

City of Jacksonville
North Carolina

**Comprehensive Annual
Financial Report**

For The Fiscal Year Ended June 30, 2007

Prepared by
FINANCE DEPARTMENT

Interim Finance Director
GAYLE S. MAIDES



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**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

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CITY OF JACKSONVILLE

City Manager



LETTER OF TRANSMITTAL

December 11, 2007

**Honorable Mayor and Members of the City Council
Jacksonville, North Carolina**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville for the fiscal year ended June 30, 2007. The basic financial statements contained herein have been audited by the independent certified public accounting firm of McGladrey & Pullen, LLP, and their unqualified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal and State Awards, findings and recommendations, and auditors' reports on the internal control and compliance, are included in the compliance section of this report.

This report includes all funds of the City. The City provides a full range of services. These services include police and fire protection, the construction and maintenance of streets, community development, planning and zoning, and parks and recreation. In addition to general governmental activities, the City owns and operates a water and sewer system and separately accounts for solid waste disposal costs and stormwater as business-type activities; therefore, these latter activities are included in the reporting entity.

PROFILE OF THE GOVERNMENT

The City of Jacksonville, incorporated in 1842, is located along the New River in Onslow County, which is in the southeastern part of the State. It currently occupies 45.15 square miles and serves a population of 74,433, making Jacksonville the 11th largest city in North Carolina. Jacksonville is the county seat and is home to Marine Corps Base, Camp Lejeune, and Marine Corps Air Station New River. The City is less than an hour away from two major seaports (Wilmington and Morehead City) where large quantities of raw and finished products are exported and imported. Flight service is provided through Albert J. Ellis Airport. The City is easily accessed by US 258, I-40, NC 24 and US 17, which runs north and south along the Atlantic coast. The City of Jacksonville is empowered to levy a property tax on both real and personal property located within the city limits. It is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

The City has been governed by the Council-Manager form of government since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Council members and the Mayor are elected-at-large, and four Council members are elected by district; the City is in the process of changing from concurrent two-year terms to staggered four-

year terms. The Mayor and Council make appointments to various boards and commissions. The Council appoints the City Manager and City Attorney. The City Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, planning and budgetary management.

The Council is required to adopt a final budget by no later than July 1st. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund and function (e.g., public safety). The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed \$5,000 at the functional level of the General Fund, Non-Major Governmental Fund, Enterprise Funds and the fund level for the Capital Project Funds, or any revisions that alter total expenditures of any fund must be approved by City Council.

LOCAL ECONOMY

The major industries located within the City's boundaries or in close proximity are government (including several military installations), retail, hotel/food services, education, and healthcare. Jobs in the regional economy increased by 3-5 percent in all occupations except state government, manufacturing, natural resources and mining, and information services; however, these were offset by gains in the construction, transportation and utilities, service, and professional/business industries.

During the past ten years, the unemployment rate rose from an initial low of 3.6 percent (1998) to a decade high of 7.4 percent (2003), to the June 30, 2007, rate of 5.1 percent. The 5.1 percent unemployment rate was in line with the statewide rate of 5.1 percent and the national rate of 4.7 percent. The job market was stable with no reported closings or layoffs during the fiscal year.

The City has been fortunate to continue experiencing conservative expansion. The area has a higher proportion of retail businesses compared with the rest of the State's eastern region, serving the military community and many of the surrounding counties and averaging approximately \$1.2 billion in sales over a five-year period. The total value of new construction during FY07 was \$89.1 million, an increase of \$29.2 million over the previous fiscal year. Of that figure, \$44.6 million was new residential construction, a decrease of \$7.3 million from the previous fiscal year; and \$44.5 million was commercial construction, an increase of \$36.5 million from the previous fiscal year. The major increase in commercial construction is largely due to the renovation of Onslow Memorial Hospital, accounting for approximately \$31 million of the \$44.5 million commercial construction total, with restaurants and retail construction totaling approximately \$8.6 million, and offices and other commercial construction totaling approximately \$4.9 million.

Marine Corps Base Camp Lejeune and Marine Corps Air Station New River remain the largest single employers in the area. MCB Camp Lejeune occupies 246 square miles, with six Marine commands, two Navy commands, and one Coast Guard command, and provides formal school training for over 53,000 Marines and Sailors annually. The base and surrounding community is home to an active duty, family member, retiree and civilian employee population of nearly 150,000. The base generates almost \$3 billion in commerce each year, coming from payrolls and contracts to support the infrastructure required to train and equip both U.S. and allied military forces. MCAS New River is headquarters to the V22 Osprey development and provides training for Air Force pilots as well as Marine pilots who will fly the advanced vertical take off and landing aircraft.

