was dedicated. It is to honor all Veterans of the Armed Forces who served on active duty from August 5, 1964 to May 7, 1975. The glass wall of the memorial contains an alphabetical listing of the names of the 58,229 men and women who were killed in the Vietnam War. The memorial was designed by The Smith Sinnett Associates, P.A.

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INTRODUCTION

The report contained herein is the Popular Annual Financial Report (PAFR) prepared by Onslow County. This report is called the Popular Annual Financial Report because financial data is presented here in a simple, easy to read format for the average person. The information for this report has been taken from the County’s Comprehensive Annual Financial Report (CAFR), which is a complete compilation of financial data including the audited statements and footnotes, auditor’s opinion and other relevant schedules and statistics. Anyone interested in viewing the CAFR can do so at the County Finance Department at 615 Court Street, Jacksonville, N.C. 28540 or on-line at www.onslowcountync.gov.

We hope you will take the time to provide us with your thoughts or ideas for improvement after reading this year’s report. Drop us a note at the address listed above; call the office at 910-455-3404, or e-mail alvin_barrett@onslowcountync.gov. We look forward to hearing from you.

BOARD OF COMMISSIONERS

W. C. Jarman
Chairman
Paul Buchanan
Vice-Chairman
Barbara Ikner
William H. Keller, III
Lionell Midgett

ONSTLOW COUNTY NORTH CAROLINA

www.onslowcountync.gov

October 31, 2009

Citizens of Onslow County

I am pleased to present the Onslow County Popular Annual Financial Report (PAFR) for the year ended June 30, 2009. The report is a brief presentation of financial information and activities including where County revenue comes from, where those dollars are spent and a brief overview of the local economy. Above all, it is designed to present an understandable and readable financial report.

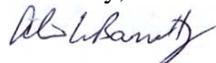
This financial report provides a summary of information detailed in the 2009 Onslow County Comprehensive Annual Financial Report (CAFR). The CAFR is a 156-page document of detailed financial statements, note disclosures, supplemental schedules, and statistical tables. The CAFR was prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) was audited by Pittard Perry & Crone, CPAs and received an unqualified opinion, the best that can be received.

The Popular Annual Financial Report is a condensed, more user-friendly financial report intended to provide highlights of the primary government from the County's CAFR. The PAFR is not audited and does not conform to GAAP and governmental reporting standards. The major differences between GAAP and non-GAAP reporting deal with the exclusion of component units, agency funds, presentation of individual funds and full disclosure of all material financial and non-financial notes to the financial statements, but a PAFR is easier to read.

The PAFR and CAFR are important informational tools providing both the citizens and the business community pertinent facts and statistics regarding the financial management and economic status of Onslow County. The Popular Annual Financial Report of Onslow County is a means of increasing public confidence in County government through easier, more user-friendly financial reporting.

Onslow County continues its trend of sound fiscal management as reflected within these pages by striving to offer to the public the best services they deserve and require, including education, human services, public safety, economic development and infrastructure improvements as well as other necessary programs for residents. As you review our Popular Annual Financial Report, I invite you to review Onslow County's Comprehensive Annual Financial Report (CAFR) at the Finance Office at 615 Court Street, Jacksonville, NC. or on-line at www.onslowcountync.gov.

Sincerely,



Alvin W. Barrett, Jr.
Deputy County Manager/Finance Officer

Onslow County Finance Office
615 Court Street • Jacksonville, North Carolina • 28540
Phone: 910.455.3404 • Fax: 910.455.3024

Onslow County Board of Commissioners



W C Jarman
Chairman



Paul Buchanan
Vice-Chairman



Barbara Ikner

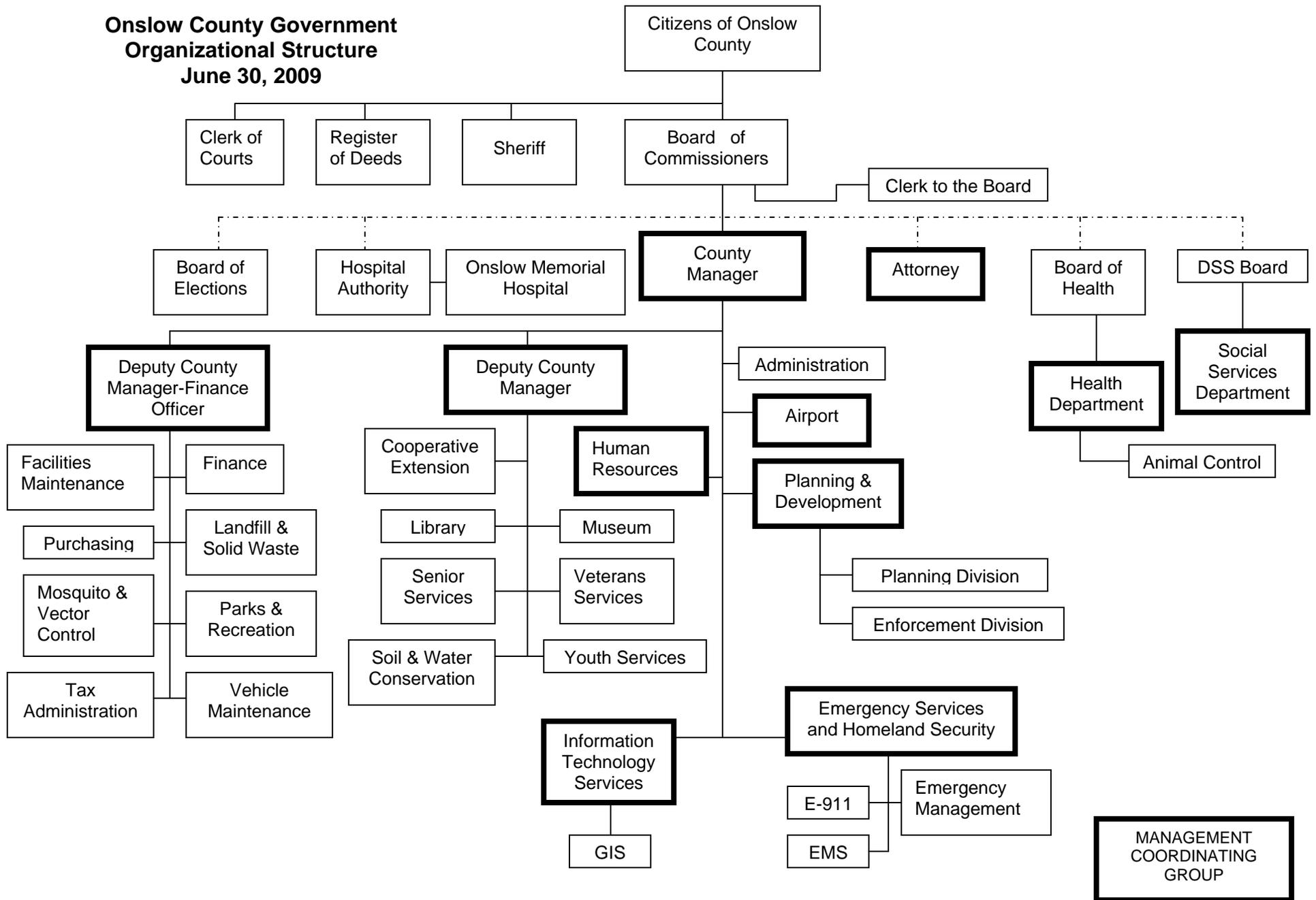


William H Keller, III



Lionell Midgett

**Onslow County Government
Organizational Structure
June 30, 2009**



DEPARTMENTAL CONTACTS

ADMINISTRATION

Jeffrey L. Hudson (910) 347-4717
County Manager
4024 Richlands Highway
Jacksonville, NC 28540

AIRPORT

Chris White (910) 324-1100
Director
264 Albert Ellis Airport Road
Richlands, NC 28574

BOARD OF ELECTIONS

Rose Whitehurst (910) 455-4484
Elections Supervisor
521 Mill Avenue
Jacksonville, NC 28540

COOPERATIVE

EXTENSION/AGRICULTURE

Peggie Garner (910) 347-6782
Director
4022 Richlands Hwy
Jacksonville, NC 28540

DEPARTMENT OF SOCIAL SERVICES

Roger Penrod (910) 455-4145
Director
1915 Onslow Drive Extension
Jacksonville, NC 28540

EMERGENCY MANAGEMENT SERVICES

Norman Bryson (910) 347-4270
Interim Director
1180 Commons Drive
Jacksonville, NC 28540

FACILITIES MAINTENANCE

Randy Jones (910) 455-0334
Maintenance Chief
242 Georgetown Road
Jacksonville, NC 28540

FINANCE OFFICE

Alvin W. Barrett, Jr. (910) 455-3404
Deputy Co. Mgr./Finance Officer
615 Court Street
Jacksonville, NC 28540

HEALTH DEPARTMENT

George O'Daniel (910) 347-2154
Director
612 College Street
Jacksonville, NC 28540

HUMAN RESOURCES

Pam Brame (910) 347-7600
Human Resources Director
202 Old Bridge Street
Jacksonville, NC 28540

INFORMATION TECHNOLOGY SERVICE

Phil Turner (910) 455-3926
ITS Director
524 Mill Avenue
Jacksonville, NC 28540

MOSQUITO & VECTOR CONTROL

J.R. Batchelor (910) 455-0181
Supervisor
1222 Onslow Pines Road
Jacksonville, NC 28540

MUSEUM

Lisa Whitman-Grice (910) 324-5008
Director
301 S. Wilmington Street
Richlands, NC 28574

