

ONSLOW COUNTY
NORTH CAROLINA
Citizens' Financial Report



Popular Annual Financial Report

*For the Fiscal Year Ended
June 30, 2008*

About the cover

*Saint-Gaudens Type Double Eagle
(\$20 gold Piece)*

*The \$20 gold piece designed by Augustus Saint-Gaudens is
considered the most beautiful United States coin. These coins were
minted from 1907-1933.*

TABLE OF CONTENTS

Introduction	1
Letter to Citizens of Onslow County	2
Onslow County Board of Commissioners	3
Organizational Chart	4
Departmental Contacts	5
Onslow County History	7
Profile of the County	7
Local Economy	8
County Government	10
Financial Activity.....	10
General Fund.....	11
Revenues (Where the Money Comes From).....	11
Expenditures (Where the Money Is Used)	13
Special Revenue Fund.....	14
Capital Project Fund	15
Financial Position – Governmental Funds	16
Business Type Activity (Solid Waste Fund).....	17
Long-Term Debt	18
Ad Valorem (Property) Taxes	20
Local Option Sales Tax	21
Fund Balance	22
Education	22
Hospitals	23
Accomplishments and Milestones	23
Future Projects	24
Awards	25

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

Lionell Midgett

Chairman

Paul Buchanan

Vice-Chairman

Martin Aragona, Jr

Jack Bright

Delma Collins

ONSLow COUNTY NORTH CAROLINA

www.onslowcountync.gov

October 31, 2008

Citizens of Onslow County

I am pleased to present the Onslow County Popular Annual Financial Report (PAFR) for the year ended June 30, 2008. 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.

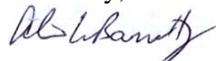
This financial report provides a summary of information detailed in the 2008 Onslow County Comprehensive Annual Financial Report (CAFR). The CAFR is a 156-page document of detailed financial statements, note disclosures, supplemental schedules, and statistical tables. The CAFR was prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and 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



Lionell Midgett
Chairman



Paul Buchanan
Vice-Chairman



Martin Aragona, Jr..

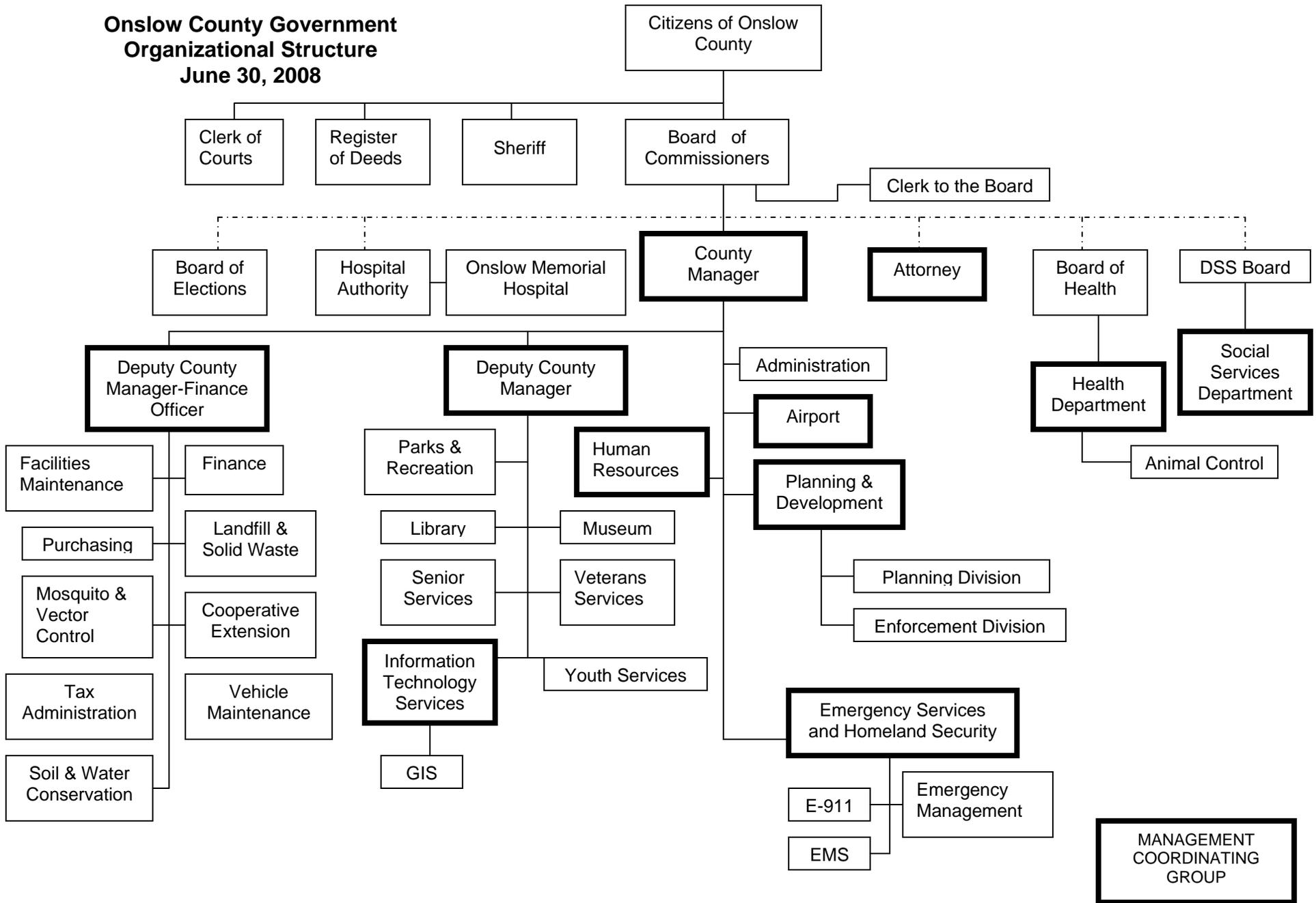


Jack Bright



Delma Collins

**Onslow County Government
Organizational Structure
June 30, 2008**



DEPARTMENTAL CONTACTS

ADMINISTRATION

David Smitherman (910) 347-4717
Interim County Manager
118 Old Bridge Street
Jacksonville, NC 28540

AIRPORT

Jerry Vickers (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

Mark Goodman (910) 347-4270
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

Angela Cole (910) 455-3661
Interim 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

Maryland Washington (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



forementioned abundance and beauty found in the surrounding landscape, shoreline, and seascape continues to define Onslow County, attracting industry, tourism, and families to our distinctive community.