The City Council has adopted a practice of improving the quality of life in the City in order to improve the economic benefits for the Citizens. The Milken Institute's 2007 Best-Performing Cities Index ranks Jacksonville as 15th in the nation in the Small Cities category for its ability to create and sustain jobs, making it the highest-ranked North Carolina small city in this year's ratings. Also, the City ranked 3rd in job growth, 7th in one-year wages and salaries growth, and 9th in five-year wage growth. In addition, MCB Camp Lejeune and MCAS New River have ranked consistently high on the "Best Bases to Live" rankings

by the Marine Times and Military Relocation Magazine. Contributing to the desire to increase economic diversification, the City has continued to pursue a series of initiatives to improve the quality of life of its Citizens.

All indications are that economic growth will continue to increase. The population of the City has remained relatively stable for the past several years; however, the daily traffic into the City continues to increase, resulting in the need for additional City services and infrastructure as well as restaurants, hotels, and other retail establishments. While having a positive impact, this growth also presents significant challenges for the City. If the present high level of services is to be maintained in the future, the City will need to explore new methods of obtaining financial resources.

LONG-TERM FINANCIAL PLANNING

The City's Fund Balance Policy recommends that the available fund balance goal be determined as 20 percent of the next year's budget and that the undesignated fund balance goal be determined as 10 percent of the next year's budget or 42 days of expenditures. The available fund balance in the general fund (30.5 percent of the budget for fiscal year 2008) is in line with the City's policy. The unreserved, undesignated fund balance in the general fund (22.2 percent of the budget for fiscal year 2008) exceeds the policy guidelines for budgetary and planning purposes.

Infrastructure and planning issues are focal points in many of the projects for the coming year.

- **New Water Source and Treatment Plant** – City staff has continued the implementation of a new water supply source and the design and permitting of a new water treatment facility. The initial phases of the project include 20 Castle Hayne wells, land acquisition, transmission mains, a concentrate discharge main, and an initial 4 million gallons per day (MGD) Membrane (Nano) Filtration Water Treatment Facility upgradeable to 8 MGD. The new treatment facility will allow water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer by 25% in 2008, as mandated in the 2002 Capacity Use Regulations. Eight new production wells were completed as of November 2007, and eight additional wells are to be advertised for bidders in January 2008 and completed by March 2009. Construction of the Nanofiltration Water Treatment Plant is scheduled to begin in December 2007 and be complete by June 2009.
- **Land Treatment Facility Expansion** – The City's engineering consultant has completed the final design of the upgrade and expansion of the City's Land Treatment Facility to 9 MGD from the present 6.3 MGD of treatment capacity. The expansion will include additional treatment and storage lagoons, additional pumps at the Main and Effluent Pumping Stations, and new irrigation areas. The expansion is mandated by the State due to the present facility having reached its 80% design capacity. The necessary land has been acquired and the project's permit applications have been submitted. Construction of the expansion project is scheduled to begin in the spring of 2009 and be completed in 2011.
- **Inflow/Infiltration Program** – The City will continue its Inflow/Infiltration (I/I) Program that identifies and remediates sources of rainwater and groundwater that flow into the City's wastewater collection system. This additional flow is pumped and then treated at the City's Land Treatment Facility and uses up capacity that could support future growth. As part of the Special Order by Consent, the State mandated that the City identify and repair sources of I/I before plans to expand the City's Land Treatment Facility would be approved. On August 8, 2006, City Council awarded a \$2.1 million contract for the cured-in-place pipe lining and other related rehabilitations of approximately 21,500 linear feet of sanitary sewer to abate approximately 400,000 gallons per day of I/I into the sewer collection system according to the four Sewer System Evaluation Surveys. Upon completion of this project, the City will submit a certification to the North Carolina Department of Environment and Natural Resources Regional Office

that repairs have been completed in accordance with the “Action Plan” for repairs submitted to the Regional Office in June of 2005. Subsequent to the certification, the City will be eligible to receive additional sewer extension permits and capacity for allocation to the development community. This multi-year project, which encompassed 2006, is anticipated to be complete in February 2008 as specified in the contract documents.