PARKS & RECREATION

Mac Sligh (910) 347-5332
Director
1244 Onslow Pines Road
Jacksonville, NC 28540

PLANNING & DEVELOPMENT/CODE ENFORCEMENT

Scott Shufford (910) 455-3661
Director
604 College Street
Jacksonville, NC 28540

PUBLIC LIBRARY

Phillip Cherry (910) 455-7351
Director
58 Doris Avenue
Jacksonville, NC 28540

PURCHASING & CONTRACTS

Laura Jones (910) 455-1750
Purchasing Agent
609 Court Street
Jacksonville, NC 28540

REGISTER OF DEEDS

Becky Pollard (910) 347-3451
Registrar
109 Old Bridge Street
Jacksonville, NC 28540

SENIOR SERVICES

Sheri Slater (910) 455-2747
Director
4022 Richlands Hwy
Jacksonville, NC 28540

SHERIFF

Ed Brown (910) 455-3113
Sheriff
701 Mill Avenue
Jacksonville, NC 28540

SOIL & WATER CONSERVATION

William D. Norris (910) 455-4472
Director
4022 Richlands Hwy
Jacksonville, NC 28540

SOLID WASTE

James Horne (910) 989-2107
Coordinator
415 Meadowview Road
Jacksonville, NC 28540

TAX ADMINISTRATION

Harry Smith (910) 989-2200
Tax Collector
39 Tallman Street
Jacksonville, NC 28540

VEHICLE MAINTENANCE FACILITY

Jerry Davis (910) 455-0181
Supervisor
1222 Onslow Pines Road
Jacksonville, NC 28540

VETERAN SERVICES

Amelia Grissett (910) 347-3309
Director
116 Old Bridge Street
Jacksonville, NC 28540

YOUTH SERVICES

Peggy Gibson (910) 455-4275
Director
220 Georgetown Road
Jacksonville, NC 28540

ONSLow COUNTY HISTORY

Situated on the lower Coastal Plain of southeastern North Carolina, the cultural history of Onslow County is interwoven with its natural setting. Social, political, and economic decisions have been undeniably influenced by the availability and abundance of local resources, including waterways, fertile soil, and vast stands of timber. This abundance attracted the area's first people, the Native Americans. The first European and English settlers arrived in 1713 in what was originally part of the colonial precincts of Carteret and New Hanover. In 1734 the residents along the New and White Oak Rivers petitioned to establish their own court precinct to be called Onslow; in commemoration of the Honorable Arthur Onslow, Speaker of the House of Commons. Following the American Revolution it would become Onslow County in the new state of North Carolina. Its current system of government comprising a Board of County Commissioners was formalized in the late 19th century as a measure of Reconstruction following the American Civil War. Throughout the 20th century, agricultural endeavors, business, and even the establishment of the world's most complete amphibious training facility



– Marine Corps Base Camp Lejeune relied upon and flourished in the natural environment of Onslow County. Today the aforementioned abundance and beauty found in the surrounding landscape, 30 miles of beautiful beaches, rivers and seascape continues to define Onslow County, attracting industry, tourism, and families to our distinctive community.

Onslow County has the only large river in the continental United States with both its headwaters and mouth in the same county with the scenic 40 mile long New River.

Onslow County is the home of the oldest continuously operated USO in America. The Jacksonville USO was established on April 23, 1941. They have expanded and changed their operations to cover all of North Carolina with satellite facilities at the Raleigh/Durham and Charlotte, North Carolina airports.

PROFILE OF THE COUNTY

The county is bordered by Pender County to the south, Duplin County to the west, Lenior 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, of which about 156,400 acres comprise the Camp Lejeune Marine Corps Base and New River Marine Corps Air Station and are 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.



LOCAL ECONOMY

Camp Lejeune, the largest Marine Corps installation on the East Coast, makes its home in the County. Camp Lejeune occupies 246 square miles (153,439 acres) with 11 miles of beach. It is estimated that over 150,000 people, including active and retired military personnel, dependents of active and retired military personnel, and civil service employees benefit from Camp Lejeune. Of this number, approximately 48,000 are active duty Marines and sailors.

Camp Lejeune is the home of Marine Corps Installations East. Marine Corps Installations East is the regional command for Marine bases located on the East Coast. This includes air stations and logistics bases.

Camp Lejeune is the largest contributor to the County economy through wages to base connected military, civilian employees and employees of non-appropriated fund organizations. Additionally, there are a growing number of military retirees who now call the County home.

Based at Camp Lejeune are the following installations: II Marine Expeditionary Force, 2nd Marine Division, 2nd Marine Logistics Group, 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. Marine Corps Air Station, New River is an integral part of the support of Camp Lejeune and is the home of the Marine Tilt Rotor Test and Evaluation Squadron and Marine Tilt Rotor Training Squadron for the MV-22 Osprey.

As the Marine Corps expands to a total strength of 202,000 by 2011 Camp Lejeune and New River Air Station combined will see a growth in approximately 8,000 active duty Marines and sailors as the Marine Corps expands its size. It is estimated that there will be an additional 6,500 dependents with these Marines and sailors. This growth is expected to bring 11,500 new jobs for active duty service members and civilian employees over the next three years.

The efforts of several programs to support military dependents has been successful in 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 negative effects of deployments on the County. The working together of the civilian and military communities have shown all concerned that the County and its residents were active in supporting each other as a prepared and proud military community.



Agriculture remains a major economic factor in the County with a market value of agricultural products sold for 2008 estimated at \$108.30 million, 28th in the State of North Carolina for cash receipts. Tobacco remains the leading cash crop. Other major crops include corn, soybeans, cotton, wheat and peanuts. The total market value of row crops receipts was \$18.4 million.



The livestock industry continues to play a dominant role in farm income with poultry and pork production accounting for the majority of the industry. The poultry, pork and livestock production provided approximately \$84.7 million in farm receipts. The County ranks first in sod production, fifth in turkey and eighth in hog production of the 100 counties in North Carolina.

The local Farmers' Market is opened approximately 80 days per year in the growing season. The Farmers' Market is open Tuesday and Saturday at the Farmers Market building on Highway 258 and on Thursday at a new site in Jacksonville on Western Boulevard. The average number of shoppers is 250 per day. The average dollars spent per shopper at the market is \$15.88. On average number there are 14 vendors on Tuesday and Thursday while the Saturday market has approximately 25. The estimated gross annual receipts for the 2009 season were \$317,600. The economic impact, using the multiplier effect of 1.5, is \$476,400.

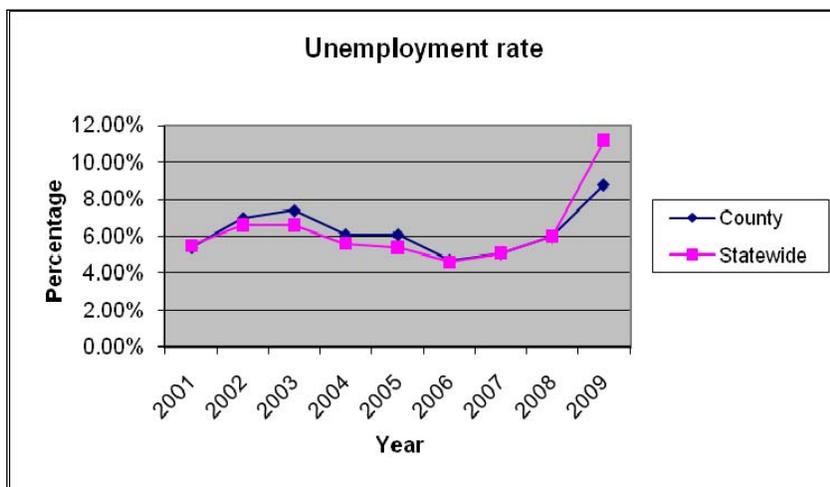
The seafood industry has always been an integral part of the County's economy. In 2007, the dockside value of seafood was approximately \$5.5 million. This is a 9.5% increase over the previous year.

Construction activity in Onslow County has remained steady as evidenced by the 2,295 new units of residential construction and 165 units of commercial construction totaling over \$135 million dollars in fiscal year 2009.

Tourism is one of the County's largest growing industries. It is estimated that the local tourism industry generates more than \$34.5 million in wages for approximately 1,660 employees. Visitors to Onslow County spent and estimated \$172.6 million in 2008 for an increase of 8.26 percent from 2007. Among the 100 North Carolina counties, the County ranked 23rd in travel impact. For Fiscal Year 2008 Onslow County showed the largest percentage increase in visitor spending in North Carolina.



The County has also become a center for retail sales for the region. New commercial businesses have continued to open in the County as the Western Boulevard area in Jacksonville has become the home of many national retail businesses. Per the North Carolina Department of Commerce the 2008 retail sales for the county were \$1.500 billion.



The unemployment rate for Onslow County as of June 30, 2009 was 8.8 percent as compared to the rate for North Carolina which was 11.2%. Economic development recruiting efforts are being focused on telecommunications "back office" type of companies, assembly-light manufacturing industries and industries that are suppliers to the

military. With a large military dependent population, these industries are well suited for the existing work force.

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 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 and 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. Cape Fear Precast, LLC (“Cape Fear”), the first tenant, completed construction on a plant in the Industrial Park on opened for business in October 2008. Cape Fear Precast manufactures pre-cast concrete utility structures such as sanitary sewer manholes, pump stations and storm water products, and serves a customer base along the eastern seaboard east of Interstate 95 from Virginia to South Carolina. They currently employ 22 with the goal of doubling this number by 2013. Southeastern Preschool Educational Center (SPEC) has built a day care center and training center in the industrial park. They opened for business in April 2009 and have a work force of 50.



