

ONSLOW COUNTY  
NORTH CAROLINA  
Citizens' Financial Report



Popular Annual Financial Report

*For the Fiscal Year Ended  
June 30, 2006*

*About the cover*

*The Trade Dollar was issued for circulation in the Orient to compete with the dollar-size coins of other countries. These were issued from 1873 to 1885. Many of these were counter stamped by “chop marks” at the ports in which they were used.*

## 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 .....	7
County Government .....	10
Financial Activity.....	10
General Fund.....	10
Revenues (Where the Money Comes From).....	11
Expenditures (Where the Money Goes) .....	12
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 .....	19
Local Option Sales Tax .....	20
Fund Balance .....	21
Education .....	21
Hospitals .....	22
Accomplishments and Milestones .....	22
Future Projects .....	23
Awards .....	24
Appendix A (Financial Activity Statement) .....	25
Appendix B (Financial Position Statement – Governmental Type Funds).....	26
Appendix C (Financial Position Statement – Business Type Funds) .....	27

## INTRODUCTION

The report contained herein is the second 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.co.onslow.nc.us](http://www.co.onslow.nc.us).

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@co.onslow.nc.us](mailto:alvin_barrett@co.onslow.nc.us). We look forward to hearing from you.

**BOARD OF  
COMMISSIONERS**

Delma Collins  
Chairman  
Martin Aragona, Jr.  
Vice-Chairman  
Paul Buchanan  
Joseph McLaughlin  
Lionell Midgett

**ONSTLOW COUNTY  
NORTH CAROLINA**

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[www.co.onslow.nc.us](http://www.co.onslow.nc.us)

October 5, 2006

**Citizens of Onslow County**

I am pleased to present the Onslow County Popular Annual Financial Report (PAFR) for the year ended June 30, 2006. 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.

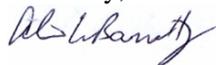
This financial report provides a summary of information detailed in the 2006 Onslow County Comprehensive Annual Financial Report (CAFR). The CAFR is a 148-page document of detailed financial statements, note disclosures, supplemental schedules, and statistical tables. The CAFR was prepared in conformity 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 or-line at [www.co.onslow.nc.us](http://www.co.onslow.nc.us).

Sincerely,



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

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

# Onslow County Board of Commissioners



Delma Collins  
Chairman



Martin Aragona, Jr..  
Vice-Chairman



Paul Buchanan

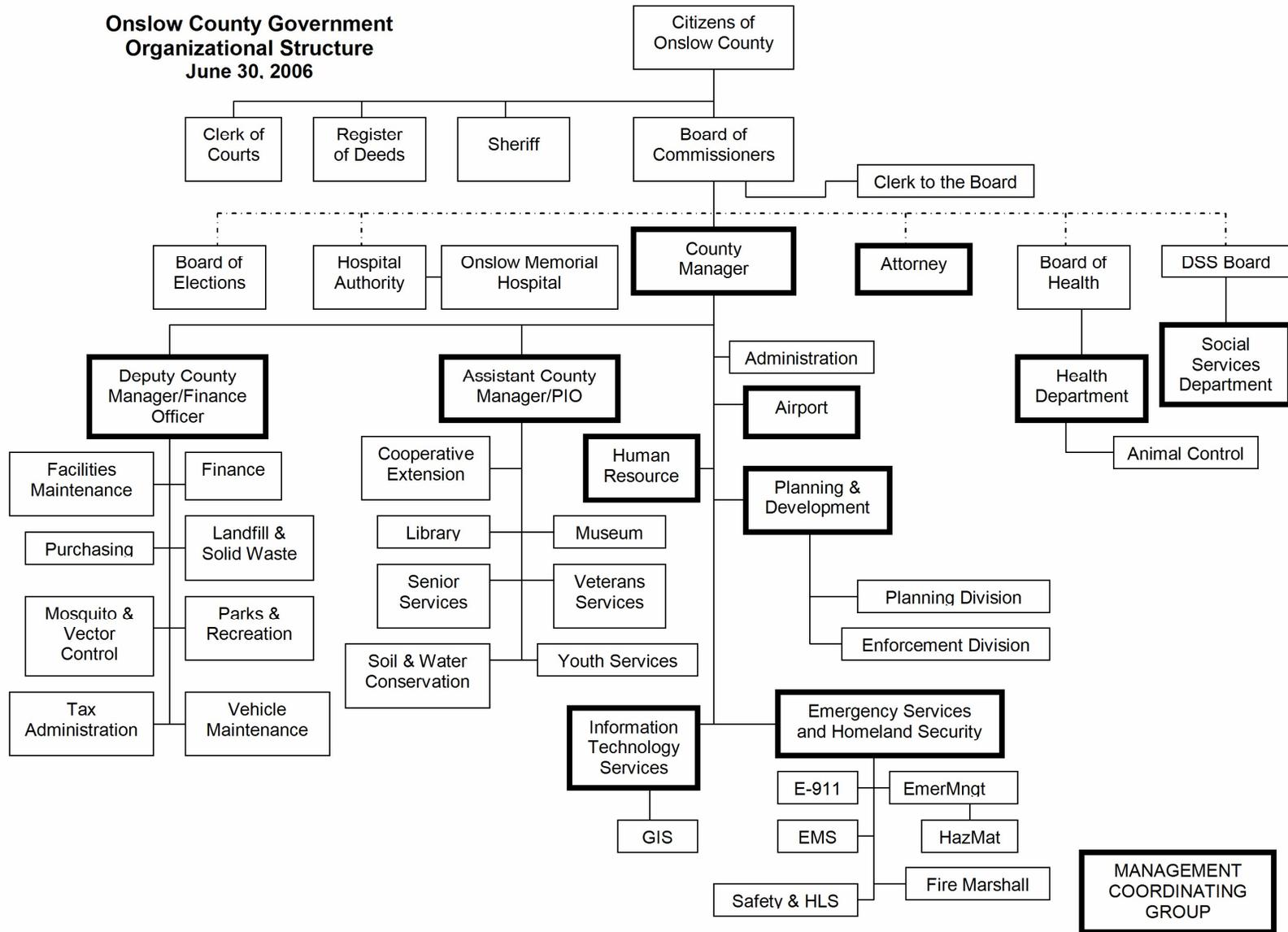


Lionell Midgett



Joseph R McLaughlin

**Onslow County Government  
Organizational Structure  
June 30, 2006**



## DEPARTMENTAL CONTACTS

### **ADMINISTRATION**

Frank Clifton (910) 347-4717  
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**

Peggy 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**

Tom Morgan (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**

Steve Sizemore (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**

Mildred Thomas (910) 347-3451  
Registrar  
109 Old Bridge Street  
Jacksonville, NC 28540

**SENIOR SERVICES**

Sherry 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 19<sup>th</sup> century as a measure of Reconstruction following the American Civil War. Throughout the 20<sup>th</sup> 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, shoreline, and seascape continues to define Onslow County, attracting industry, tourism, and families to our distinctive community.