Onslow County is the home of the oldest continuously operated USO in America. The Jacksonville USO was established on April 23, 1941.

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 V-22 Osprey.

The deployments due to the war on terrorism have not had a negative impact on the County's economy. This is due to changes in the rotation schedule of troops as well as the efforts of the community. The County has shown the service members that the County cares for them and their families. The working together of the civilian and military communities has shown all concerned that the County and its residents were active in supporting each other as a prepared and proud military community.

It was announced recently that, between 2008 and 2011, Camp Lejeune and New River Air Station combined will see a growth in approximately 8,360 active duty Marines and sailors as the Marine Corps expands its size. This growth is expected to bring 11,500 new jobs to the County for active duty service members and civilian employees over the next four years.

Agriculture remains a major economic factor in the County with gross agricultural income for 2006 estimated at \$106.4 million, 27th 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 livestock industry continues to play a dominant role in farm income with



poultry and pork production accounting for the majority of the industry. The County ranks fifth out of the 100 counties in turkey production. Timber sales within the County are also a significant

industry with the County's many acres of woodlands. There are 326,100 acres of timberland in the County. The estimated income for stumpage (price paid to the timber owner for standing timber) for 2007 was \$9.40 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 \$15.79 million.

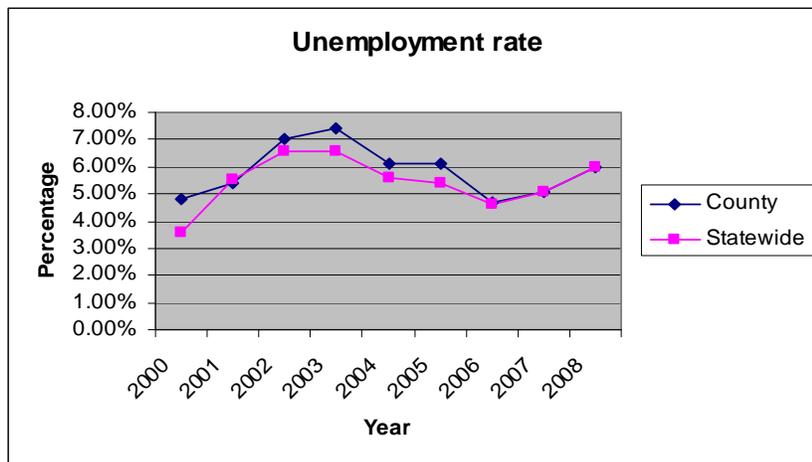
The seafood industry has always been an integral part of the County's economy. In 2006, the dockside value of seafood was approximately \$5.5 million.

Construction activity in Onslow County has remained steady as evidenced by the 3,082 new units of residential construction and 154 units of commercial construction totaling over \$307 million dollars in fiscal year 2008.

Tourism is one of the County's largest growing industries. It is estimated that the local tourism industry generates more than \$31.4 million in wages for approximately 1560 full time employees. Visitors to Onslow County spent and estimated \$159.5 million in 2007 for an increase of 7.4 percent from 2006. Among the 100 North Carolina counties, the County ranked 23rd in travel impact.



The County has become also 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. Taxable sales for the FY 2007-08 were \$1.234 billion. This is slightly less than FY 2006-07 when taxable sales totaled \$1.237 billion.



The unemployment rate for Onslow County as of June 30, 2008 was 6.0 percent. Economic development recruiting efforts are being focused on telecommunications "back office" type of companies, assembly and 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 County is currently in the final stages of registering the Park as a Certified Industrial Site with the North Carolina Department of Commerce. It 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 (our first tenant) has begun construction on their plant in the park. Cape Fear 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



Onslow County and surrounding areas have superb commercial air service connectivity via our county-owned Albert J. Ellis Airport, 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 2007-2008 was 254,389, which represented a 23.3% 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.

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 through its twenty-six departments. 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 capital acquisitions.

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.

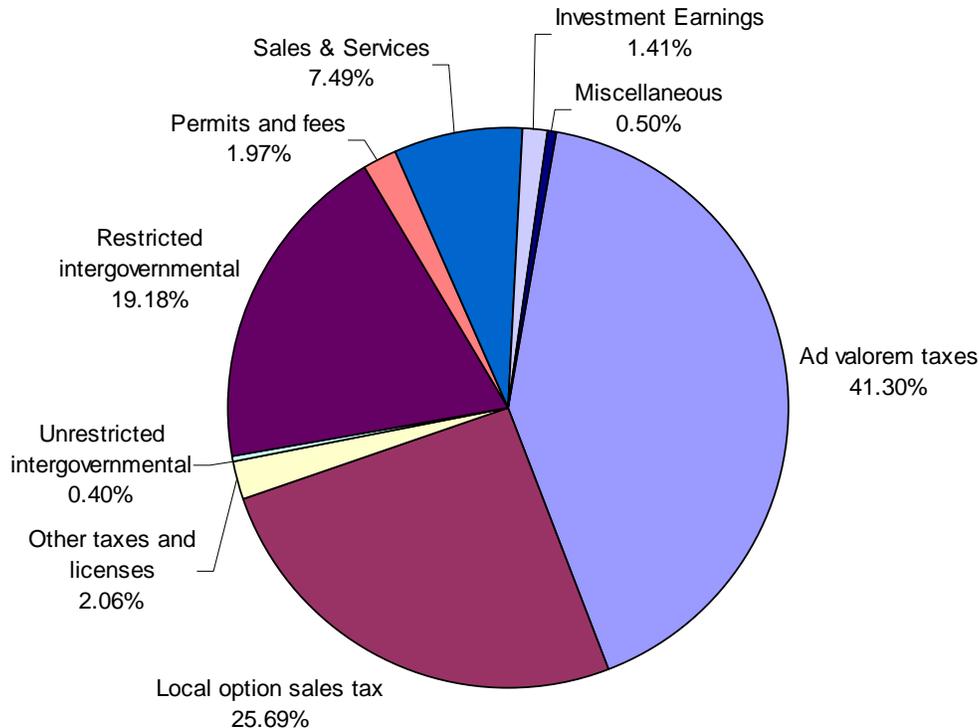
REVENUES (where the money comes from)

The total governmental type revenues in fiscal year 2008 for the county total \$136,483,197.