Onslow County and surrounding areas have superb commercial air service connectivity via our county-owned Albert J. Ellis Airport (OAJ), with its 7,100-foot lighted runway with an instrument landing system. The airport is served by two airlines, US Airways Express and Delta Connection. US Airways provides seven daily flights via Charlotte, North Carolina and Delta Connection provides four daily flights via Atlanta. Regional jet aircraft (50 and 70 seat aircraft) are available on ten of the airports eleven daily flights. The other two daily flights are on a 50-seat turboprop. Total traffic for fiscal year 2008-2009 was 261,305, which represented a 2.0% increase over the previous fiscal year. Fixed based aviation services such as fuel sales, flight instruction and aircraft rentals are provided under an airport lease with Jacksonville Flying Service. Per the 2006 North Carolina Division of Aviation economic impact study (the most recent study available) the estimated economic impact of Albert J Ellis Airport is \$44.3 million.

COUNTY GOVERNMENT

The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected at large on a partisan basis and serve four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget, setting the property tax rate, adopting county ordinances and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.



The County provides a wide range of services to the citizens of the county. Examples of these are Sheriff, Jail, Emergency Management (E911 and EMS), Health Department, Department of

Social Services, Parks & Recreation, Library, Senior Services, Veteran's Services, Mosquito Control, Cooperative Extension Services, Youth Services, Board of Elections, Museum, Airport, Planning, and Register of Deeds.

The County also provides current expense and capital outlay funding for the Onslow County School System and is responsible for providing school facilities. The school system is governed by an independently elected Board of Education.

FINANCIAL ACTIVITY

The financial activities of Onslow County Government are accounted for in funds. These funds can be identified as either **Governmental** or **Business-type**. Governmental activities constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues.

These governmental funds consist of the following:

General Fund – This is the operating fund of the County and reflects those revenues and expenditures that are traditionally associated with the operations of the County.

Special Revenue Fund – This type of fund accounts for the proceeds of specific revenues that are legally restricted to expenditure for specific purposes.

Capital Project Fund – This type of fund accounts for acquisition or construction of major capital assets for the general operation of the County. Capital project financed by proprietary (those operated as if they were a business) funds are accounted for in the proprietary fund.

Revenues: The monies received by the County from a variety of sources used to fund all services provided. The sources of these funds consist of the following:

- Taxes – revenue from real estate tax, personal property tax, sales tax and other taxes.
- Intergovernmental Revenues – revenue from grants and pass-through monies administered by the State of North Carolina and federal government and other local government entities.
- Charges for services – fees received by departments for services provided to the public.
- Operating Grants and Contributions – monies to be used for general program operations.
- Capital Grants and Contributions – monies to be used for the purchase of items that become capital assets of the county.

GENERAL FUND:

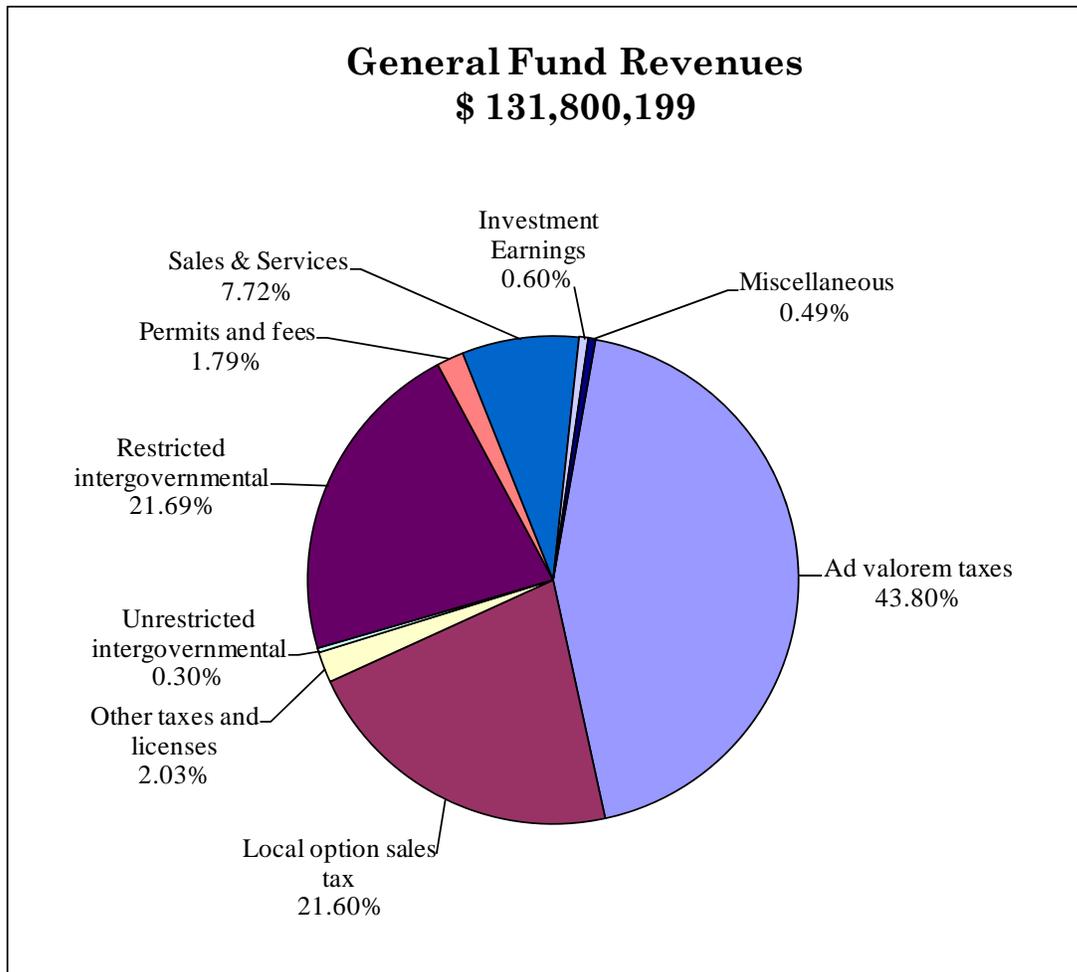
As we previously stated the General Fund is the operating fund of the County. Below you will find a recap the revenues accounted for within this fund.

REVENUES (where the money comes from)

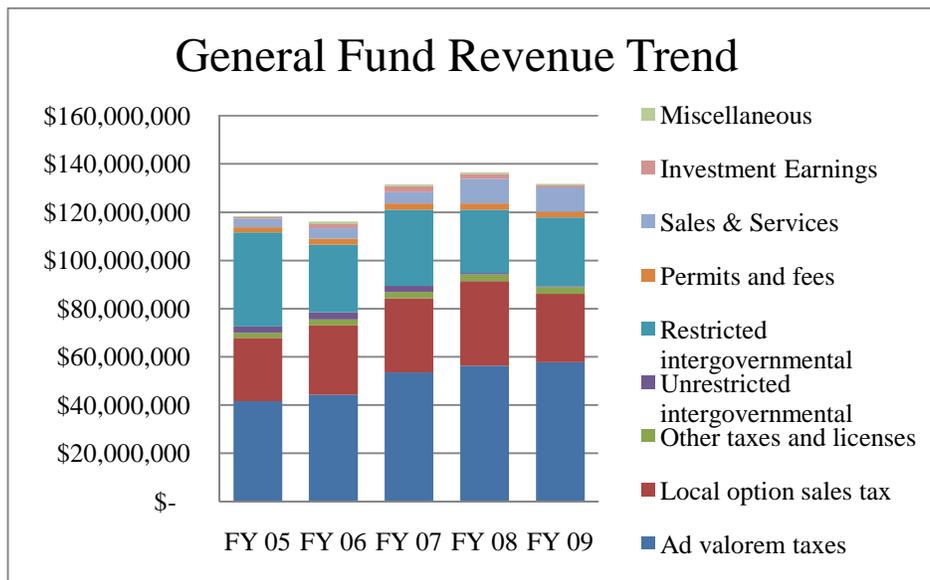
The total general fund revenues in fiscal year 2009 for the county total \$131,800,199.

<u>Revenue Type</u>	<u>FY 09</u>	<u>Increase (decrease) from Prior Year</u>
Ad valorem taxes	\$ 57,728,574	\$ 1,361,309
Local option sales tax	28,466,620	(6,592,154)
Other taxes and licenses	2,674,940	(133,493)
Unrestricted intergovernmental	389,565	(162,940)
Restricted intergovernmental	28,581,516	2,403,734
Permits and fees	2,358,706	(330,897)
Sales & Services	10,175,286	(53,505)
Investment Earnings	785,628	(1,137,899)
Miscellaneous	639,364	(37,153)

Ad valorem (property taxes), sales taxes and intergovernmental revenues combined for 87.0% of the County general operating revenues. The major decrease in revenues is in sales tax. The counties in North Carolina gave 1/4c of the local sales taxes to the State of North Carolina in exchange for the state taking a larger share of the Medicaid expenditures. This reduced our revenue by \$3.0 million dollars. The additional decrease in sales tax is due to the overall state of the economy. Additionally, we saw decreases in interest earnings as interest rates continue at all time lows. We did however see increases in local ad valorem taxes and funding from intergovernmental revenues totaling \$3.7 million.



Below is a chart showing the revenue trend over the last five years. From this chart you will see that each type of revenue has maintained approximately the same percentage of the budget over these years.