- **Continuing and Future Recreation and Parks Projects** – Ongoing projects include the development of the Brynn Marr Indoor Facility, Carolina Forest Park, Country Club Road Park, Williamsburg Park and Indoor Complex, and the Public Pool/Spray Park/Theme Park. Future projects include a feasibility study to be conducted to determine whether the facilities at Jack Amyette, Kerr Street and Northwoods need to be renovated/demolished/rebuilt on the present site or a new facility needs to be built on another site within the City.
- **Rails to Trails Greenway and Hargett Street Pedestrian Crossing** – This project consists of a 5.2-mile, 10-foot-wide bicycle/pedestrian trail which connects the existing trail along Highway 17 to an existing trail aboard MCB Camp Lejeune. This trail also includes a pedestrian bridge which spans Highway 24. The improvements include widening Hargett Street to construct a concrete island in the middle of the street and the installation of an in-pavement lighting system. This project will improve safety for pedestrians utilizing the Rails to Trails Greenway. Construction of this project began in November 2006 and is scheduled for completion in February 2008.
- **City Transit System and Transit Implementation Plan** – Since July 2001, the City has been providing a pilot transit service called “the Loop.” The service consists of one vehicle operating Monday through Saturday during the daytime hours with limited evening service being provided to Camp Johnson. Since inception, service ridership has continued to steadily increase as more citizens learn about the service and find that the transportation is dependable. This is demonstrated in the below annual increase in ridership.

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
In-Town	2,634	4,870	8,400	10,562	12,077
Camp Johnson	1,036	1,998	1,300	953	3,342
ADA Trips	46	2	16	60	268
TOTAL	3,716	6,870	9,716	11,575	15,677

The City has been working with TranSystems to expand the system and secure Federal Transit Administration Section 5307 grant monies. The new system will operate seven days a week, with special Friday and Saturday evening service to the area military installations, utilizing larger 22-passenger vehicles. The City, through the use of federal and state grants, will be able to subsidize the purchase of the new vehicles, passenger shelters and benches. The new service began operation on November 1, 2007.

- **Growth Management** – During the fiscal year, the goals and policies of the Growth Management Plan were developed and approved by the Growth Management Stakeholders Advisory Committee. These goals and policies will be guidelines for community decision-makers and serve as the basis for the preparation and implementation of regulations to guide development within our community. The plan was approved by City Council on May 22, 2007.
- **Coastal Area Management Act Land Use Plan Update** – The City of Jacksonville is required to maintain a local land-use plan meeting the requirements of Title 15A, Chapter 7, Coastal Management, of the NC Administrative Code. The City hired Planning Works to update the City’s existing 1996 CAMA Plan. During this fiscal year, a citizen advisory committee, comprised primarily of environmental professionals and volunteers, was established to gather additional data. Additionally, two public

meetings were conducted and shown on G-10 television. This plan is expected to be a comprehensive, GIS and parcel-based CAMA Plan, which will include a detailed land suitability assessment model. The draft document was submitted to the Department of Coastal Management in August 2007. City Council will conduct a public hearing in early 2008 to consider adoption of the updated CAMA plan.

- **New Public Safety Complex** – Staff members are currently working together on locating sites for the new Public Safety Complex. An Ad Hoc Committee of experienced business leaders has been formed and tasked with reviewing proposed sites and making recommendations based on Council-approved site selection criteria.
- **Dewitt Street Replacement** – In June 2006, the dam structure under Dewitt Street failed during a storm event, causing the State of North Carolina to designate Elizabeth Lake as a hazard to life and property. For this reason, the State ordered the City to remove the remaining dam structure. On June 19, 2007, Council awarded the bid to replace Dewitt Street on a structure that will allow storm flows to pass to Mill Creek without the detention of stormwater. This project includes the installation of reinforced concrete pipes, catch basins, roadway improvements, sidewalk, and a replacement waterline; minor utility relocations; and landscaping and seeding. The City of Jacksonville has received necessary permits to begin the reconstruction of Dewitt Street and has given authorization to the contractor to begin work. Surveying, mobilization and staging of materials will begin mid-December 2007; but in order to avoid disruption due to the holidays, heavy construction will not begin until January 2008. The contract provides incentives for substantial completion in February 2008. The current project will replace Dewitt Street on two large culverts and will not allow the roadway embankment to act as a dam and impound water; therefore, once the project is complete, the lake will no longer exist.
- **NPDES Stormwater Permit** – The U.S. Environmental Protection Agency (USEPA) published in the Federal Register on December 8, 1999 the Phase II Final Rule of the National Pollutant Discharge Elimination System (NPDES) Storm Water Program. This rule expanded the national stormwater permit program to include stormwater discharges from certain regulated small municipal separate storm sewer systems (MS4s) and construction activity that disturbs between one and five acres of land. The City of Jacksonville was automatically designated into the Phase II stormwater program due to its designation as an “Urbanized Area” and, as such, was required to develop and submit a permit application. This application process culminated with the issuance of a March 1, 2007 permit which authorized the city to discharge stormwater from its MS4 under a NPDES permit issued by the State. Under this permit the city must develop and implement a stormwater program that includes the following minimum measures: 1) Public education and outreach on stormwater impacts; 2) public involvement/ participation; 3) illicit discharge detection and elimination; 4) construction site stormwater runoff control; 5) post-construction stormwater management for new development and redevelopment; and 6) pollution prevention/good housekeeping for municipal operations. Each of these program elements is comprised of a number of practices and procedures that require implementation within one, two, three, four or five years. The City has already implemented a number of the practices and is working to make sure that all others are completed within the time frames given by the permit.