<u>Revenue Type</u>	<u>Amount</u>	<u>Increase (decrease) from Prior Year</u>
Ad valorem taxes	\$ 56,367,265	\$ 2,799,925
Local option sales tax	35,058,774	4,293,810
Other taxes and licenses	2,808,433	195,351
Unrestricted intergovernmental	552,505	(1,947,316)
Restricted intergovernmental	26,177,782	(5,302,887)
Permits and fees	2,689,603	(21,550)
Sales & Services	10,228,791	5,486,048
Investment Earnings	1,923,527	(487,670)
Miscellaneous	676,517	726

Ad valorem (property taxes), sales taxes and intergovernmental revenues combined for 86.1% of the County general operating revenues. The decrease in revenues shown in unrestricted intergovernmental is due to the ending of a sales tax agreement between the County and City of Jacksonville. This also accounts for a portion on the increase in sales tax revenues. In FY 2008, we have reclassified revenues for services provided by the Health Department and paid by Medicaid to sales & services rather restricted intergovernmental. This accounts for the majority of the changes in these revenue types.

General Fund Revenues \$ 136,483,197



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.

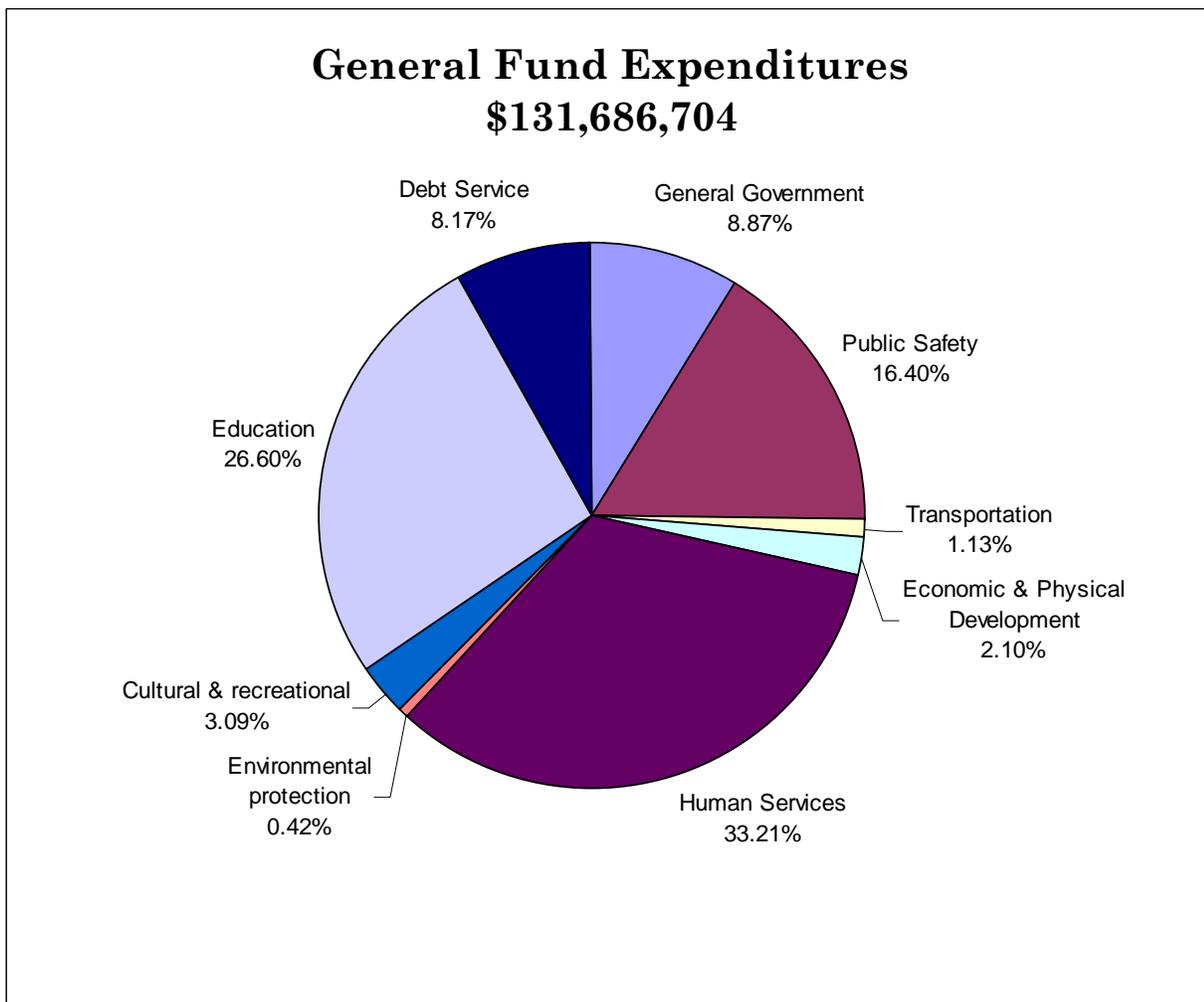
The charts below show a breakdown of the General Fund expenditures of the County by activity.

EXPENDITURES (where the money is used)

The total governmental type expenditures in fiscal year 2008 for the county totaled \$131,686,704.

<u>Expenditure type</u>	<u>Amount</u>	<u>Increase (decrease) from Prior Year</u>
General Government	\$ 11,678,761	\$ 46,742
Public Safety	21,599,618	1,941,452
Transportation	1,493,708	151,452
Economic & Physical Development	2,759,700	205,859
Human Services	43,738,986	1,338,700
Environmental protection	550,949	93,464
Cultural & recreational	4,074,930	411,392
Non-departmental	-	-
Education	35,029,481	3,562,781
Debt Service	10,760,571	(167,167)

The majority of our expenditures are in the area of human services at \$43.7 million followed by Education at \$35.0 million (excluding debt on schools) and then by Public Safety at \$21.6 million. These three areas account for 76.2 percent of our total governmental type expenditures.