Expenditures: The monies spent to provide services to citizens. Below is a recap of the governmental activities and the associated department represented by each of these activities.

Governmental Activities

- General Government – includes expenses incurred to operate the administrative offices of the Commissioners, County Manager, Finance, Human Resources, Tax, Attorney, Courthouse, Administrative Building, Elections, Register of Deeds, Information Technology System, and Facility Maintenance, Vehicle Maintenance, and Planning.
- Public Safety – includes the costs of the Sheriff, Jail, Emergency Medical Services, Communications, Fire Services, Animal Control, Code Enforcement, Medical Examiner, Volunteer Rescue Squads, and Volunteer Fire Departments.
- Transportation – includes costs for Airport.
- Economic and Physical Development – includes expenses for Economic Development, Cooperative Extension Services, Soil and Water Conservation, and Tourism.
- Human Services – expenses to provide various forms of services and assistance to individuals, children and families including Public Health, Environmental Health, Mental Health, Social Services, Senior Services, Youth Services, and Veterans Services.
- Cultural and recreational – includes costs for Libraries, Parks and Recreation, and Museum.
- Education – funding for current and capital expense for the local school system and community college.
- Debt Service – cost of debt financing for capital projects of the County.

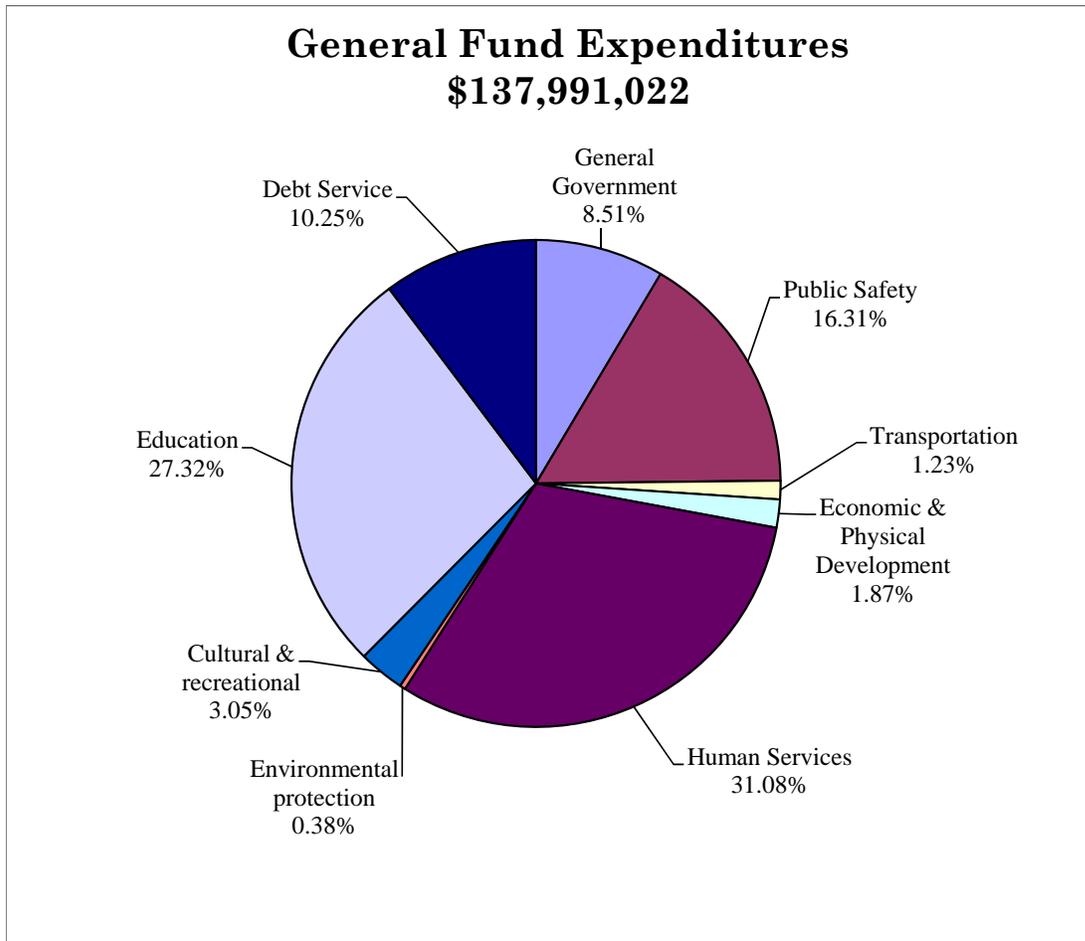
The charts below show a breakdown of the General Fund expenditures of the County by activity.

EXPENDITURES (where the money is used)

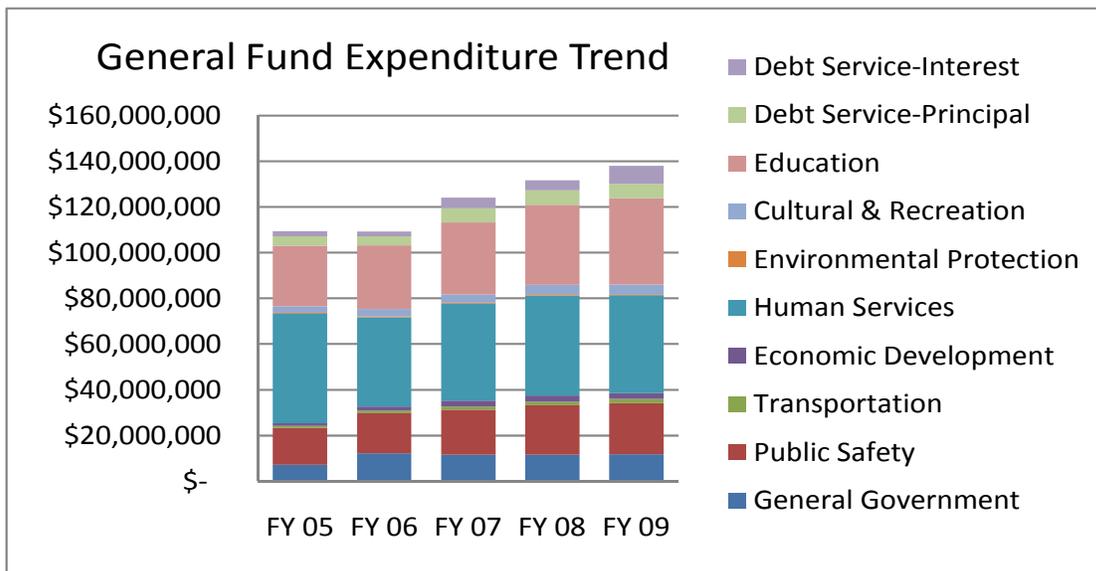
The total general fund expenditures in fiscal year 2009 for the county totaled \$137,901,022.

<u>Expenditure type</u>	<u>Amount</u>	<u>Increase (decrease) from Prior Year</u>
General Government	\$ 11,742,095	\$ 63,334
Public Safety	22,505,219	905,601
Transportation	1,703,789	210,081
Economic & Physical Development	2,581,820	(177,880)
Human Services	42,887,585	(851,401)
Environmental protection	518,340	(32,609)
Cultural & recreational	4,209,182	134,252
Education	37,694,405	2,664,924
Debt Service	14,148,587	3,388,016

The majority of our expenditures are in the area of human services at \$42.8 million followed by Education at \$37.6 million (excluding debt on schools) and then by Public Safety at \$22.5 million. These three areas account for 75.3 percent of our total governmental type expenditures. The two main areas where we show increases are in education where the county has made an effort to bring our per pupil funding up to be closer the state average and in debt service which is related to payment for school bonds issues for additional classrooms to cover the increase in enrollment.



Below is a chart showing the expenditure trend over the last five years. From this chart you will see that, just like the revenues, each type of expenditure has maintained approximately the same percentage of the budget over these years.

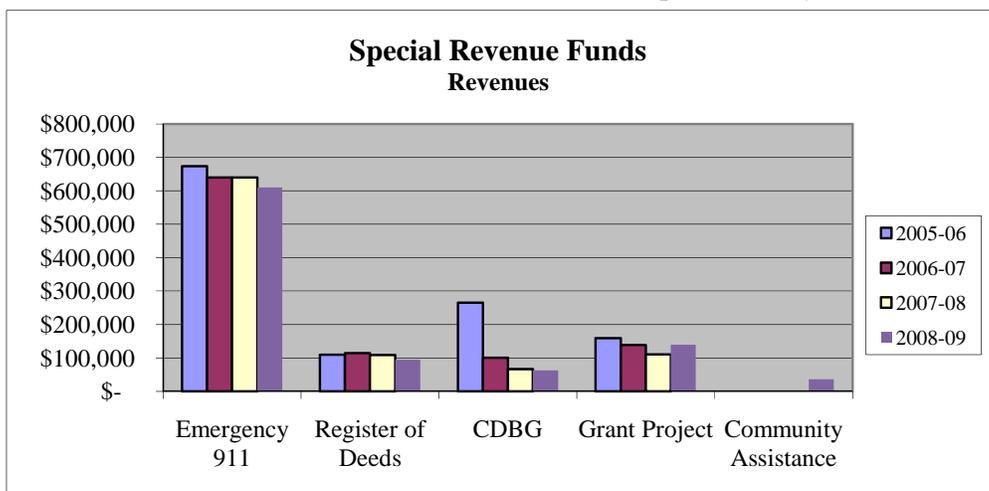


SPECIAL REVENUE FUNDS:

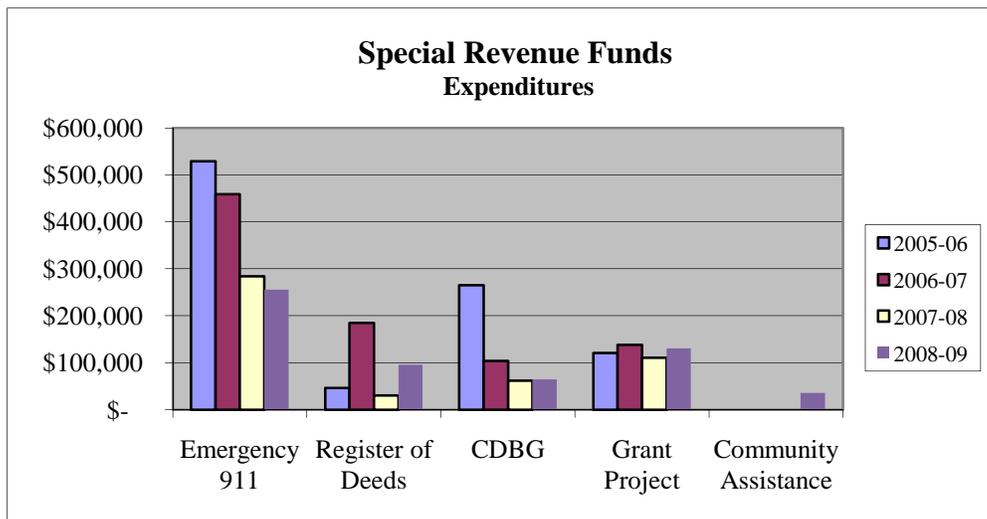
The County operates the following special revenue funds:

- Grant Project Fund – Accounts for funds received from various specialized grants that cover more than one fiscal year and in some cases three fiscal years. These are not operational grants but one time funding for special projects.
- Community Development Fund – Accounts for the funds used in the rehabilitation or replacement of homes for those who qualify for low income housing assistance.
- Register of Deeds Automation Fund – Accounts for the cost of automation and enhancement of processes for the Register of Deeds.
- Emergency 911 Fund – Accounts for the operations and capital outlay of the emergency 911 system except for personnel which are covered by the General fund.
- Community Assistance – Accounts for the funds received from special grants to assist citizens.

For fiscal year 2009, these funds had total revenues of \$941,983 and expenditures of \$359,543. The charts below show the breakdown of the revenues and expenditures by fund.



The major changes in the revenues over fiscal year 2008 are found in the Community Assistance Fund. This fund accounts for the grant funds we received to assist citizens who have failing septic systems.



The expenditures of the Special Revenue Funds have increased overall by \$95,000. The majority of this was a 65,000 increase in the Register of Deeds funds with the purchase of new computer equipment and software. Additionally, the Community Assistance program was started with a cost of \$31,000.

CAPITAL PROJECT FUNDS:

The County operates the following capital project funds. These are:

- Capital Improvement Fund – Accounts for the funds used in the major maintenance and renovation costs of the various facilities currently owned by the County. Some of the items covered are roof replacement, repair of HVAC systems and similar general improvements.
- Airport Fund – Accounts for the capital projects at the County-operated Albert J. Ellis Airport. These projects are funded through Federal airport improvement funds, state funds and passenger facility charges.
- Capital Project Fund – Accounts for major new construction of County facilities and major software purchases. The major project accounted for by this fund is the Justice Complex at a budget of \$57.8 million.
- School Construction Fund – Accounts for the school construction projects which are funded by or the funds are passed through the County. Currently we have \$105.5 million dollars of school facilities under construction which were funded through the sale of \$90 million in general obligation bonds and \$15.5 million in certificates of participation.

For fiscal year 2009, these funds had total revenues and other financing sources of \$58,818,770 and expenditures of \$44,516,255. Of these, the School Construction Fund accounts for \$391,000 of the revenues and other financing and \$25,861,404 of the expenditures. The Justice Complex accounts for the majority of the remainder with \$57 million in revenues and other financing and expenditures of \$15.6 million.

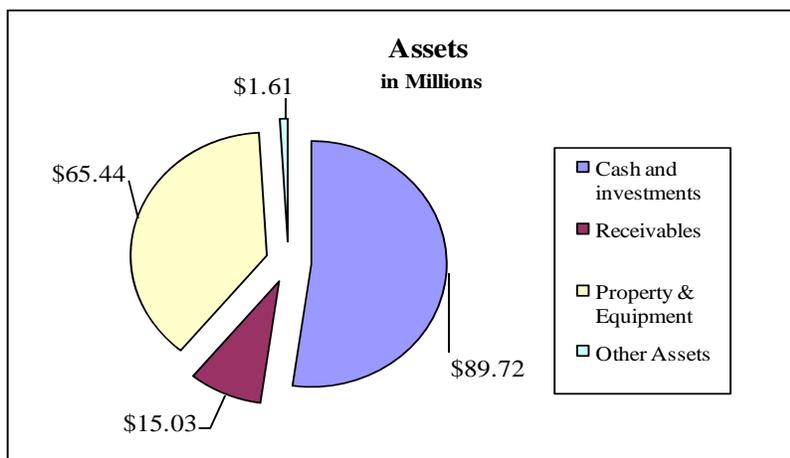
The table below shows the breakdown of the revenues and expenditures of the capital project fund.

Capital Project Funds

	Airport	Capital Improvements	Capital Project	School Construction
Revenues	\$ 706,530	\$ 6,171	\$ 498,221	\$ 391,829
Other Financing sources	66,151	-	57,216,019	-
Total	\$ 772,681	\$ 6,171	\$ 57,714,240	\$ 391,829
Expenditures	\$ 756,721	\$ 247,548	\$ 17,650,582	\$ 25,861,404
Total	\$ 756,721	\$ 247,548	\$ 17,650,582	\$ 25,861,404

FINANCIAL POSITION – GOVERNMENTAL ACTIVITIES

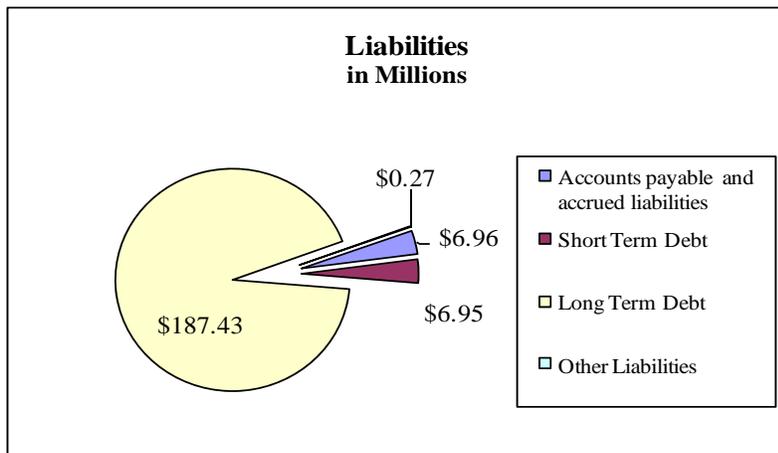
The financial strength of the County can be seen when you compare our assets to our liabilities. The charts below cover all governmental type activities as of June 30, 2009. These charts are based on a Non-GAAP format, which means the data may include some summarizations and combinations, which GAAP would not allow.



Assets (what we own)

Cash and investments is the amount of physical cash held by the County in bank accounts and on hand to pay current expenses. The investments are funds not needed to pay current expenses. The Finance Officer invests these funds in a variety of securities such as CD's and Commercial Paper thus allowing the County to earn interest on its cash on hand.

Receivables are amounts owed to the County that are expected to be received within the next twelve months.



Property and Equipment represents the land, buildings, vehicles, furniture and equipment that provide an economic benefit of greater than one year.

Liabilities (what we owe)

Accounts payable and accrued liabilities (amounts owed to employees and vendors) are funds the County owes

individuals and companies who supply goods or services and the expected payment is to be made within twelve months.

Short Term Debt represents the amount borrowed by the County that must be repaid within one year.

Long Term Debt represents the amount of bonds and other loans the County has issued and still owes. Bonds and other financings are not required to be paid off in one year. The County makes monthly, semi-annual, and annual payments on these amounts.

Net Assets – represents the net worth of the county. This is the net of the assets minus the liabilities. This shows a negative position because the county has issued debt for schools, which reflects as a liability for the County, yet the assets (schools) that were built are an asset of the Onslow County Board of Education.

Net Assets
-\$23.81 Million

Changes from Prior Year

For fiscal year 2009, assets increase by just over \$21.1 million. This is mainly due to increase in the value of capital assets of \$15.1 million and cash of \$9.3 million. This was partially offset by a decrease in accounts receivables of \$2.6 million.