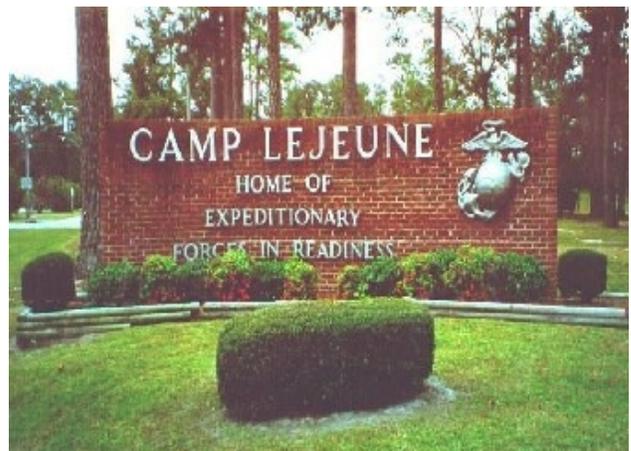
## PROFILE OF THE COUNTY



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 home of the II Marine Expeditionary Force, 2<sup>nd</sup> Marine Division, 2<sup>nd</sup> Marine Logistics Group as well as other combat units and support commands, is the largest contributor to the Onslow County economy through wages to base connected military, civilian employees, and employees of non-appropriated fund organizations of approximately \$1.92 billion, according to 2005 base statistics. Of this, \$429.7 million was paid to military and civilian retirees within fifty (50) miles of Camp Lejeune.



During the federal fiscal year 2005 Camp Lejeune

awarded \$193.0 million in construction contracts with approximately \$40.0 million awarded to contractors located in Onslow County.



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 Coast Guard also has a presence at Camp Lejeune with the Special Missions Training Center. Its mission is to train Marine Safety and Security Teams, port security units and law enforcement detachments. This center trains over 2,100 students from the different services.

In March of 2006 it was announced that two new infantry battalions and the recent stand-up of the Marines Special Operations Command will bring about 2,600 new troops and about 3,000 dependents to our area.

Agriculture remains a major economic factor in Onslow County with gross agricultural income for 2005 estimated at \$99.4 million. Tobacco remains the leading cash crop with a gross income of \$4.5 million. Other major crops include corn at \$2.8 million, soybeans at \$2.3 million and cotton at \$2.4 million. The newest crop to the area is peanuts with 723 acres yielding just under \$450,000. The livestock industry continues to play a dominant role in farm income with a combined total of \$57.4 million. Poultry and pork production account for the majority of this at \$56.4 million. Additionally, timber sales within the county total approximately \$17.0 million.



Construction activity in Onslow County has remained steady as evidenced by the 3,699 new units of residential construction and 329 new units of commercial construction totaling over \$249 million dollars in fiscal year 2006.

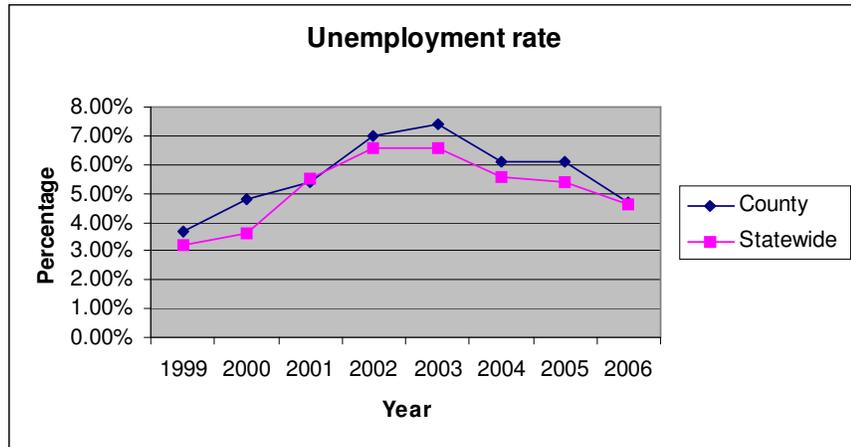
Tourism is one of the County's largest growing industries. It is estimated that the local tourism industry generates more than \$29.5 million in wages for approximately 1520 full time employees. Onslow ranked 23rd in travel impact among North Carolina counties, with total revenues estimated at nearly \$137.6 million per year.



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 2004-05 were \$1.127 billion (the last year for

which data is available). There are no prior years comparable numbers for this as the State of North Carolina has changed its records from retail sales amount to taxable sales amounts.

The unemployment rate for Onslow County as of June 30, 2006 was 4.70 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. In January of 2005 this site was officially certified as a North Carolina certified industrial site. Having the site certified means that much of the

infrastructure, including site surveys and access to necessary utilities like water and power, is already in place. Additionally, the North Carolina Department of Commerce is posting this site on its web site for prospective industries to do preliminary screening.



At our county operated Albert J. Ellis Airport, US Airways Express has continued to respond to passengers' demands and expanded air service to seven flights per day to Charlotte with five of these flights consisting of 50-seat regional jets. Additionally, US Airways has added a weekly nonstop roundtrip between

Jacksonville and Philadelphia using a 50-seat regional jet operated as PSA Airlines. Total passenger traffic for FY 2005-06 was 182,008 for a small 1% decline from FY 04-05's total of 183,764 passengers. In terms of emplacements (passengers boarding flights out of the airport) the airport recorded an increase of 1,189 for a 1.3% increase. The small decrease in overall traffic for FY 2005-06 and the small increase in emplacements is the results of higher airfares this fiscal year at Albert J. Ellis Airport in relations to airfares at the larger alternate airports such as Raleigh-Durham. The airport continues to seek opportunities to improve air service and recruit a second airline.