MAJOR INITIATIVES

FOR THE YEAR. In addition to day-to-day operations and ongoing major projects, the City faced some new challenges and initiated or completed several major programs.

- **Forestry Management Plan** – The City has continued to implement the Forestry Management Plan for the City’s Land Treatment Site. This 10-year plan provides proper planning of timber management that encourages not only good returns on the City’s investment in land and timber, but also enhances the primary purpose of the site and improves wildlife habitat, water quality and aesthetics. The City’s forestry consultant is responsible for preparing bid documents for future timber sales and regeneration

of harvested stands. Zone 1, Stand 6 and Zone 8, Stand 94 were replanted during this past year as part of the regeneration program.

- **Barden Street Pump Station** – The City is in the process of replacing the sewage pumping station located at Barden Street. This pump station serves approximately 890 acres of residential and commercial property including the Sherwood Forest, Western Boulevard from US 17 to Lowes, and Jacksonville Commons south of Empire Boulevard. This project consists of the demolition and retrofit of the existing pump station including all associated piping, appurtenances, and electrical work. Replacement is necessary to reduce maintenance costs associated with an antiquated station and to accommodate short-term growth. The projected completion date for this project was October 2007; the project is substantially complete and the station is online, with some minor work still to be done.
- **Habitat Protection** – The City has continued the innovative program to protect and restore habitat within the City’s jurisdiction. The Wilson Bay Initiative has been lauded as a model for others to follow (winner of the Coastal Federation Best Local Government Action). For 40 years, the City had discharged its treated wastewater into the Bay. This discharge along with pollutants from other sources destroyed the aquiculture of the Bay. Now the City has launched an effort to restore habitat to Chaney Creek, the most polluted basin in the City.
- **Youth Involvement** – The City continues its efforts to demonstrate to youth that the community cares about them and wants them to return after completing their education. The Jacksonville Youth Council has launched its 10th year of operation and the Sturgeon City Institutes have graduated more than 1,300 students with this message of caring and career development.
- **Employee Training and Development Strategic Planning** – As a result of a relationship that was established with Coastal Carolina Community College for employee training, the Human Resources Department has offered various training classes over the last year covering such topics as Sexual Harassment Prevention, Diversity, Workplace Violence, and Management Skills. These training topics are all part of the Employee Training and Development Program.
- **Employee Assistance Program (EAP)** – The City was awarded a \$3,000 grant from the NCLM to be used to enhance services currently being offered through our EAP. These funds are being used to provide informational sessions to employees on topics such as depression, anxiety, anger management, and other areas of concern being identified through quarterly utilization reports. **REACH**, the City’s new EAP, is currently making a significant impact, providing numerous workshops covering a variety of mental health related topics, assisting in team building exercises with specific City departments, and offering ongoing assistance to our employees with a variety of issues.
- **Classification and Compensation Program** – The City has contracted with Springsted, Inc. to complete a classification and compensation study, which was finalized in November 2007. The new classification and compensation plan, based on the study, was approved by Council for implementation in January 2008.
- **Specialty Team Training** – The Jacksonville Fire Department (JFD) Water Rescue participated in a Water Rescue class in order to meet state certification requirements.
- **NIMS Training** – Most of the City’s personnel, including City Council members, have met the requirements for NIMS compliance. Federal funding for state, local, and tribal preparedness grants will be tied to compliance with the NIMS Systems. All required JFD personnel completed the NIMS 300 training in September 2007.
- **Honor Guard and Chaplain Program** – The Honor Guard was the lead Guard during the second annual North Carolina Fallen Firefighters Memorial Service in Raleigh. The Honor Guard received praise from their fellow firefighters for their professionalism during the ceremony. The Fire Department

Chaplain Program and Honor Guard participated in several funerals for fallen firefighters, including the service of one of our own retirees.

- **Annual Accreditation Compliance Report** – As part of the requirements to retain International Accredited Agency status, JFD must keep the commission staff informed of any significant changes or developments in activities, direction, or programming. This was accomplished by the preparation and submission of an Annual Compliance Report that was submitted August 16, 2007. The Statement of Findings is due before the end of December 2007.