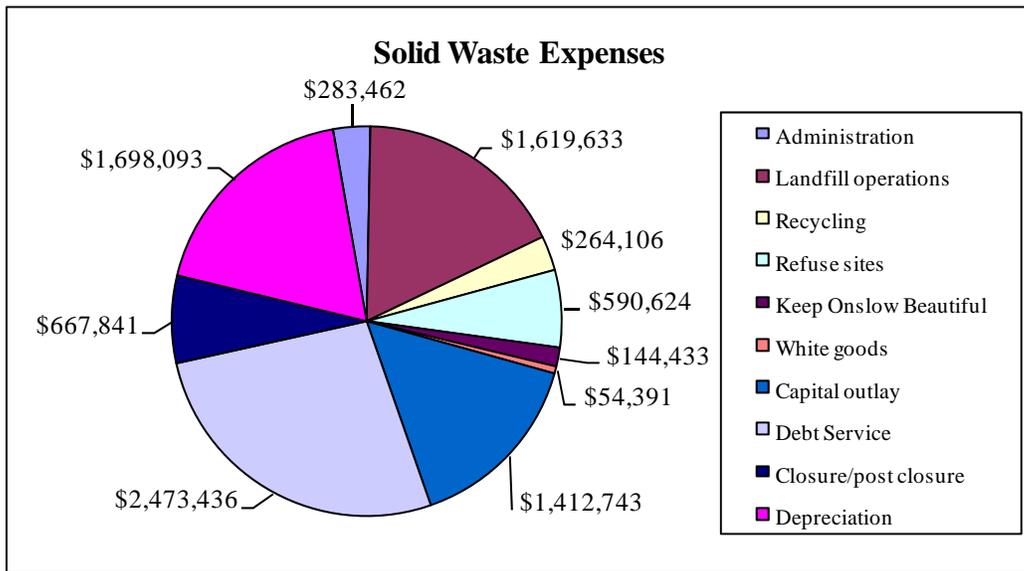
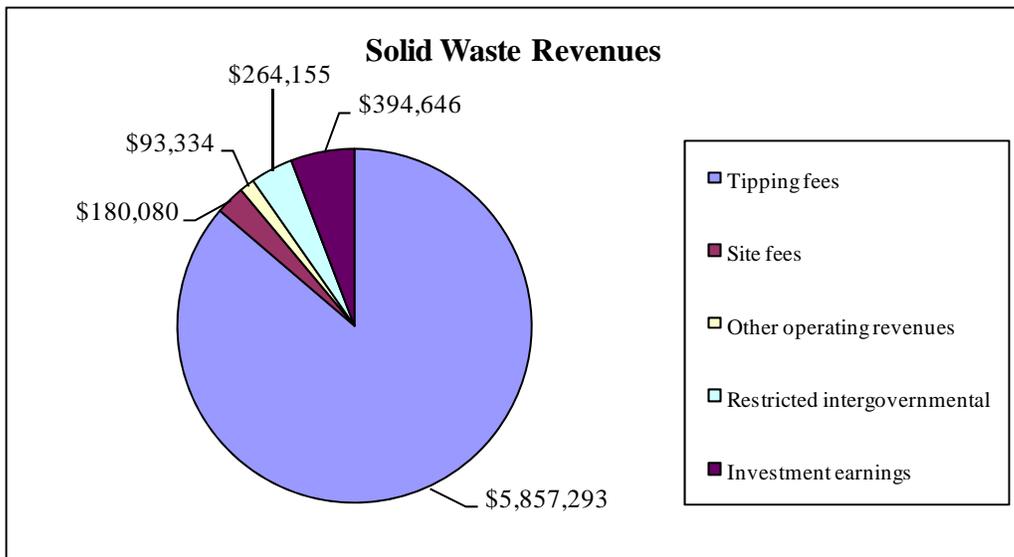
Liabilities of the county have increased from the prior year with a total of \$48.0 million. This is the result of increases in debt due to the issuance of \$57 million for the justice complex. Additionally we had a decrease in our accounts payable at June 30th by \$3.4 million.

BUSINESS-TYPE ACTIVITIES

Business-type activities rely on user fees and other charges to wholly, or largely, fund their operations. The only business-type activity currently operated by the County is its Solid Waste Fund.

This fund accounts for all costs associated with operating the Convenience Centers, and the Subtitle D Sanitary Landfill as well as the Recycling program and education programs of Keep Onslow Beautiful. The current landfill has an estimated life of 10 years before it will be filled to capacity. The County is undertaking action at this time to begin the search for a replacement site, expansion at current site or seek alternate methods of disposal of solid waste.

During fiscal year 2008-09, the revenues of the Solid Waste Fund were \$6.78 million for a decrease of \$638,000 over the prior year. This is mainly due to decreases in interest earnings of \$474,000. Operating and other expenses are approximately \$955,000 more than last year due to the \$1.0 million increase in capital outlay. The charts below show the breakdown of the revenues and expenditures by type.



Recycling efforts have removed approximately 2,458 tons of mixed clean recyclables such as newspapers, plastics and glass from our waste stream. This was processed through the County’s Material Recovery Facility (MRF) operated by Coastal Enterprises (a private non-profit corporation). Additionally, the Solid Waste Department diverted 169 tons of white goods, 3,500 gallons of used motor oil and 193 lead acid batteries from the waste stream.

LONG-TERM DEBT

Onslow County’s long-term debt consist of General Obligation Bonds, Certificates of Participation Bonds, Installment Purchases as authorized by NCGS 160A-20 and 153A-158.1, and Special Obligation Bonds. The County’s bond rating is A1 by Moody’s and AA- by Standard and Poor’s.

The General Obligation Bonds are collateralized by the full faith, credit and taxing power of the County. The county’s last general obligation bond issuance was in March 2008. As of June 30,

2009, the County has \$102,815,000 in outstanding General Obligation Bonds. Of this total, \$100,976,000 is for school facilities.

The installment purchase obligations are issued pursuant to a deed of trust. As of June 30, 2009, the County has \$15,787,008 in outstanding installment purchase obligations. These have been issued for such projects as industrial park development, county buildings, school buildings, and Sheriff vehicles.



As of June 30, 2009, the County has outstanding Certificate of Participation (COPS) totaling \$70,175,000. These COPS were issued for the construction of Meadow View Elementary School which opened in the fall of 2008 and the Justice Complex which is under construction.

School debt makes up the major portion of our long-term liabilities for governmental activities. Of the \$188.7 million in long-term debt, \$120.8 million is debt for school projects.

The expansion of the county operated landfill is financed through the issuance of special obligation bonds. These bonds are authorized under the North Carolina Solid Waste Management Loan Program, Chapter 159I, of the General Statutes in accordance with a bond resolution adopted by the County Board of Commissioners. These bonds are secured by a first lien on the net revenues of the Solid Waste Fund. The outstanding special obligation bonds as of June 30, 2009 total \$ 10,417,600. The principal and interest payments due on these bonds are fully paid from the revenues of the solid waste fund.

Below is a recap of the changes in our debt obligations during the fiscal year.

Summary of Debt Obligations

	Balance 6/30/2008	Increases	Decreases	Balance 6/30/2009
Governmental Activities:				
General Obligations Bonds	\$ 106,665,000	\$ -	\$ 3,850,000	\$ 102,815,000
Installment Purchase Obligations	17,541,845	-	1,754,837	15,787,008
Certificates of Participation	13,950,000	57,000,000	775,000	70,175,000
Business-type activities:				
Special Obligation Bonds	12,462,726	-	2,045,126	10,417,600
Total Debt Service	\$ 150,619,571	\$ 57,000,000	\$ 8,424,963	\$ 199,194,608

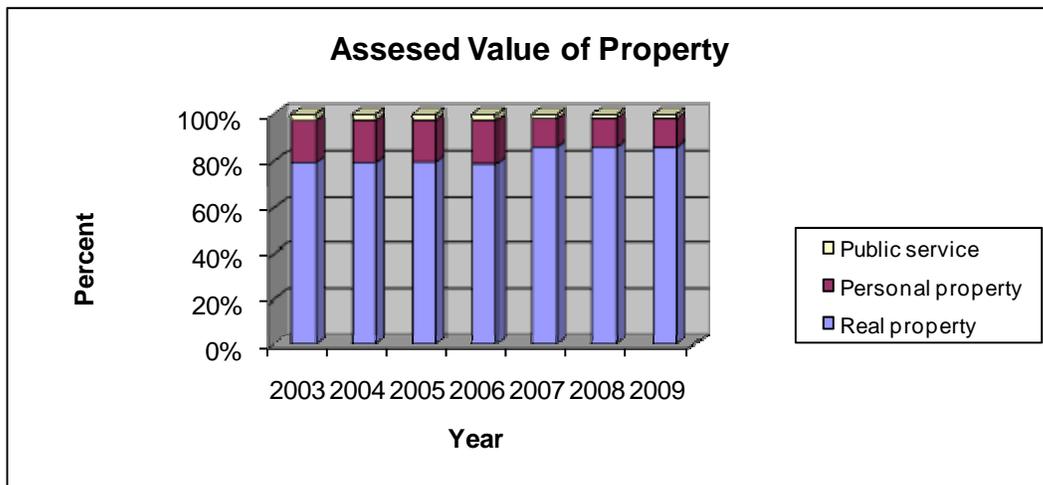
Of this debt, \$8.4 million dollars will be paid in Fiscal Year 2009-10.

AD VALOREM (PROPERTY) TAXES

Property taxes are the largest single revenue source for the County. In fiscal year 2008-09 collections totaled \$57.3 million dollars for 43.5% of the county general fund revenues. The total assessed value of property in the county is \$11,674,721,984. Of this, the total assessed value of the ten largest taxpayers' accounts for 3.65%. The County tax rate of .503 cents per hundred is well below the state legal limit of \$1.50.