## 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.

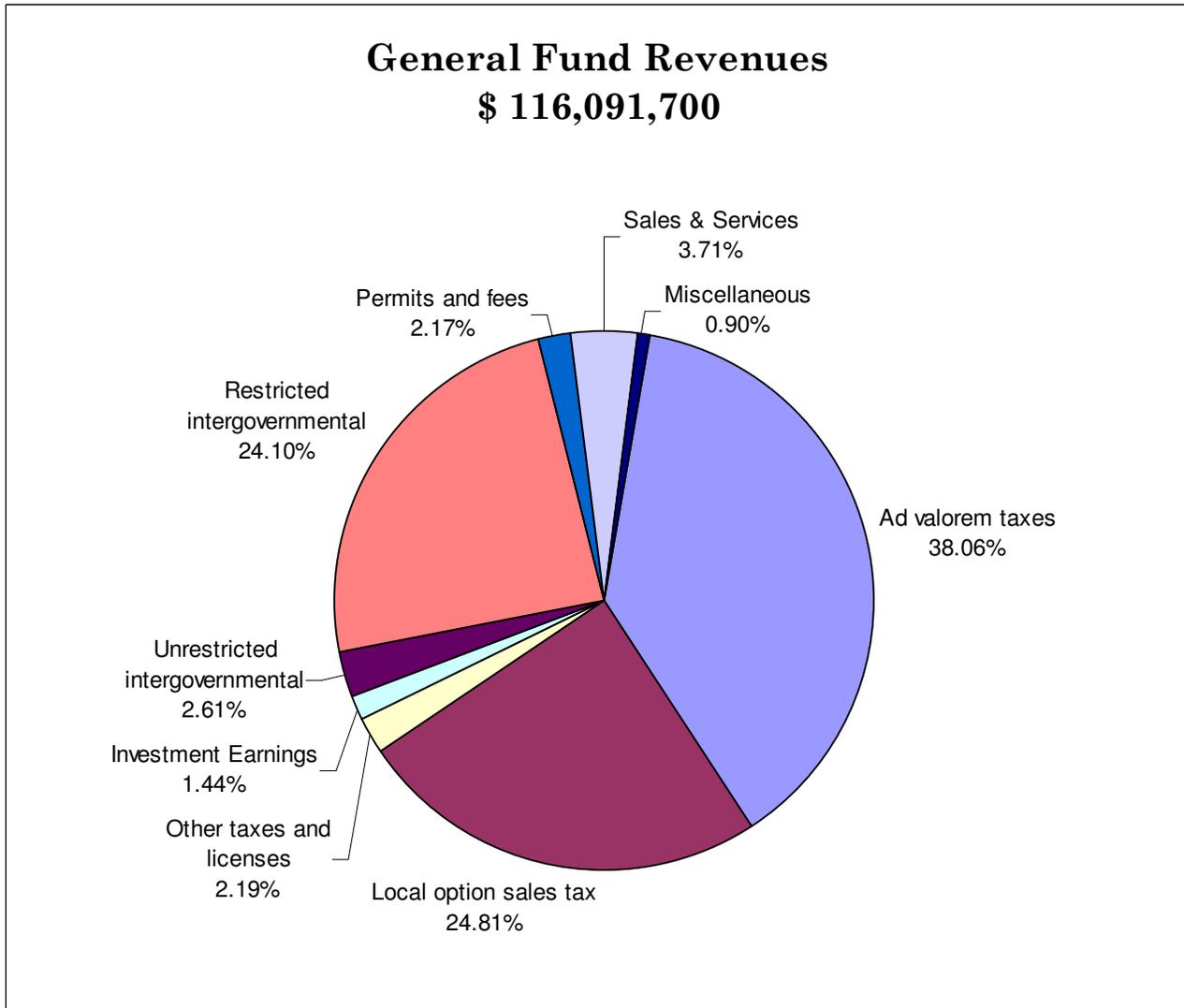
**Revenues:** The monies received by the County from a variety of sources used to fund all services provided. The sources of these funds consist of the following:

- 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 2006 for the county total \$116,091,700.

<u>Revenue Type</u>	<u>Amount</u>	<u>Increase (decrease) from Prior Year</u>
Ad valorem taxes	\$ 44,189,585	\$ 2,626,695
Local option sales tax	28,802,387	2,487,828
Other taxes and licenses	2,542,563	411,090
Investment Earnings	1,667,384	1,001,945
Unrestricted intergovernmental	3,035,296	486,623
Restricted intergovernmental	27,983,894	(11,563,364)
Permits and fees	2,514,513	457,720
Sales & Services	4,310,121	739,025
Miscellaneous	1,045,957	606,528

Ad valorem (property taxes), sales taxes and intergovernmental revenues combined for just over 90% of the County general operating revenues. The decrease in revenues shown in restricted intergovernmental

is due to the transfer of operations of or Behavioral Health programs to Onslow-Carteret Behavioral Health. This is a joint operation of the merger of the Onslow County and Carteret County programs into a single area authority.

**Expenses:** 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.

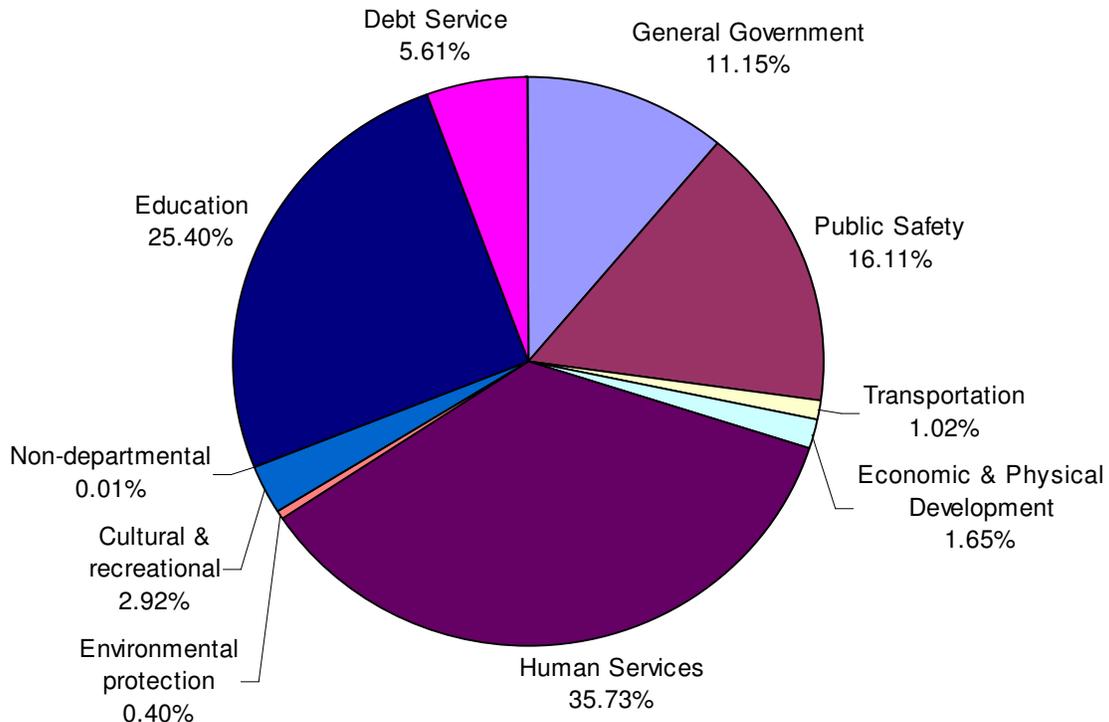
You will note the major decrease of \$8.9 million in the Human Services area. This was caused by the transfer of operations of its Behavioral Health program and the leasing of its assets to the newly formed Onslow-Carteret Behavioral Health Services. The County has a representative on the Onslow-Carteret Behavioral Health Services Board.

In addition the increase in expenditures for General Government activities was mainly due to increases in the Information Technology as we update our software systems at a cost of \$1.3 million, increased cost of \$1.5 million for health and workers compensation insurance, and the cost of new election equipment of \$400,000.

For those that are interested in a complete Financial Activity Statement one can be found in Appendix A.

EXPENDITURES (where the money is used)

**General Fund Expenditures  
\$109,299,618**



The total governmental type expenditures in fiscal year 2006 for the county totaled \$109,299,618.