On November 14, 2006, JFD received a letter from the Commission, approving the Statement of Findings for the Annual Compliance Report for FY2006.

- **Georgetown Emergency Service Training Ground** – Phases II and III, the Burn Room and the total enclosure of the training tower, are almost complete. A project to pave the road around the training ground has been scheduled. This portion of the project is a collaborative effort between the Jacksonville Fire Department and the Onslow County Fireman's Association.
- **Grant Equipment Update** – In 2006, JFD took delivery of a \$13,000 WeatherPak Weather Station. The WeatherPak is a compact weather station which is easily deployable, simple to operate, and measures wind speed, wind direction, wind stability class, temperature, humidity, and pressure. The information the WeatherPak collects can be used to determine the travel path of hazardous spill plumes, allowing for a safer and more efficient evacuation if needed. The data can be received via fixed data cable or wireless and displayed on a touch screen display and/or input to a computer.

The Fire Department applied for a Firefighter Grant to address the need for the personal safety and accountability of our members. JFD received an award letter from FEMA in September 2007 confirming the receipt of the 2007 Assistance to Firefighters Grant (AFG) award.

- **Community Police Partnership** – The Jacksonville Police Department (JPD) continues to expand partnerships within the community:
 - The department made internal changes designed to make police operations more efficient and help officers and managers work smarter with the resources available. These programs include the Community Officer Program and the formation of the community response team. Another major change was assessing calls for service on each shift. Based on this analysis of service calls, the shifts were reallocated with sufficient officers to handle.
 - The City of Jacksonville received designation as a Weed and Seed site. Weed and Seed is a federal grant administered through the Department of Justice and is designed to revitalize crime-stricken communities. The application process is quite lengthy and required a tremendous amount of demographical information. There will be five annual awards totaling \$1 million, incrementally distributed during the five-year eligibility period.
 - JPD has assigned an officer to the DEA Task Force located in Eastern North Carolina. Working in a task force setting brings together the expertise of the individual investigators and agencies and serves as a force multiplier, by which law enforcement can better confront the drug threats facing Eastern North Carolina.
 - The Governor's Crime Commission awarded the Police Department a grant for \$40,000 to combat gangs in the community.
 - In 2006, JPD administered a Citizens Satisfaction Survey. This survey was sent to all the citizens of the City of Jacksonville along with the monthly utility billing. The results indicated the department

is staffed by concerned, conscientious officers performing their law enforcement duties responsibly and consistent with the concerns and values of the residents.

- **Police Development, Training, and Accreditation** – Several ongoing internal and external training and development programs have been initiated and continued:
 - Over the past year, JPD has been researching cost-effective leadership training programs for supervisors within the department to develop the next generation of law enforcement leaders. The course selected by staff is the International Association of Chiefs of Police (IACP) Leadership Program, which is based on the principle of dispersed leadership. The program is divided into four areas and is a 320-hour course of instruction. This program will be administered for JPD Sergeants and Lieutenants.
 - JPD continues to maintain compliance with the standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA). In August 2007, the Department conducted an on-site assessment of the internationally recognized standards for law enforcement and the team verified the Department has met these standards.
 - JPD continues to partner with the Chamber of Commerce to offer special crime prevention programs that include Bank Alarm Response, Landlord Training, Motel Crime Prevention, and Auto Dealers Crime Prevention.
 - JPD has continued the Alcohol Tobacco Firearm's (ATF) Gang Resistance and Education Training (GREAT) Program in Onslow County Schools, along with the DARE camp, which had over 500 participants this year.
- **Police Equipment Update** – In partnership with the Onslow County Sheriff's Department, JPD recently purchased a NarTest NTX 2000 instrument. This technology is used to analyze drug samples in a few minutes. JPD has also purchased an Automated Fingerprint Identification System. The AFIS computer stores millions of fingerprints in its database, and in minutes can scan and compare those prints to match them with prints collected at crime scenes.
- **Information Technology** – The Information Technology Services (ITS) Department implemented several new software programs and hardware upgrades:
 - The City Wireless Network Project is approximately 70% completed.
 - The department installed an Exchange Cluster to provide fail-over and redundancy for our Exchange Server.
 - The network equipment lifecycle ensures that our technology is the most current and productive possible to allow ITS to provide the highest level of service possible to the City's employees. This is an ongoing process on a four-year rotation.
 - ITS has installed a data storage/management solution, a flexible, scalable storage area network (SAN) solution providing dynamic growth of data volumes. The SAN assists with centralization of data storage operations and management and dramatically reduces management costs and complexity of the City's storage resources while providing significant technical advantages. ITS has requested a second SAN to be installed in the Public Safety Computer room for redundancy of our data.
 - The department installed Interactive Voice Recognition (IVR) systems for Utility Billing and Building Permits. These systems assist customers with routine calls and allow them to make payments over

the phone without having to speak to a person. This increases the level and availability of service to the customers, allowing them to obtain routine services on a 24-hour basis.