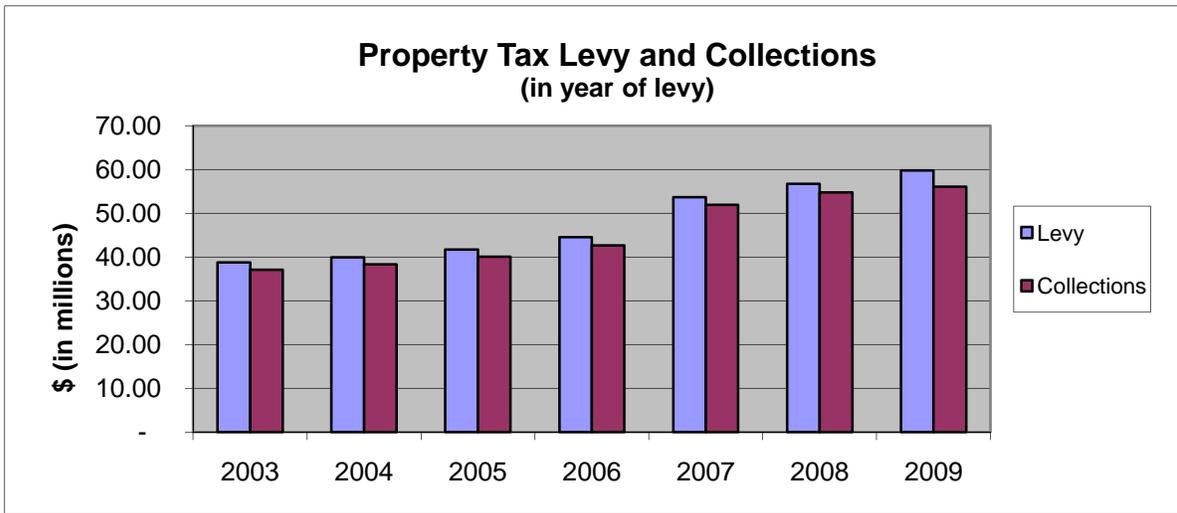
Principal Property Tax Payers
June 30, 2009

Taxpayer	Type of Enterprise	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Jones Onslow EMC	Public Utility	\$ 100,614,337	0.86%
RA North Development I Inc	Real estate	82,153,932	0.70%
Carolina Telephone	Telephone	54,081,387	0.46%
Progress Energy	Public Utility	39,341,160	0.34%
Crown America Acquisition Assoc II LP	Commercial real estate rental/sales	37,031,438	0.32%
Brunswick Timber LLC	Timber Mgt	30,630,712	0.26%
Jeffery & Stephane Sharper, Robert J Finlay	Real estate	25,197,035	0.22%
Rogers Bay Campground Co.	Resort campground	21,500,000	0.18%
JAX Commons 2 LLC	Real estate	19,538,959	0.17%
Walmart Real Estate Business Trust	Real estate	16,190,575	0.14%
Total		\$ 426,279,535	3.65%



Real property makes up the majority (86.13%) of the value of property assessed for taxes. For 2008 the personal property (cars, boats, airplanes, equipment, campers, etc.) was 12.06% and public service companies (Jones-Onslow EMC, Progress Energy, railroads, natural gas, etc.) was 1.81%.

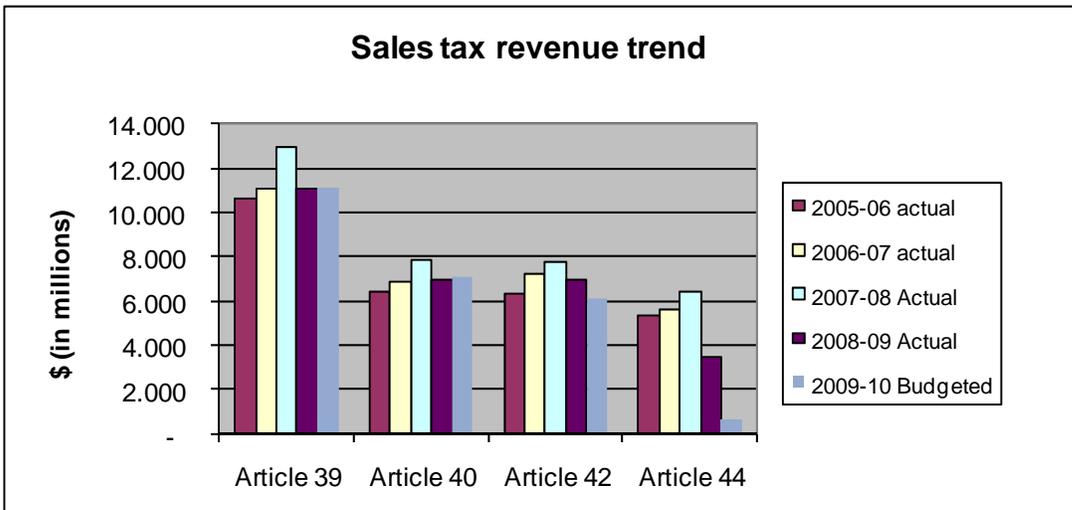
Real and personal property assessments are the responsibility of the tax office. Real property assessed values are determined by periodic countywide revaluations, while personal property assessments are determined annually. The next scheduled revaluation of property is FY 2010. This will assess the value of property as of January 1, 2010 for the fiscal year 2010-11. The one exception is for public service companies whose values are established by the North Carolina Department of Revenue.



Property tax collection rates for current years taxes declined slightly to 94.98% collections in the year of levy. This collection rate yielded \$56.049 million of the \$59.01 million levy. In addition, collections of prior year taxes were \$1,327,000. This brings the total collections for taxes to \$57.3 million.

LOCAL OPTION SALES TAXES

The local option sales tax is collected on retail sales. The sales taxes are collected at the time of sale by the retail establishment and forwarded to the North Carolina Department of Revenue. The Department of Revenue then distributes the taxes collected to the County and the municipalities within the county. During April 2009, the Board of Commissioners voted to convert to a split percentage distribution of local option sales taxes based on 60% ad valorem basis and 40% per capita basis effective July 1, 2009. The FY 2009 fiscal year revenue from sales taxes were distributed on an ad valorem basis and yielded \$28.46 million or 21.6% of the general fund revenues.



The article by which the North Carolina General Assembly provided the county with the authority to levy the tax is used to identify each of the local option sales taxes.

Article 39 is a 1% sales tax. The county in which the sale is made receives the proceeds of this tax.

Article 40 is a ½ % sales tax. The net proceeds are placed in a statewide pool and distributed on a per capita basis. Of these proceeds the county is required to use 30% toward school capital outlay. Onslow County applies these funds to the payment of school bonds.

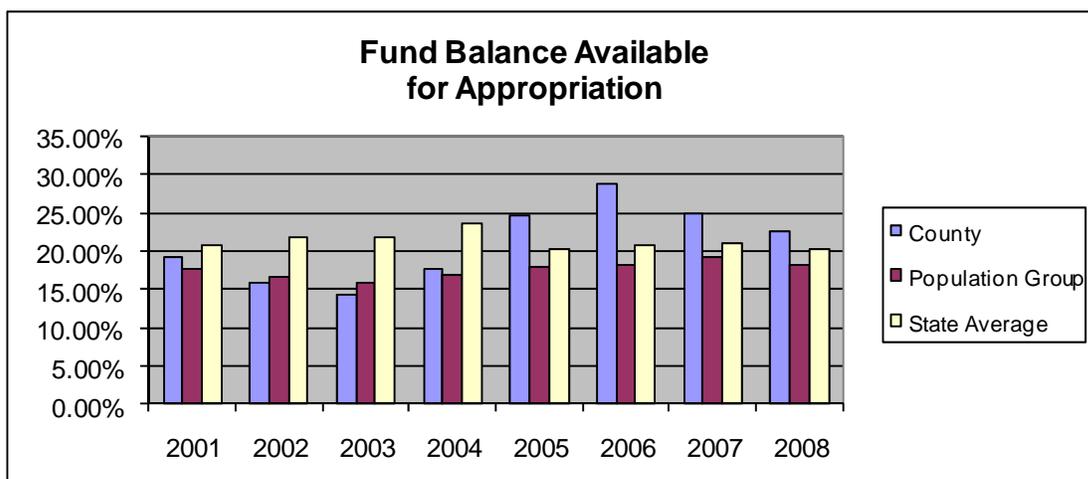
Article 42 is a ½% sales tax. The net proceeds are placed in a statewide pool and distributed on a per capita basis. Of these proceeds the county is required to use 60% towards school capital outlay. Onslow County applies these funds to the payment of school bonds.

Article 44 is a ¼% sales tax. One-half of the net proceeds are distributed on the proportion to the amount of taxes collected in each county and the balance of the net proceeds is distributed on a per capita basis.

The North Carolina General Assembly has passed legislation which will change the sales taxes for the County. This sales tax change is in conjunction with providing Medicaid relief for the County. The final action related to these changes takes place in FY 2009-10.

FUND BALANCE

One measure of the fiscal stability of the county is the amount of fund balance available for appropriation. The North Carolina Local Government Commission recommends that at a minimum this should be 8% of the County operating expenditures and transfers to other funds. This level would provide operating funds for approximately one month. These funds can also be used to cover emergency or unforeseen events during the budget year. In the past these funds have been used by the county to cover the cost of hurricane recovery costs not covered by FEMA and provide the funds for the costs incurred until reimbursement by FEMA and the state is received. These funds also allow us to take advantage of unexpected opportunities that may arise. In addition, a strong fund balance helps the county with its bond rating as it shows that we are less likely to have a cash flow problem that would impact our ability to make the bond payment. The chart below shows how the county fund balance compares to other North Carolina counties within our population group (those with a population over 100,000) and to the average of all North Carolina counties.