Special Revenue Funds:

The County operates the following special revenue funds:

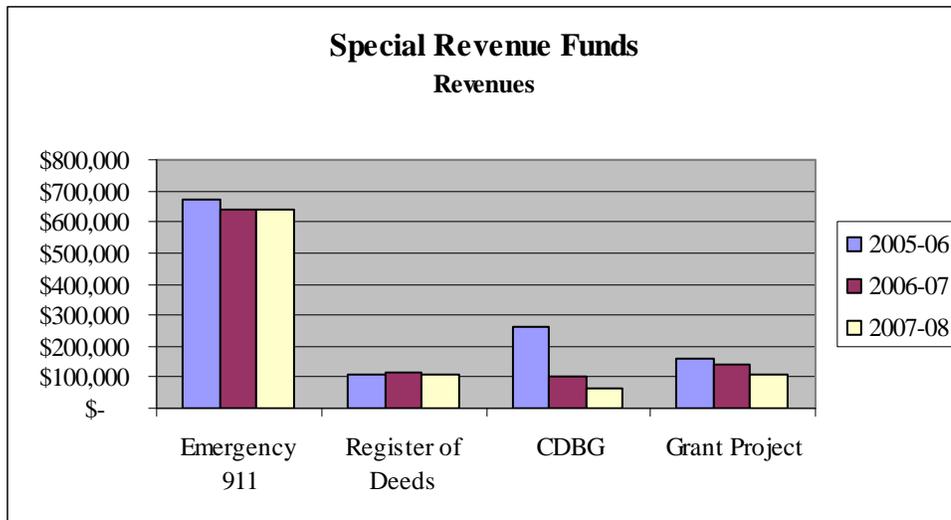
Grant Project Fund – Accounts for funds received from various specialized grants that cover more than one fiscal year and in some cases three fiscal years. These are not operational grants but one time funding for special projects.

Community Development Fund – Accounts for the funds used in the rehabilitation or replacement of homes for those who qualify for low income housing assistance.

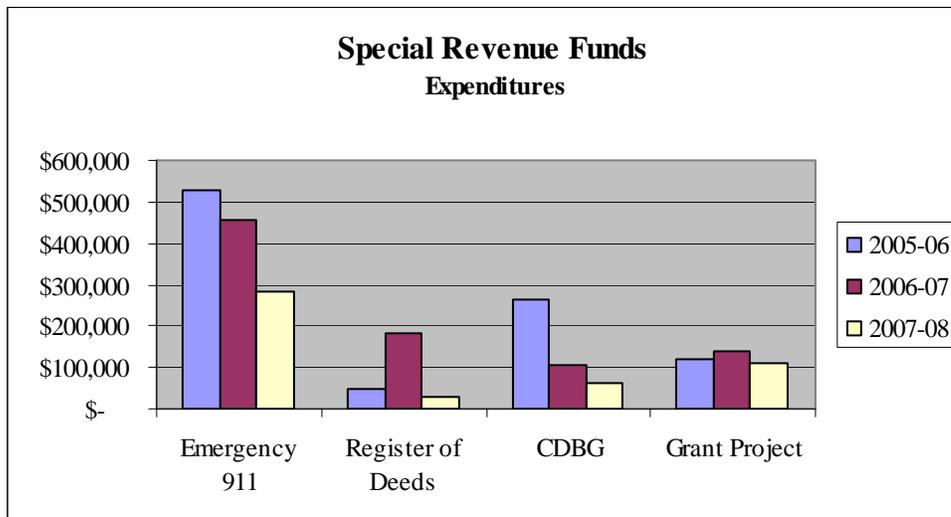
Register of Deeds Automation Fund – Accounts for the cost of automation and enhancement of processes for the Register of Deeds.

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.

For fiscal year 2008, these funds had total revenues of \$925,703 and expenditures of \$487,318. The charts below show the breakdown of the revenues and expenditures by fund.



The major changes in the revenues over fiscal year 2007 were decreases in the Community Development funds from Federal sources. This accounts for \$34,000 of the \$67,000 decrease in total revenues of the Special Revenue Funds.



The expenditures of the Special Revenue Funds have decreased overall by \$398,000. There was a \$155,000 decrease in the Register of Deeds funds due to completion of the current phase of the scanning of documents. Additionally, the decrease in E-911 is due to a change in accounting for debt. This shows that these funds are more cyclical in nature than other programs.

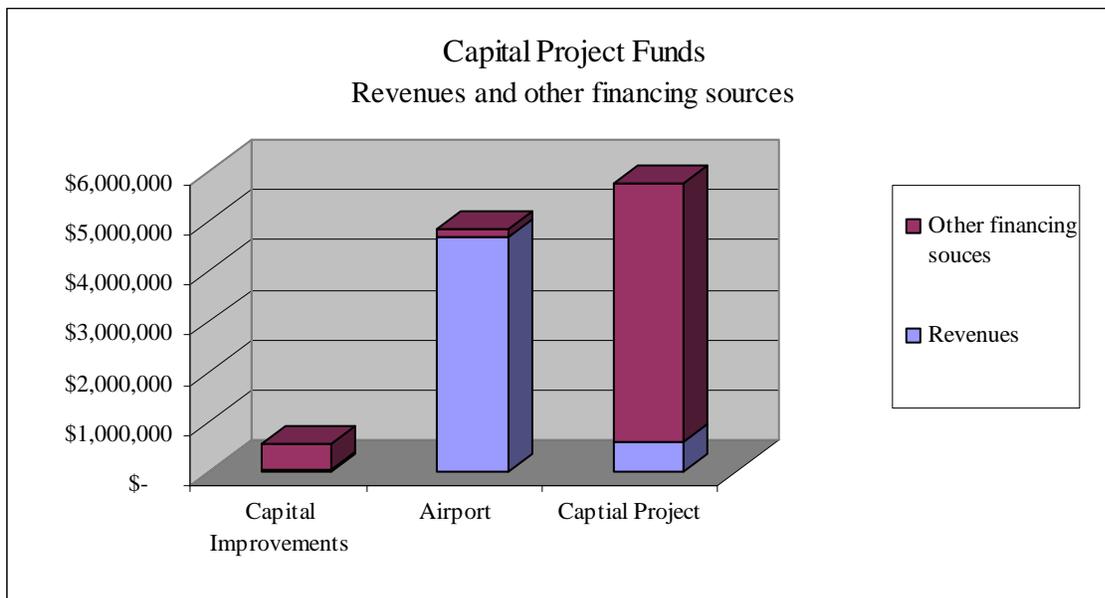
Capital Project Funds:

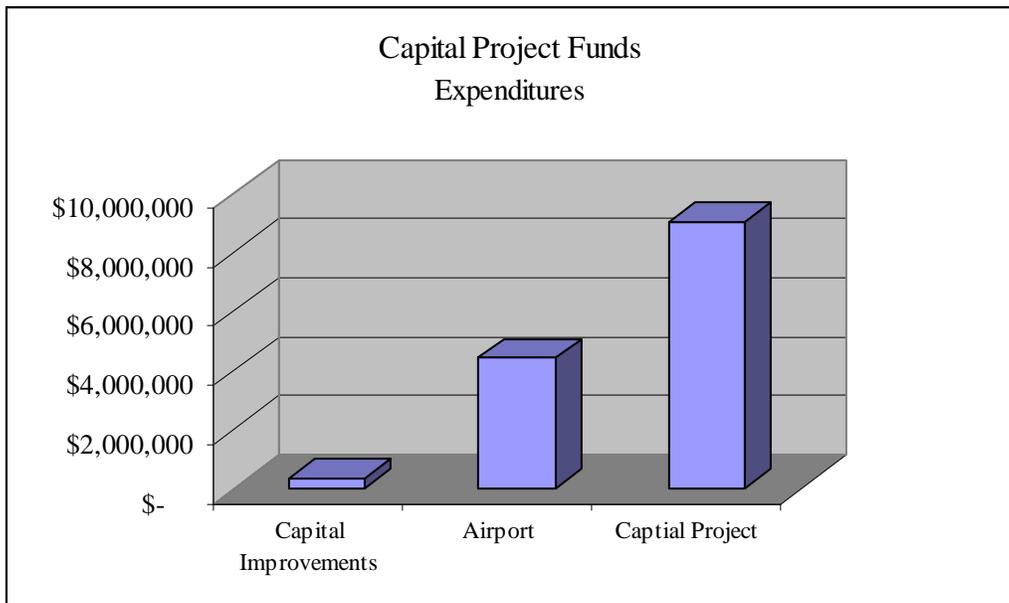
The County operates the following capital project funds. These are:

- 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.
- 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 2008, these funds had total revenues and other financing sources of \$6,476,000 and expenditures of \$68,034,000. Of these, the School Construction Fund accounts for \$1,175,545 of the revenues and other financing and \$54,199,211 of the expenditures. This variance in revenues and expenditures is mainly due to the use of bond proceeds to cover the cost of ongoing construction for schools.

The charts below show the breakdown of the revenues and expenditures of the capital project funds except for the school construction fund.





FINANCIAL POSITION – GOVERNMENTAL ACTIVITIES

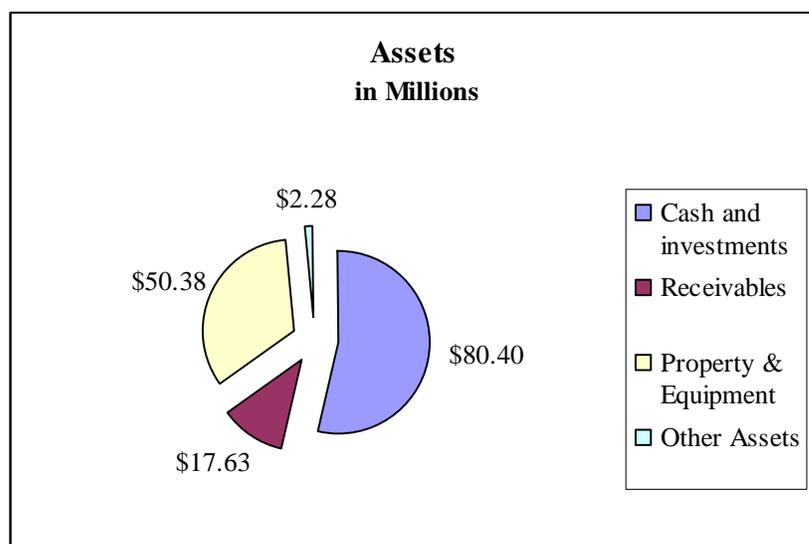
The financial strength of the County can be seen when you compare our assets to our liabilities. The charts below cover all governmental type activities as of June 30, 2008. These charts are based on a Non-GAAP format, which means the data may include some summarizations and combinations, which GAAP 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.

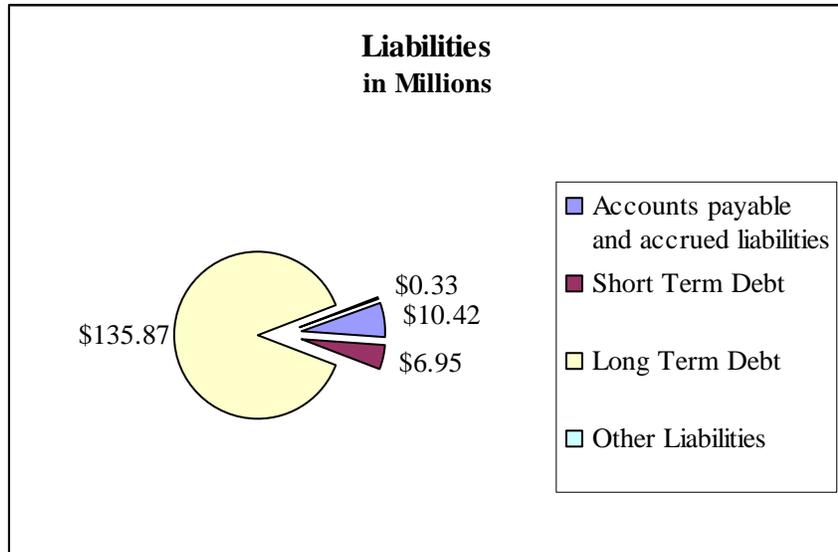


Liabilities (what we owe)

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
-\$2.88 Million

Changes from Prior Year

For fiscal year 2008 assets decreased by just over \$2.2 million. This is mainly due to decrease of \$15 million cash and investments as we have used the proceeds from issuance of bonds for school construction. This decrease was partially offset by increases of \$11 million in property and equipment owned by the county and accounts receivable.

Liabilities of the county have increased from the prior year with a total of \$153.5 million. This is the result of increases in debt. Of the increase, \$40 million was for debt related to school construction.