- The GIS Data/Structure Cleanup project involved removal of old, extraneous files, cleanup of existing files, standardization of field names and types, creating a new comprehensive file/folder structure to ease use of files, and implementation of SDE, a database storage system for GIS data that will replace the single-file system currently in place.
 - An ongoing ITS project is the conversion to ArcSDE, a database storage system for GIS data that will replace the separate files system currently in place. ITS is working with ROK Technologies on this project; and once users are more familiar with all the processes and procedures involved with the new data structure, the final conversion to ArcSDE will take place, allowing for faster updates and the creation of more accurate data.
 - HTE (the application software used by City departments) upgraded their server tables and files to allow for implementation of the Automatic Vehicle Locator (AVL). ITS installed GPS (Global Position System) services for HTE and LG (the suite of programs used by most GIS users within the City) on servers, upgraded LGdispatch (GIS program used by E911 dispatchers) to allow users to see and utilize the AVL information, and installed GPS equipment and software in appropriate police cars.
 - The GPS collection and computation of Water and Sewer Lines is 95% complete. This information will assist City staff in determining exact locations of leaks and breaks in water and sewer lines.
 - The ConnectCTY system was implemented in June 2007. With this system, the City of Jacksonville will be connected to its citizens in the event of natural and manmade disasters. The City will have the ability to send timely notifications by telephone to citizens who subscribe to the service.
- **Recreation and Parks Programming** – The Recreation and Parks Department continues to provide all citizens the opportunity to develop their leisure time and interests that promote the enrichment of life physically, mentally and socially.
- The Programming Centers Division offered four, two-week sessions of Summer Day Camp, with activities such as games, crafts, tours, swimming, bowling, and skating for children ages 6-12 and teens ages 13-15. Approximately 1,100 participants were enrolled in the varied camps offered from June to August 2007 at the City's various Recreation Centers.
 - The Athletic Division offered several camps such as baseball, soccer, basketball, volleyball, tennis, softball, golf, cheerleading and football camps to area youth between 7-17 years of age. Approximately 400 participants were enrolled in these camps.
 - The Seniors Division had over 500 participants enrolled in the many activities offered throughout the year. The division offered activities such as Line Dancing, Ball Room Dancing, Special Interest trips, and fitness classes.
 - The Special Events Programming Division offered four unique adventure camp programs for ages 7-13. A total of 84 children participated in the various camps, which focused in outdoor skill development, games, and visits to places of historical and educational interest. Each camp also included an overnight or weekend trip tailored to the skills and abilities of the campers. Two children were able to participate through the Campership program.
 - A total of 327 participants were enrolled in the wide variety of classes offered through the Department. Classes offered included TaeKwonDo, Aerobics, and Arts and Crafts.

- The Recreation and Parks Administrative Office made over 400 park shelter reservations for local residents, non-residents, civic organizations, schools, churches, etc. Approximately 26,600 people used the shelters for birthday parties, family and class reunions, weddings, school field trip luncheons, and other activities.
 - In conjunction with ITS, the Recreation and Parks Department has implemented Rectrac, a software solution that manages every aspect of Municipal Parks and Recreation operations. Since implementation, 7,080 households and/or business members have been registered in this database. As a part of Rectrac, the Recreation and Parks Department began using WebTrac, which enables customers to access online applications, make online inquiries, and process transactions with payments.
- **Solid Waste Program** – As of July 2007, the City of Jacksonville has just completed the first year of once-a-week curbside refuse collection. This conversion to once-a-week curbside refuse collection has saved the City approximately \$185,554 from the period of January 2006 to June 2007. Along with the complete transition to once-a-week curbside refuse collection, the revision of the Solid Waste Collection Policies and the dissemination of this information to the general public has aided the Sanitation Division in delivering prompt, effective and efficient service to all of the citizens of Jacksonville on an equitable basis and has made residential customers more aware of the procedures and policies. This will help the City in the future as we look to further automate the collection service.
 - **Recycling Educational Program** – The Solid Waste Collection and Recycling Advisory Board continues its program of promoting recycling throughout the community. Before and After School centers continue to be visited on an annual basis in an effort to educate children about the benefits of recycling and the effects recycling has on the environment. The City of Jacksonville has also partnered with the Keep America Beautiful organization to bring awareness of recycling to a number of schools within the City limits. Keep America Beautiful has received a grant to purchase recycling containers that will be placed in several schools throughout the City, and the Sanitation Division will collect the recyclables from these schools as part of this program.
 - **Jacksonville Commons Phase II** – The City of Jacksonville received a grant from the Parks and Recreation Trust Fund (PARTF) on July 1, 2004 for the Jacksonville Commons Phase II project. The City completion date for this project is June 30, 2008. The playground unit and the picnic shelter have been installed at Richard Ray Park, and the outdoor basketball court has been constructed. Other elements of Phase II currently under construction are the Park Maintenance facility, two lighted softball fields, eight tennis courts, lighting for the Skate Park, and landscaping.
 - **Recreation and Shoreline Access Plan Update** – East Carolina University has been contracted to produce an update to the Recreation and Shoreline Access Plan. Under the tutelage and guidance of Dr. Robert Wendling, students have conducted surveys and held meetings to gather information from the citizens of Jacksonville on Recreation programming and facilities. The update was presented to City Council in September 2007 for review and consideration and was adopted by the Council in November 2007.