<u>Expenditure type</u>	<u>Amount</u>	<u>Increase (decrease) from Prior Year</u>
General Government	\$ 12,190,803	4,294,524
Public Safety	17,606,811	1,734,716
Transportation	1,115,853	191,152
Economic & Physical Development	1,803,583	626,445
Human Services	39,054,209	(8,992,500)
Environmental protection	434,101	47,514
Cultural & recreational	3,187,323	273,778
Non-departmental	9,347	(20,561)
Education	27,765,745	1,323,891
Debt Service	6,131,843	(173,302)

The majority of our expenditures are in the area of human services at \$39,054,209 followed by Education at \$27,765,745(excluding debt on schools) and then by Public Safety at \$17,606,811. These three areas account for 77.24 percent or our total governmental type expenditures.

## Special Revenue Funds:

The County operates the following special revenue funds:

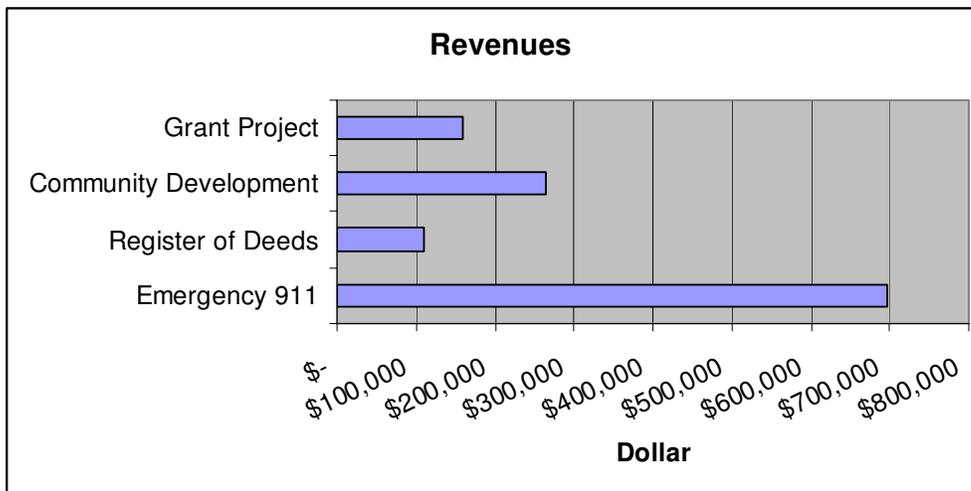
Grant Project Fund – Accounts for funds received from various specialized grants that will cover more than one fiscal year and in some cases three fiscal years. These are not operational grants but one time funding for special projects.

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

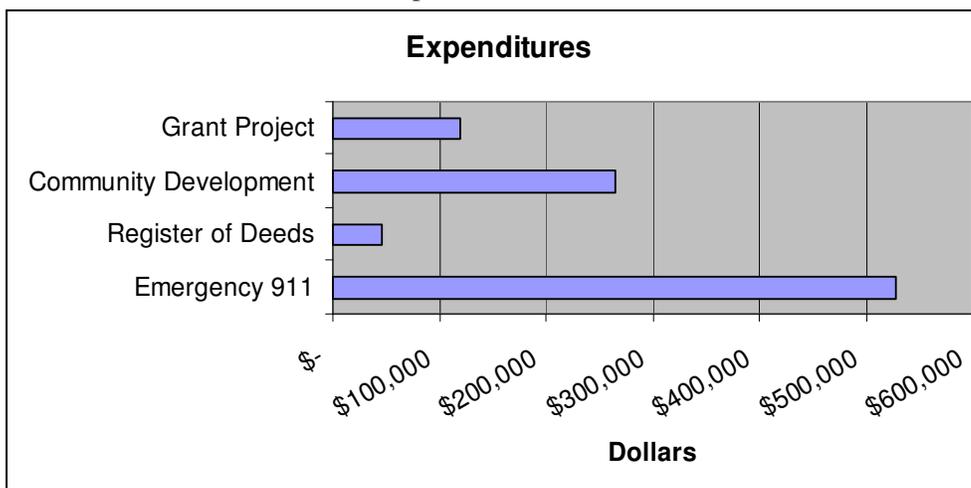
Register of Deeds Automation Fund – Accounts for the cost of automation and enhancement of processes for the Register of Deeds.

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 2006, these funds had total revenues of \$1,211,150 and expenditures of \$960,000. The charts below show the breakdown of the revenues and expenditures by fund.



The major changes in the revenues over fiscal year 2005 were increases in the Community Development and Grant project funds from Federal sources. This accounts for \$424,000 of the \$530,000 increase in total revenues of the Special Revenue Funds.



The expenditures of the Special Revenue Funds have increased overall by \$354,500. This also is mainly in the Community Development with a \$196,000 increase and Grant Projects with a \$52,000 increase. 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.

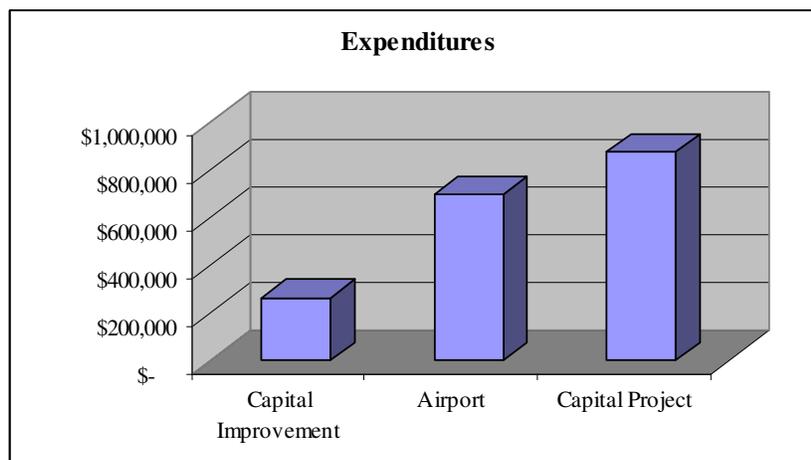
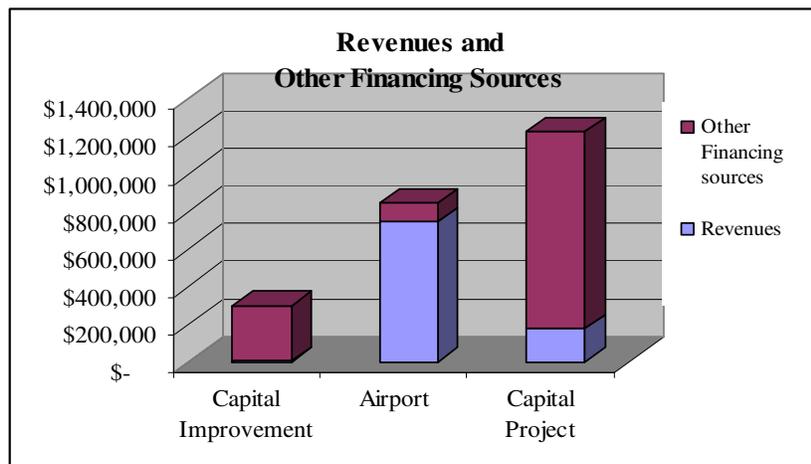
**Airport Fund** – Accounts for the capital projects at the County-operated Albert J. Ellis Airport. These projects are funded through Federal airport improvement funds, state funds and passenger facility charges.