BUSINESS-TYPE ACTIVITIES

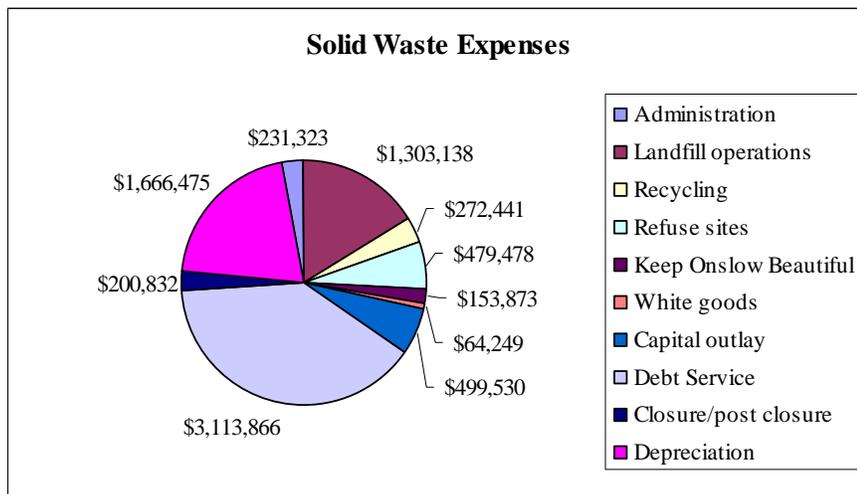
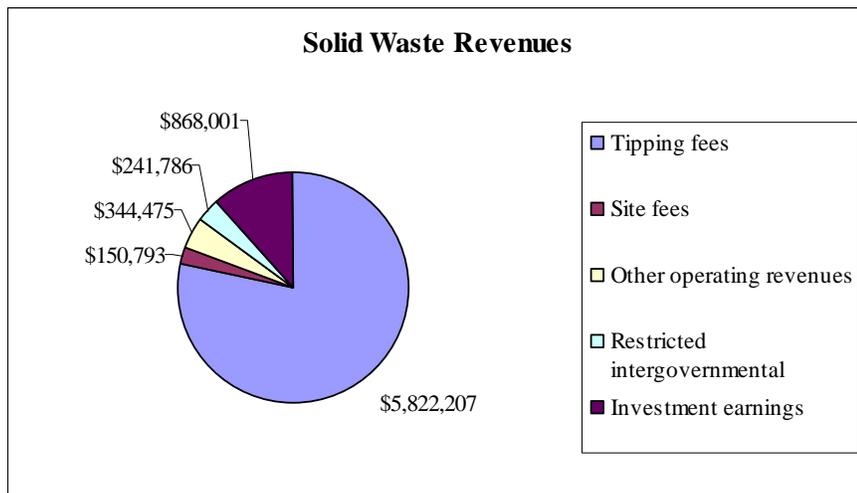
Business-type activities rely on user fees and other charges to wholly, or largely, fund their operations. The only business-type activity currently operated by the County is its Solid Waste Fund.

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 11 years before it will be filled to capacity. The County is undertaking action at this time to begin the search for a replacement site or seek alternate methods of disposal of solid waste.

During fiscal year 2007-08, the revenues of the Solid Waste Fund were \$7.4 million for an increase of \$422,000 over the prior year. This is mainly due to increased fees charged as our tipping fees were

increased by \$5 per ton to insure coverage requirements of our debt were met. Operating and other expenses are approximately \$1.66 million more than last year. We incurred one-time pay out of debt through the refinancing of a special obligation bond. This will save us interest cost over the remaining life of the bond. The charts below show the breakdown of the revenues and expenditures by type.

Recycling efforts have removed approximately \$2,409 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).



LONG-TERM DEBT

Onslow County's long-term debt consist of General Obligation 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. In March 2008, the county issued \$40,000,000 in bonds for schools as the second issuance of the \$90,000,000 approved the voters in 2006. As of June 30, 2008, the County has \$106,665,000 in outstanding General Obligation Bonds. Of this total, \$104,667,000 is for school facilities.

The installment purchase obligations are issued pursuant to a deed of trust. As of June 30, 2008, the County has \$17,541,854 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, 2008, the County has outstanding Certificate of Participation (COPS) totaling \$13,950,000. These COPS were issued for the construction of Meadow View Elementary School. This school will open in the fall of 2008.

School debt makes up the major portion of our long-term liabilities for governmental activities. Of the \$138 million in long-term debt, \$126 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.

In December of 2007, the county issued special obligation bonds for the construction of the next phase of the landfill. In conjunction with this issue, we refunded the outstanding amount on bonds issued in 2000.

As of June 30, 2008, the County has \$12,426,726 in outstanding special obligation bonds. 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 6/30/2007	Increases	Decreases	Balance 6/30/2008
Governmental Activities:				
General Obligations Bonds	\$ 70,555,000	\$ 40,000,000	\$ 3,890,000	\$ 106,665,000
Installment Purchase Obligations	15,353,642	3,825,000	1,636,798	17,541,844
Certificates of Participation	14,725,000	-	775,000	13,950,000
Business-type activities:				
Special Obligation Bonds	7,183,014	8,022,838	2,743,126	12,462,726
Total Debt Service	\$ 107,816,656	\$ 51,847,838	\$ 9,044,924	\$ 150,619,570

AD VALOREM (PROPERTY) TAXES

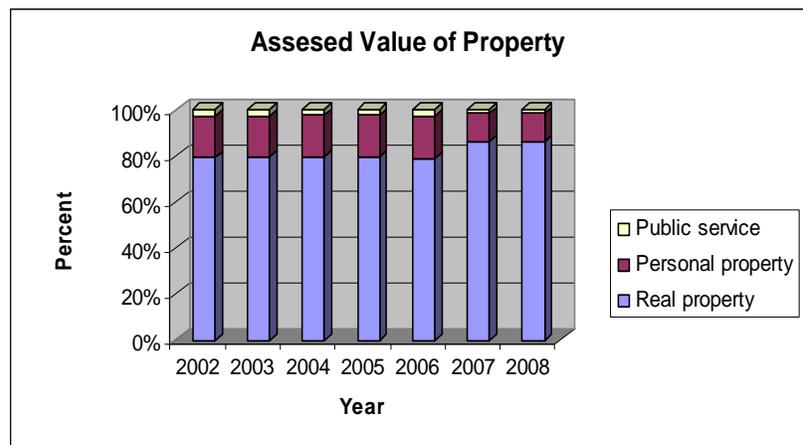
Property taxes are the largest single revenue source for the County. In fiscal year 2007-08 collections totaled \$55.05 million dollars for 41.07% of the county general fund revenues. The total assessed value of property in the county is \$11,215,003,771. Of this, the total assessed value of the ten largest taxpayers' accounts for 3.69%. 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, 2008