DEPARTMENT FOCUS

Each year the City selects a department to highlight for its efforts and accomplishments. For 2007, **Community Programs** has been selected for review.

The mission of Community Programs is to collaborate, advance and oversee community affairs that continue to position the City of Jacksonville as a Caring Community and to advance the quality of life for our Citizens; devise, coordinate and implement programs to increase affinity for young Citizens; improve

the nonprofit community and advance Civic Education; and advance and oversee projects and programs which further habitat protection and enhancement.

Community Programs provides the action needed to help create a heart for the City of Jacksonville. In 1997 a series of community forums were held; during these forums, a series of initiatives were begun for the City of Jacksonville. The public said they wanted more civic education for their youth and for young adults, young people said they wanted a voice in their government, and there was a call for actions that would help improve the quality of life for our Citizens.

A Voice for Youth

Community Programs provides leadership for the Jacksonville Youth Council. In 1998, the Jacksonville City Council endorsed the concept of a formal voice for youth and won the endorsement of the Onslow County School System as a partner. Initially the concept was for the City to operate a youth council for students in the Jacksonville area high schools, while the Towns of Swansboro, Richlands, North Topsail and Holly Ridge would do the same for those attending high schools in their respective locations. The concept called for all the Youth Councils to meet together in a Youth Congress that would be sponsored by Onslow County. However, when the Youth Councils in the other towns did not materialize, the City opened the Jacksonville Youth Council to all high school students in Onslow County. More than 450 students have participated since 1998 when the first session was held at Jacksonville Commons, and the Youth Council will celebrate the 10th year anniversary of its first meeting during FY08.

The Youth Council practices governance, adopts its own membership rules, and determines the activities and entertainment schedule for the Youth Center, a building given to the Youth by the City after it was donated by a local businessman. In 2001, the City Council transferred the responsibility for governance of the center to the Youth Council. During the summer of 2007, Youth Council members volunteered to help paint, clean and ready the center for occupancy.

The Youth Council considers topics of importance to youth; holding a session annually on the State of Youth in Our Community, the Youth Council provides a listing of activities and subjects that they wish to address. Youth Council members also take note of City issues and actions that may be relevant to youth, such as planning and zoning actions that could produce new buildings that would be of interest to them.

For seven years, the Youth Council has performed public service on the National Day of Service held on Martin Luther King Junior's birthday observance. The youth have cleaned cemeteries, recorded grave markers, cleaned roads, and mentored younger students on this day. During their activities with the Make A Difference Day, the youth have worked the Nonprofit Yard Sale, planted a garden at the Carabell Center for Disabled Youth and helped to build ramps for elderly and disabled youth. The Youth Council also benefits charities, providing a team for the Relay for Life effort, providing support for Onslow Christmas Cheer, and providing funding for the Onslow Women's Center.

A Caring Community

The motto of the City of Jacksonville, "A Caring Community," was won from persons who were deeply appreciative of the efforts of the community when their loved ones were deployed. In 1992, Jacksonville was named an All-America City by the National Civic League; this designation was won partly as a result of the formal actions taken to ensure that those left behind by military deployments had resources.

Community Programs has worked to formalize the efforts that won the designation. In 1998, Project CARE was created. The Community Action Readiness Plan was developed; and in 2001, when massive deployments were exercised in the War on Terror, the plan was put into action. It includes components to help families, reduces fear by businesses for loss of income, and provides a resource for the community to respond in a caring way. Community Programs continues to help administer the program and to adjust the project as needed.