**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 2006, these funds had total revenues and other financing sources of \$69,017,757 and expenditures of \$5,361,148. Of these the School Construction Fund accounts for \$66,648,558 of the revenues and other financing and \$3,520,946 of the expenditures.

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



## FINANCIAL POSITION – GOVERNMENTAL TYPE FUNDS

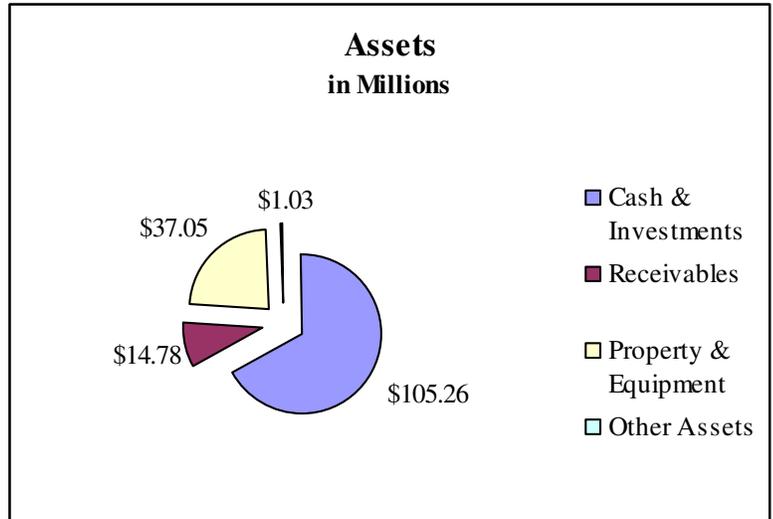
The financial strength of the County can be seen when you compare our assets to our liabilities. A more formal financial position statement is available on Appendix B. The charts below cover all governmental type funds as of June 30, 2006. These charts are based on a Non-GAAP format, which means the 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.

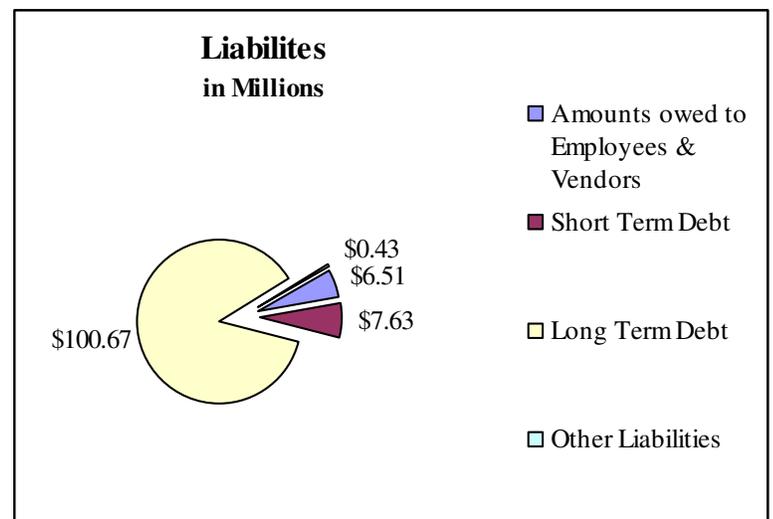


### Liabilities (what we owe)

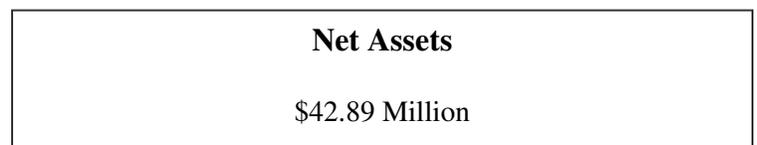
Accounts payable and accrued liabilities (amounts owed to employees and vendors) are funds the County owes individuals and companies who supply goods or services and the expected payment is to be made within twelve months.

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.



### Changes from Prior Year

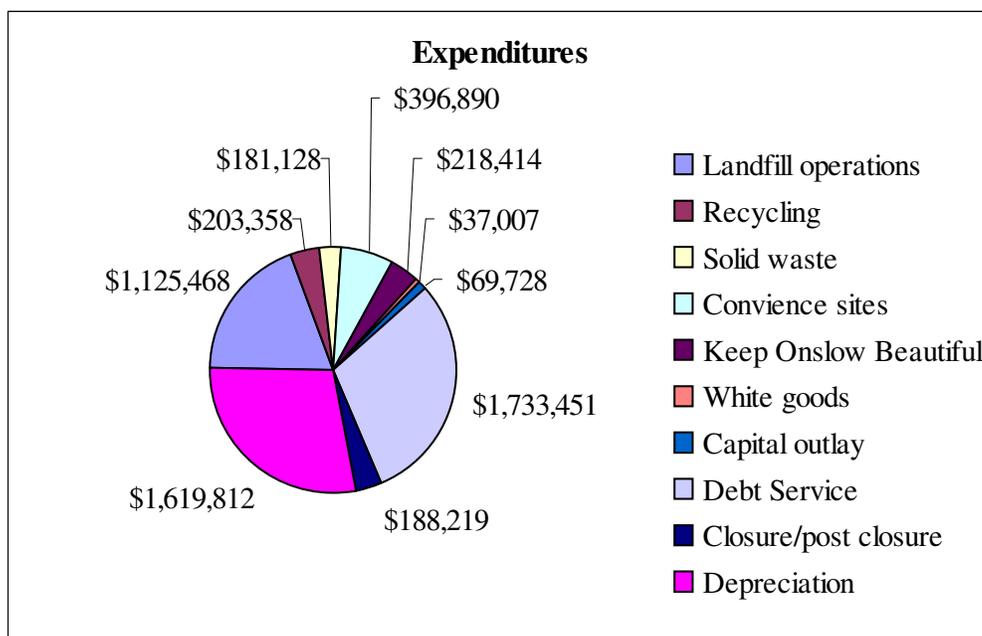
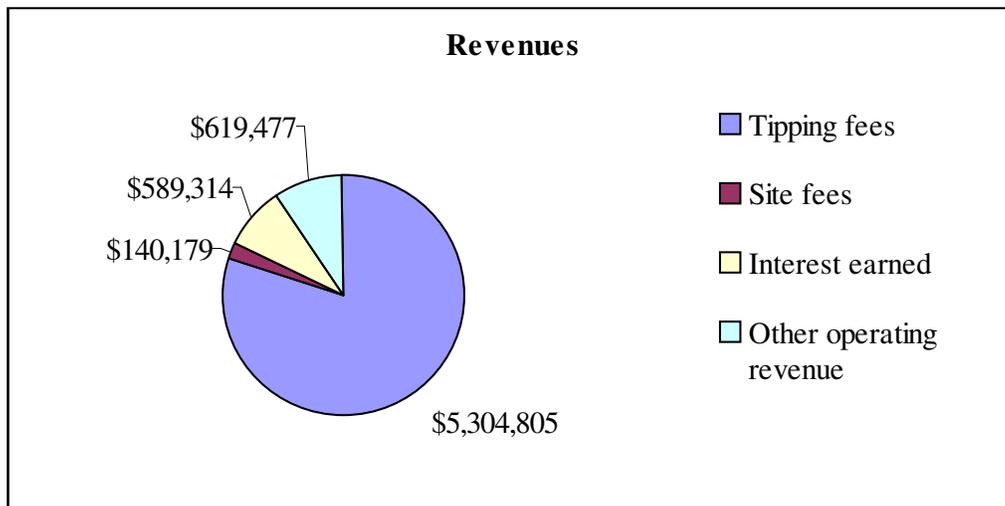
For fiscal year 2006 we show a higher than normal cash balance due to the issuance of debt for schools. This accounts for the \$65 million of the increase in total assets. This is also reflected in the increased liabilities in long term debt.