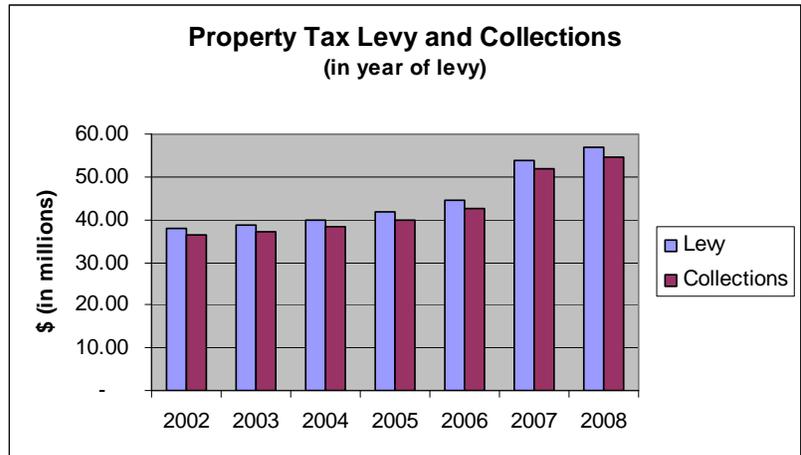
Taxpayer	Type of Enterprise	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Jones Onslow EMC	Public Utility	\$ 93,413,176	0.83%
RA North Development I Inc	Real estate	\$ 83,428,932	0.74%
Carolina Telephone	Telephone	55,379,084	0.49%
Progress Energy	Public Utility	37,338,837	0.33%
Crown America Acquisition Assoc II LP	Commercial real estate rental/sales	37,043,405	0.33%
Brunswick Timber LLC	Timber Mgt	30,630,712	0.27%
Robert J Finlay	Real estate	23,917,050	0.21%
Rogers Bay Campground Co.	Resort campground	21,500,000	0.19%
Puller Place LLC	Real estate	15,453,737	0.14%
Marine Federal Credit Union	Banking	15,346,691	0.14%
Total		\$ 413,451,624	3.69%

Real property makes up the majority (86.21%) of the value of property assessed for taxes. For 2007 the personal property (cars, boats, airplanes, equipment, campers, etc.) was 12.00% and public service companies (Jones-Onslow EMC, Progress Energy, railroads, natural gas, etc.) was 1.79%.



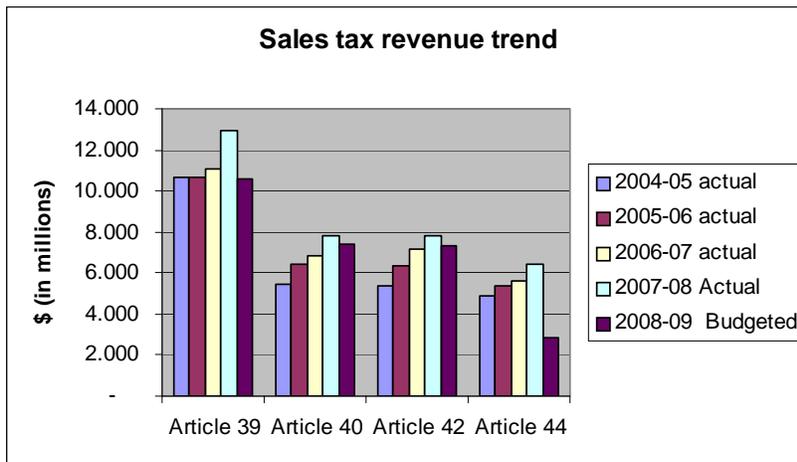
Real and personal property assessments are the responsibility of the tax office. Real property assessed values are determined by periodic countywide revaluations, while personal property assessments are determined annually. The next scheduled revaluation of property is FY 2010. This will assess the value 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 have held steady with a low of 95.74% in FY 2006 to a high of 96.81% in FY 2007. In FY 2008 the overall collection rate was 96.54%. This collection rate yielded \$54.7 million of the \$56.7 million levy. In addition, collections of prior year taxes were \$1,289,000. This brings the total collections for taxes to \$55.05 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 2008, the Board of Commissioners voted to continue the distribution of sales taxes Onslow County on the ad valorem basis effective July 1, 2008. The fiscal year revenue from sales taxes was \$35.05 million or 25.69% 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. The total of the local options sales taxes is 2½%.

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.

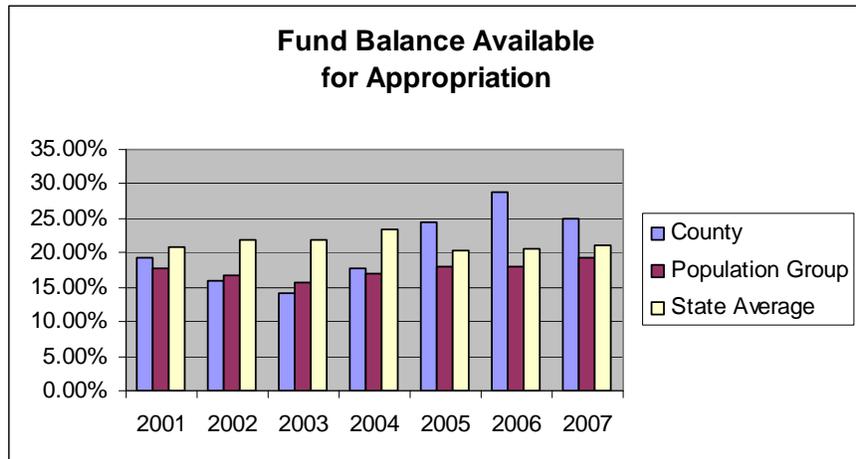
Article 42 is a ½% sales tax. The net proceeds are placed in a statewide pool and distributed on a per capita basis. Of these proceeds the county is required to use 60% towards school capital outlay. Onslow County applies these funds to the payment of school bonds.

Article 44 is a ½% 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 effective July 2008. This sales tax change is in conjunction with providing Medicaid relief for the County.