EDUCATION



Onslow County Schools are governed by an elected Board of Education. There are currently 35 schools operated by the school system with grades kindergarten through twelfth grade and has a student enrollment of 23,361. After-school care and before-school care is offered at selected locations. For fiscal year 2008-09 the county provided \$31.29 million towards the current operating costs of the system. The County also provided \$2.94 million for current capital outlay needs of the Onslow County Schools. Fiscal Year 2008-09 was the final year of a three-year commitment to increase

funding for current expenses in order to move closer to the state average per pupil. With the opening of the new and expanded facilities as a result the recent bond issues, there will also be future increases in funding needed in this area.

To address the capital needs of the Board of Education they supplied the County with its ten-year capital needs assessment in the spring of 2005. From this assessment projects that had the most urgent needs were identified at a cost of \$105 million. The county has since that time been addressing these issues through the issuance of \$15.5 million in certificates of participation to fund the construction of a new elementary school which was opened in the fall of 2008 and the issuance of a total of \$90.0 million in General Obligation bonds. These projects are expected to be completed by the end of FY 2009-10.

Camp Lejeune operates a school system for military dependents that live in military housing on base. The system consists of eight schools with a student population of approximately 3,100 and a staff of 500. This system is funded through the Department of Defense and is independent of the County.



Coastal Carolina Community College serves the citizens of the area by offering curriculum programs in vocational, technical, and college-transfer areas of study. They have 8,411 curriculum and 23,218 continuing education students. The college is governed by a twelve-member Board of Trustees. The County provided \$2.79 million for current expenses and \$662,000 for capital outlay needs of Coastal Carolina Community College.

HOSPITALS

Onslow Memorial Hospital is an acute care community hospital. The Onslow Memorial Hospital Authority has the responsibility for the operation of the hospital. The Board of Commissioners appoints the Authority members. The hospital has completed a 93,000 square foot expansion of its emergency department and surgical services area. This will provide more than double the space of the current emergency



department. The surgical center will consist of large well-equipped rooms that will handle the latest surgical equipment. This \$44.0 million expansion was financed by the sale of tax-

exempt revenue bonds by the Onslow Memorial Hospital Authority. The revenues from the operations of the hospital will be used to repay this debt.

The Naval Hospital at Camp Lejeune is a fully accredited facility, which provides care to active-duty services members, military retirees, and their family members.

ACCOMPLISHMENTS and MILESTONES FOR 2008-09

The County won the National Digital Governance Award for Excellence in Constituent Engagement from Granicus, Inc. Through Granicus webcasting, meetings of the Board of Commissioners are webcast live and available for viewing on the internet. The 2008 Digital Governance Awards program presented by Granicus, Inc. honors government agencies for using digital technology in innovative ways to deliver organizational value by creating competitive advantage, reducing operating cost, optimizing legislative process or improving government-to-citizen relationships.

Albert J. Ellis Airport set a new all time annual record for passenger traffic in calendar year 2008. The airport served 262,176 passengers breaking the previous mark of 242,817 set in 2007. The new record represents an 8.0% increase in total passenger traffic. The passenger count breaks down to 126,931 enplanements (passenger boardings) and 135,245 deplanements (passenger arrivals) in 2008 compared to 116,786 enplanements and 126,031 deplanements last year.

Design of new administration building was competed and site work has been completed with a construction date to be determined.

In April 2009 the Onslow County Parks and Recreation Department held its 25th Onslow Senior Games. This event is held in coordination with Onslow County Senior Services, Jacksonville Recreation and Parks Department, and the East Carolina Area Agency on Aging.

In June 2009 County dedicated the White Oak River Paddling Trail. This 17.22 mile trail allows paddlers to vary their trip as they enjoy the scenic wonder of the White Oak River. The project is a joint effort of the Onslow County, Jones County, and the Croatan National Forest.

The County committed to fund \$1,000,000 of the cost to construct a memorial for those who served and were killed in the Vietnam War. The first phase of this memorial was dedicated on June 13, 2009. It is located on Hwy 24 and the entrance to Camp Johnson. It honors the 9,087,000 Veterans of the Armed Forces who served on active duty from August 5, 1964 to May 7, 1975. This includes 58,229 men and women who were killed in the Vietnam War, recognizes the 2,594,000 who served in Vietnam, as well as the POW/MIS's still missing, and the 303,704 wounded during that war. The clear glass panels of the memorial contain an alphabetical listing to those killed.

During 2009 we completed the upgrade of the E-911 communications network with the construction of a 300 foot tower in the Richlands area of the county and installation of infrastructure for VHF and 800MHz at this site.

Several improvements were made at the county operated Albert J. Ellis Airport. These included the repaving of our 7,100 foot runway. The airport was only shut down for this repaving for fifty-six (56) hours. Additionally, the parking lot was expanded to provide approximately 100 parking spaces.

The Justice Complex is well under construction. This facility will house 528 inmates and the administrative offices for the Sheriff Department. It will be located in an area near the current jail facility and adjacent the District and Superior Courthouses. During fiscal year 2007-08 the design of the facility was completed. The site work for the County Justice Complex was begun in September 2008 with actual construction on the building beginning in January 2009. This project is anticipated to be completed by early 2011. Total cost of construction is estimated to be \$57 million.



We completed the expansion of our subtitle D landfill with the construction of a fifteen acre cell. This was financed with a Special Obligation bond which will be repaid 100% from the revenues of the solid waste fund. There will be no local tax dollars used to cover this debt or the operation of the landfill.

FUTURE PROJECTS

Board of Education-

The Board of Education continues to see growth in the number of students. As we are impacted by the new increase in the number of military personnel there will be a continued need to provide school facilities. The details of these projects are being evaluated.

Libraries -

To meet the needs of our Public Library, efforts are underway to look at the library of the future and the need for a new main library and expansions or replacements of several of our branch library sites. Sites are being evaluated to determine if they are the best locations for replacement branch libraries.

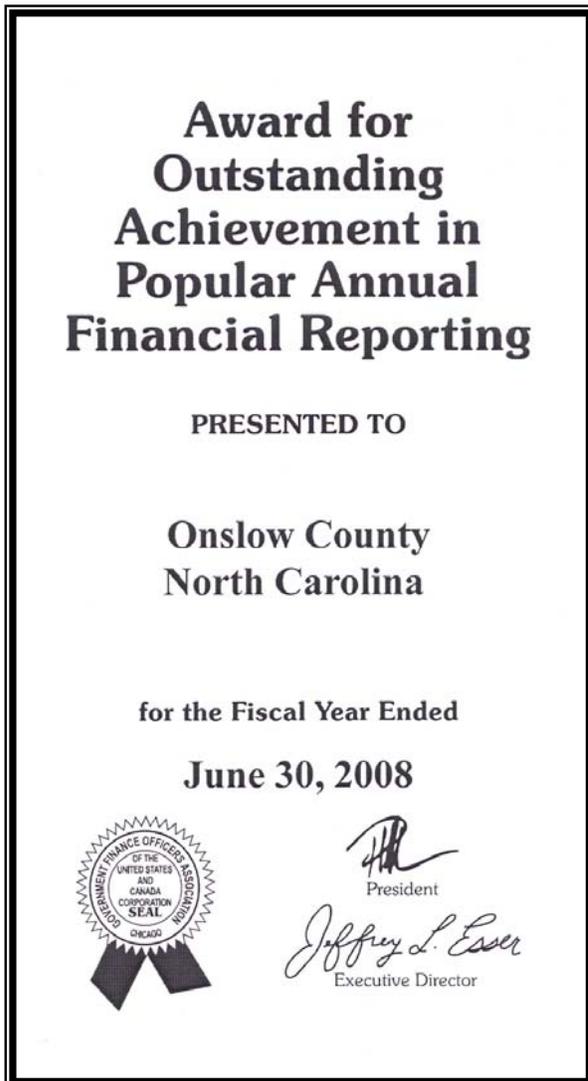
Administrative Complex -

There is a need for the County to construct an Administrative Complex. The design phase of the project has been completed. This facility will bring into one facility departments such as administration, Board of Commissioners meeting room, finance, tax, human resources, purchasing, information technology, planning and zoning, environmental health, Register of Deeds, and elections. Current County offices are in several buildings, including several rented facilities in locations separated from other related services. A central administrative building would increase efficiency for both the employees of the county and the citizens as they conduct County business. At this point no timeline has been established for this project. The estimated cost of the complex is \$20 million.

AWARDS

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Onslow County for its Popular Annual Financial report for the fiscal year ended June 30, 2008. This is the fourth (4th) consecutive year we have received this award. The Award for Outstanding Achievement in Popular Reporting is a prestigious national award recognizing conformance with the highest standards for preparation

of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.



An Award for Outstanding Achievement in Popular Annual Financial Reporting if valid for a one year period only, we believe our current report continues to conform to requirements of the Popular Annual Financial Reporting and we will be submitting our 2009 PAFR to the GFOA also.

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 20, 2008. This was the eighteenth (18th) consecutive year that Onslow County has received this prestigious award. 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.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we will be submitting our 2009 CAFR to the GFOA also.

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, 2008. This is the third (3rd) 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 current budget for fiscal year beginning July 1, 2009 continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility.

This Popular Annual Financial Report was prepared by:

The County of Onslow, North Carolina
Finance Office
Alvin W. Barrett, Jr.-Deputy County Manager/Finance Officer
615 Court Street
Jacksonville, N.C. 28540

Many thanks to the finance staff and county department heads who contributed to the successful completion of this report and to Lisa Whitman-Grice for providing the brief history of the County. In addition to the Onslow County 2009 CAFR, the source for some of the information contained in this PAFR is Onslow County Media Releases, and the Answer Book 2009-2010 produced by the Jacksonville Daily News.