## BUSINESS-TYPE ACTIVITIES

Business-type activities rely on user fees and other charges to wholly, or to a large extent, fund their operations. The only business-type activity currently operated by the County is its Solid Waste department as we made the final transfer of our Water and Sewer operations and lease of assets to Onslow Water & Sewer Authority (ONWASA). The County has two representatives on the ONWASA board.

- Solid Waste – Accounts for the 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 13 years before it will be filled to capacity. The County is undertaking action at this time to begin the search for a replacement site.

During fiscal year 2005-06, the revenues of the Solid Waste Fund were \$6.6 million for an increase of \$906,000 over the prior year. This is mainly due to an increase in the tipping fee from \$38.50 to \$40.00 per ton and increased interest earned. Operating and other expenses are approximately \$500,000 less than last year. This decrease is mainly due to a reduction in our closure/post closure reserve. The charts below show the breakdown of the revenues and expenditures by type.



## 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 A+ by Standard and Poor's.

The General Obligation Bonds are collateralized by the full faith, credit and taxing power of the County. As of June 30, 2006, the County has \$74,530,000 in outstanding General Obligation Bonds. Of this total, \$72,210,000 is for school facilities.

In June 2006, the County refunded its 1996 General Obligation Bonds. This refunding created an estimated savings of \$554,000 in interest cost over the life of the issue.

The installment purchase obligations are issued pursuant to a deed of trust. As of June 30, 2006, the County has \$16,292,000 in outstanding installment purchase obligations. These have been issued for such projects as industrial park development, county buildings, school buildings, and Sheriff vehicles.



In June 2006 the County entered into a Certificate of Participation (COPS) financing for school construction. A \$15,500,000 COPS financing was issued for the construction of Meadow View Elementary School.

The expansion of the landfill was 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. As of June 30, 2006, the County has \$8,570,338 in outstanding special obligation bonds. These bonds are fully paid from the revenues of the Solid Waste fund.

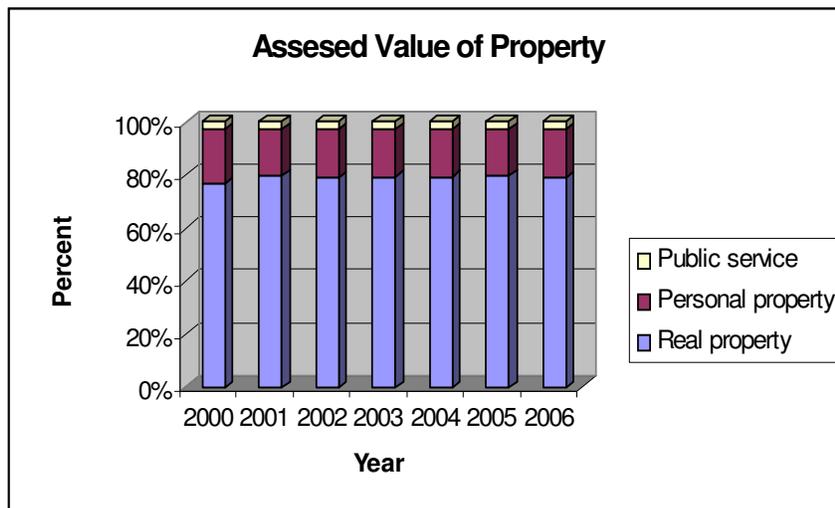
### Summary of Debt Obligations

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Governmental Activities:</b>				
General Obligations Bonds	\$ 26,755,000.00	62,645,000.00	14,870,000.00	74,530,000.00
Installment Purchase Obligations	18,109,675.00	-	1,817,675.00	16,292,000.00
Certificates of Participation	-	15,500,000.00	-	15,500,000.00
<b>Business-type activities:</b>				
Special Obligation Bonds	9,915,832.00	-	1,345,494.00	8,570,338.00
<b>Total Debt Service</b>	<b>54,780,507.00</b>	<b>78,145,000.00</b>	<b>18,033,169.00</b>	<b>114,892,338.00</b>

## AD VALOREM (PROPERTY) TAXES

Property taxes are the largest single revenue source for the County. In fiscal year 2005-06 collections totaled \$44.0 million dollars for 38.06% of the county general fund revenues. The total assessed value of property in the county is \$6,575,311,573. Of this, the total assessed value of the ten largest taxpayers' accounts for 4.37%. The County tax rate of 67 cents per hundred is well below the state legal limit of \$1.50.

<b>Principal Property Tax Payers</b>			
June 30, 2006			
Taxpayer	Type of Enterprise	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Jones Onslow EMC	Utility	81,384,949	1.24%
Carolina Telephone	Telephone	56,508,682	0.86%
Crown America Acquisition Assoc II LP	Commercial real estate rental/sales	35,291,135	0.54%
Progress Energy	Utility	29,717,665	0.45%
Wal-Mart Real Estate Bus Trust	Real estate	18,009,660	0.27%
Marine Federal Credit Union	Banking	15,468,044	0.24%
Jacksonville Commons LLC	Real estate	14,265,909	0.22%
Holly Ridge Foods	Food processing	12,644,768	0.19%
URDT of North Carolina LLC	Residential real estate	12,644,768	0.19%
Cross Pointe Developers LLC	Real estate	11,665,299	0.18%
<b>Total</b>		<b>287,600,879</b>	<b>4.37%</b>