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 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 34 schools operated by the school system with grades kindergarten through twelfth grade and has a student enrollment of 23,485. After-school care and before-school care is offered at selected locations. For fiscal year 2007-08 the county provided \$28.8 million towards the current operating costs of the system. The County also provided \$3.0 million for current capital outlay needs of the Onslow County Schools. Fiscal Year 2007-08 was the second 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 resent bond issues, there will also be future increases in funding needed in this area.

The county is also in the middle of a major construction projects with the schools. In FY 07-08 the county issued \$40 million in general obligation bonds to finance the completion of construction of new facilities and expansions to existing facilities. When completed, this will bring the total expenditures for capital to slightly over \$100 million.

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 3,135 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 5,482 curriculum and 17,831 continuing education students. The college is governed by a twelve-member Board of Trustees. The County provided \$2.7 million for current expenses and \$477,000 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 is currently in the process of 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 for large well-equipped rooms that will handle the latest surgical equipment. This \$44.0 million expansion is being 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 2007-08

The Albert J. Ellis airport saw a record number of passengers for FY 2008. There were 123,239 enplanements and 131,150 departures for at total passenger count of 254,389.

Design of new administration building was completed and site work begun.

In September of 2007 the Onslow County Soccer Association opened the Tabernacle Soccer Complex. This project is the result of cooperation between the County and this non-profit group to construct soccer fields at one of our old school sites. This site has hosted soccer tournaments which have enhanced our tourism efforts.

Also in September our Keep Onslow Beautiful program received a grant to expand is School Recycling program from five to seventeen schools. In the first year of the program they recycled 40 tons for an average of 3.7 pounds per student pre month.

In October we unveiled our mass communication service. This will allow the County the ability to communicate with all residents regarding time-sensitive matters, such as unforeseen events or emergencies.

October also saw the launch of our redesigned website. The redesigned site provides extensive search capabilities in addition to on forms and eServices.

It was announced in December that during the first year of Onslow County's free prescription discount program though the NACO, county residents had filled 3,020 prescriptions with the cards averaging \$11.88 per prescription.

In January 2008 the e-NC Authority approved a grant for \$19,975 for Onslow County. This grant provided funds necessary to purchase lighting and projection equipment for the Commissioners and special purpose meetings.

Our Senior Services program was evaluated and in February it was announced they its In-Home Aide Division had received re-accreditation. This is valid for a three year period.

Additionally, in March, our Health Watch Diabetes Self-Management Education Program at the Onslow County Health Department was awarded continued Recognition from the American Diabetes Association (ADA). Accredited since the spring of 2002, the ADA believes this program offers high-quality education that is an important component of effective diabetes treatment.

In April 2008 after approximately a year of construction Onslow County opened it newest park, Deppe Park in Hofmann Forest. This 10 acre park was funded by State and local funds.

The County Medical Reserve Corps (MRC) program was recognized as the North Carolina MRC of the year for its contributions to emergency preparedness of the county.

In May 2008 the Belgrade Community Action Association opened its community multipurpose building. This is another example of the County and the community working together to provide for the needs of the citizens.

Onslow County, through the Onslow County Board of Education, completed phase I of its construction program which totaled \$50 million of the \$90 million school bonds voted for in 2006. This involved the expansion of current facilities, as well as the construction of a new Meadow View Elementary School which was financed through the issuance of \$15 million in certificates of participation. The Meadow View School was dedicated in June and will be open to students in August 2008.

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. We Board of Education has outlined \$68 million in capital needs. The detail of these projects is being evaluated with anticipated action related to these projects to be taken in the spring of 2009.

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.

Justice Complex -

This facility would house 528 inmates and the administrative officers for the Sheriff Department. It will be located in an area near the current jail facility and connect to the District and Superior Courthouses. During fiscal year 2007-08 the design of the facility was competed. The site work for the County Justice Complex is to begin in late summer or early fall of 2008 with construction contracts and construction to begin in late November or early December 2009. Total cost of construction is currently estimated at \$57 million.



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. Currently the site work is underway. At this point no timeline has been established for this project. The estimated cost of the complex is \$25 million.

AWARDS

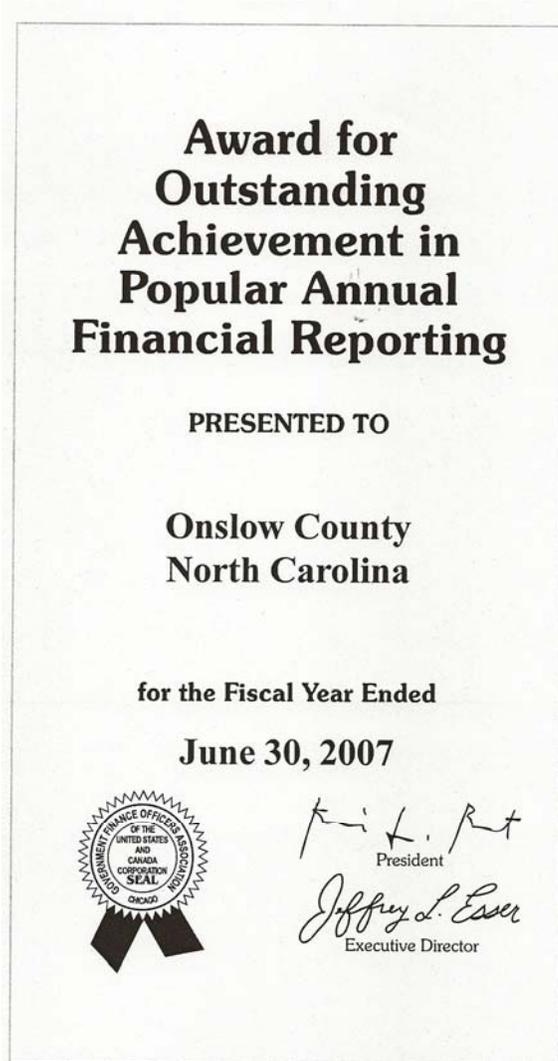
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Onslow County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 20, 2007. This was the sixteenth (17th) consecutive year that Onslow County 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 2008 CAFR to the GFOA also.

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, 2007. 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 2008 PAFR 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, 2007. 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, 2008 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 2008 CAFR, the source for some of the information contained in this PAFR is Onslow County Media Releases, and the Answer Book 2008-2009 produced by the Jacksonville Daily News.