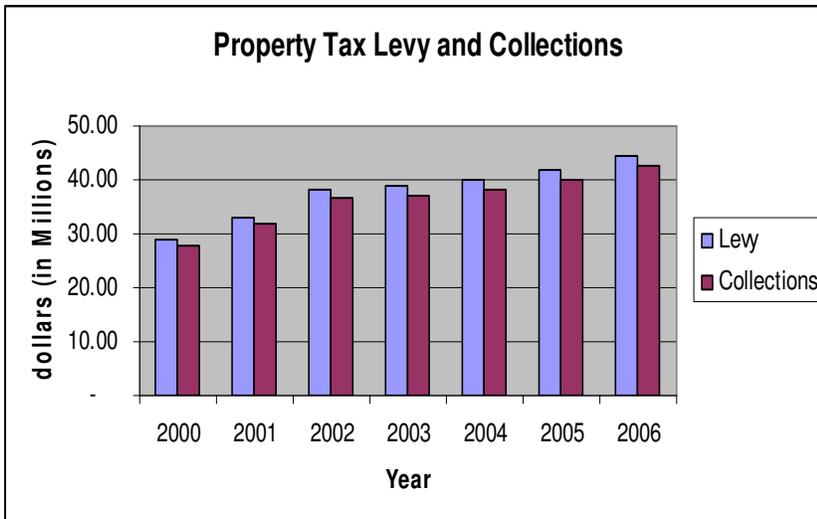


Real property makes up the majority (78.9%) of the value of property assessed for taxes. For 2006 the personal property (cars, boats, airplanes, equipment, campers, etc.) was 18.4% and public service companies (Jones-Onslow EMC, Progress Energy, railroads, natural gas, etc.) was 2.7%.

Real and personal property assessments are the responsibility of the tax office. Real property assessed values are determined by periodic

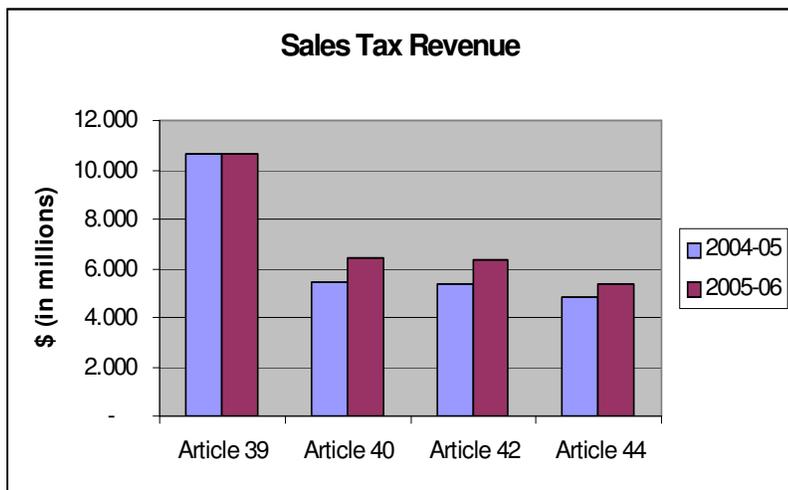
countywide revaluations, while personal property assessments are determined annually. The one exception is for public service companies whose values are established by the North Carolina Department of Revenue.

Property tax collection rates for current years taxes have held fairly steady with a low of 95.70% in 2000 to a high of 96.38% in 1996. For 2006 the collection rate was 95.74% or \$42.6 million of the \$44.5 million levy. In addition, collections of prior year taxes were \$1,416,000.



## 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. At the present time the distribution for Onslow County is based on a population basis. The fiscal year revenue from sales taxes was \$28.8 million or 24.8% 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.

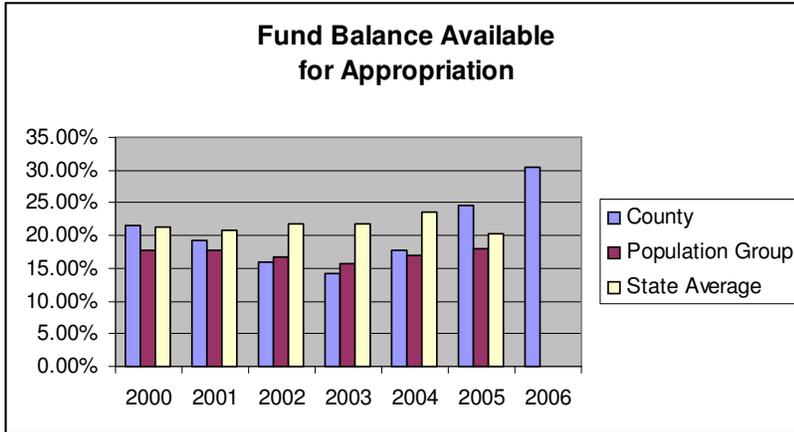
Article 40 is a ½ % sales tax. The net proceeds are placed in a statewide pool and distributed on a per capita basis. Of these proceeds

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.

## 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.

## 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 22,940. After-school care and before-school care is offered at selected locations. For fiscal year 2005-06 the county provided \$22.2 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.



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 3,300 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 122 full time instructors with 5,492 curriculum and 17,722 continuing education students. CCCC will begin offering classes in its new 47,990 square foot Math and Science Building in November 2006. Funding for this facility was provided by State of North Carolina capital improvement bonds. The County provided \$2.1 million for current expenses and \$300,000 for capital outlay needs of Coastal Carolina Community College.

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## 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 at a cost of \$31.3 million. This 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 2005-06

In September 2005 the Onslow County Museum held its 25<sup>th</sup> annual quilt show. These shows featured the exceptional talents of quilters and provided hands-on workshops, lectures, and live musical entertainment.

The Onslow County Senior Services program was awarded the Jim Long Award at the state Medicare expo. This award recognized the contributions of the program's volunteers in assisting seniors with understanding the Medicare and insurance policies.

The Onslow County Keep America Beautiful program was honored with a President's Circle Award at the Keep America Beautiful 52<sup>nd</sup> National Conference in December 2005. This award recognizes the high performance achieved by Keep Onslow Beautiful measured against its standards of excellence.

Onslow County Department of Social Services was presented the Community Collaboration Best Practice Award at the 84<sup>th</sup> Annual Social Services Institute for its Multi-Disciplinary Guardianship Response Process and Team. The team is a collaborative county approach to the provision of guardianship services to the community by broadening the commitment and responsibility from a single agency to all public human service agencies.

In February we began providing free wireless internet service in the passenger areas of the terminal at the county operated Albert J. Ellis Airport.



In March 2006 the Onslow County Museum celebrated its 30<sup>th</sup> anniversary. Our current 15,000 square foot facility is houses both our permanent exhibit in our main gallery "The Water and the Wood: The history of Onslow County but also changing exhibits and numerous events throughout the year.

The City of Jacksonville and the County have partnered in the operation of a government channel on our local cable carrier. This channel labeled G-10 will provide local governments and government agencies a conduit for delivering their message to the public. An example of the use of this channel is the tapping and airing of Board of Commissioner and City Council meetings.

In April of 2006, the County began the live web streaming of its regular meetings. Citizens with high speed Internet can not only watch the Board of Commissioners meeting live but also view archives of past meetings at the county website at [www.co.onslow.nc.us](http://www.co.onslow.nc.us).

In June of 2006 we had the ribbon cutting and grand opening of our new Farmers Market. The market is located at 4024 Richlands Hwy Jacksonville, NC. The 4,000 square foot facility was funded jointly by State, County and local efforts. It is operated by the Onslow County Farmers Market Association under a lease with the County.



## FUTURE PROJECTS

The Board of Education supplied the County with its ten-year capital needs assessment. Once this was completed it was reviewed by the Board of Education to determine what projects had the most urgent needs. As mentioned earlier, the Board of Commissioners approved the issuance of \$15.5 million in certificates of participation to fund the construction of a new elementary school. This is to ease the overcrowding at three other schools where students are housed in mobile classrooms. Additionally, on the November 8, 2005 ballot a referendum to authorize \$90 million in general obligation bonds was passed. These funds will provide for additional classrooms throughout the school system.

To meet the needs of our Public Library funds were appropriated to assist the County in determining our needs for the future of our main library facility and its branches. We are looking at the possibility of a new main library and expansions or replacements of several of our branch library sites.

The County Jail/Sheriff Facility has been studied to determine how and where to handle the need for expansion. It is currently planned that this facility would house 500 inmates and would be located in an area near the current 170-bed facility and connect to the District and Superior Courthouses. During fiscal year 2006-07, we plan to proceed with the design of the facility with construction to begin late in the fiscal year 2006-07 or early 2007-08.

The County has a long-term lease of property own by N.C. State in the Hoffman Forest. This area will be used to create a nature park. We will be seeking Park and Recreation Trust Fund grants (PARTF) to assist with this development. The estimated cost is between \$500,000 and \$1,000,000.

There is a need for the County to construct an Administration Building. The County will be studying its facility needs including the office space needs for most of its various operating functions. Current County office space includes 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.

## 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, 2005. This was the fifteenth (15<sup>th</sup>) 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 2006 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, 2005. This was our first submittal for 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 is valid for a one year period only. We believe our current report continues to conform to the Popular Annual Financial Reporting and we will be submitting our 2006 PAFR to the GFOA also.

### **Award for Outstanding Achievement in Popular Annual Financial Reporting**

PRESENTED TO

**Onslow County  
North Carolina**

for the Fiscal Year Ended

**June 30, 2005**



*Thomas H. Moran*  
President

*Jeffrey L. Esser*  
Executive Director

Appendix A  
FINANCIAL ACTIVITY STATEMENT

The Changes in Net Asset Statement, traditionally called the Income Statement, is designed to provide a record of the money received and spent by the County during the fiscal year. The presentation here is on the basis of Generally Accepted Accounting Principles (GAAP).

**Onslow County**  
**Change in Net Assets**  
**For the Year Ended June 30, 2006**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 7,472,479	\$ 6,064,461	\$ 13,536,940
Operating grants and contributions	28,868,778		28,868,778
Capital grants and contributions	1,241,247		1,241,247
General revenues:			-
Property taxes	44,584,792		44,584,792
Local option sales taxes	28,802,387		28,802,387
Other taxes and licenses	2,542,563		2,542,563
Other	7,253,064	589,314	7,842,378
Total revenues	\$ 120,765,310	\$ 6,653,775	\$ 127,419,085
<b>Expenses</b>			
General government	\$ 13,997,100	\$	\$ 13,997,100
Public Safety	19,013,088		19,013,088
Transportation	1,518,949		1,518,949
Economic and physical development	1,812,112		1,812,112
Human services	40,682,657		40,682,657
Environmental protection	434,101		434,101
Cultural and recreation	3,424,483		3,424,483
Education	27,765,745		27,765,745
Interest on long-term debt	2,162,450		2,162,450
Water and sewer:			-
Solid waste operations		4,358,253	4,358,253
Special Items:			-
Transfer to ONWASA		2,075,625	2,075,625
Transfer to OCBHS	1,953,122		1,953,122
Total expenses	\$ 112,763,807	\$ 6,433,878	\$ 119,197,685
<b>Increase (decrease) in net assets</b>	\$ 8,001,503	\$ 219,897	\$ 8,221,400
<b>Net assets, July 1</b>	34,886,968	12,896,977	47,783,945
<b>Net assets, June 30</b>	\$ 42,888,471	\$ 13,116,874	\$ 56,005,345

The special item consist of a transfer of assets to the newly formed Onslow-Carteret Behavioral Health Services and the transfer of the water and sewer operations and assets to Onslow Water & Sewer Authority (ONWASA). The County has representatives on each of these boards.

## Appendix B

### FINANCIAL POSITION STATEMENT – GOVERNMENTAL TYPE FUNDS

The Financial Position Statement, known in accounting terms as the “Balance Sheet” provides a picture of the County’s Financial Position at the end of the fiscal year. This statement is presented in Non-GAAP format, which means that the statement does not comply with generally accepted accounting principles as it many include summarizations and combinations, which GAAP would not allow.

#### Financial Position Statement For the year ending June 30, 2006 and 2005

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Assets		
Cash and investments	\$ 105,264,317	\$ 35,701,067
Receivables	14,783,487	15,552,231
Property & Equipment	37,047,375	35,542,516
Other Assets	<u>1,028,329</u>	<u>1,099,683</u>
Total Assets	<u>\$ 158,123,508</u>	<u>\$ 87,895,497</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 6,511,035	\$ 7,627,172
Short Term Debt	7,628,939	4,093,928
Long Term Debt	100,669,836	40,770,747
Other Liabilities	<u>425,227</u>	<u>516,682</u>
Total Liabilities	<u>\$ 115,235,037</u>	<u>\$ 53,008,529</u>
Net assets	<u>\$ 42,888,471</u>	<u>\$ 34,886,968</u>

## Appendix C

### FINANCIAL POSITION STATEMENT – BUSINESS TYPE FUNDS

The Financial Position Statement, known in accounting terms as the “Balance Sheet” provides a picture of the County’s Financial Position at the end of the fiscal year. This statement is presented in Non-GAAP format, which means that the statement does not comply with generally accepted accounting principles as it many include summarizations and combinations, which GAAP would not allow.

#### Financial Position Statement For the year ending June 30, 2006 and 2005

	Governmental Activities	
	2006	2005
Assets		
Cash and investments	\$ 15,007,150	\$ 14,476,909
Receivables	686,995	618,601
Property & Equipment	12,432,375	14,133,903
Other Assets	15,575	33,008
Total Assets	<u>\$ 28,142,095</u>	<u>\$ 29,262,421</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 92,232	\$ 272,503
Short Term Debt	2,347,765	1,346,060
Long Term Debt	12,585,224	14,746,881
Other Liabilities	0	0
Total Liabilities	<u>\$ 15,025,221</u>	<u>\$ 16,365,444</u>
Net assets	<u>\$ 13,116,874</u>	<u>\$ 12,896,977</u>

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 2006 CAFR, the source for some of the information contained in this PAFR is the 2006-07 edition of the Daily News "Answer Book" and 2005 Camp Lejeune Economic Impact Report.