Part of the demonstration of a Caring Community is how a community takes care of the less fortunate. To help build sustainable funding for nonprofits that benefit our community, the City of Jacksonville helped to create a foundation and has worked with the foundation to create eleven endowments for nonprofits in the Jacksonville community.

Nonprofit Strength

Nonprofits can frequently accomplish more than can government in service to our people. The City funds several nonprofit efforts, and to help ensure the stewardship of public money, Community Programs operates several training opportunities. A key effort is for the executives of nonprofits. When the Nonprofit Executives Roundtable was created, no nonprofit in our community had an Executive Director who had ever served in that position with another nonprofit. While the nonprofit community is strong, it is not at the mature level of existence that some other communities have.

To help build awareness of current trends, laws and regulations and to build capacity, Community Programs operates an Annual Board Training and Development Day. This event is targeted at seasoned as well as newly appointed members of boards of directors. Nationally recognized presenters have been brought to Jacksonville to help provide world-class instruction and insight on nonprofit matters.

Nonprofit Leadership

Community Programs assists in providing staff for the Jacksonville-Onslow Sports Commission, a nonprofit formed by the City with the County to advance the development of sports as an economic development activity, and Onslow United Transit Services. The City joined the effort to advance transit for the community after community summits asked for transit services.

The Community Affairs Director is a trained nonprofit counselor and is frequently called on for nonprofit governance issues. Currently, the director is working with the City of Wilmington in the creation of a nonprofit support organization modeled after the City of Jacksonville's efforts.

Onslow Civic Affairs Committee

After the City of Jacksonville won the designation as an All America City, the committee that helped guide that effort desired to continue their work in assessing the City of Jacksonville, advancing civic education and helping to coordinate civic action. The Jacksonville Civic Affairs Committee was formed in 1992 and worked to advance those efforts. In 1999, the City was asked to help facilitate a County effort. The City dissolved the City Civic Affairs Committee and appointed six persons to the Onslow County Civic Affairs Committee. Community Programs helped to create the Onslow County committee and continues to staff the committee.

The Civic Affairs Committee sponsors the Annual Board Training and Development Day, provides leadership for the Nonprofit Executives Roundtable, and takes other action to advance civic education.

In the current fiscal year, the group has agreed to help coordinate the Community Strategic Planning Process for the City of Jacksonville with Community Programs, and held the first focus group in July 2007. The group is also a sponsor of the Sturgeon City Institutes.

Sturgeon City Institutes and Programs

For forty years the City of Jacksonville discharged its waste into Wilson Bay. When as a result of the community forums of 1997, the public said they wanted to recapture the use of Wilson Bay and the New River, the City Council declared it to be a moral responsibility to help restore water quality there.

Community Programs helped to create an alliance with the Clean Water Management Trust Fund and NC State University to launch an effort to use oysters, restored wetlands, stormwater mitigation and aeration to jumpstart natural processes to help restore the water quality. Faster than predicted and far more extensive than ever imagined, water quality improved and habitat was created for species that had long abandoned the polluted Wilson Bay.

An unexpected outcome of this restoration effort is that students and volunteers have come out in large numbers to help the scientists work with the oysters, take water quality measurements and participate in clean-up activities. A number of activities were born from that connection between the scientists and the public. First, it had been a goal of the Civic Affairs Committee to host a summer civic education program for young people. With the motivation provided by Sturgeon City's environmental focus, the Sturgeon City Student Leadership Development Institute was formed and has now operated for nine years, providing sustainable leadership skills for young people. It also has created a great affinity for the community and demonstrated that young people, and others, can take action to improve their community. The students worked alongside the researchers and scientists to improve water quality and build habitat.

The positive impact of the Institute inspired the creation of the Sturgeon City Civic and Environmental Education Center. This Center will embody the stewardship that helped to restore water quality and restore habitat as well as the spirit of community action. An effort is underway to raise \$15 million for the project, and Community Programs is part of the coordination. Community Programs created the Sturgeon City Nonprofit and helped to hire the first executive director for the nonprofit. The City has committed \$4 million to the effort and other donations are now being received.

Although the Center has yet to be built, the work with the Sturgeon City Institutes and research opportunities has advanced. Nine different institutes are in place now, including several that have been funded by the Burroughs Wellcome Fund. The Fund has provided more than \$300,000 worth of funding for programs that are designed to inspire young people to consider science as a career, or to carry a deep appreciation for the work of scientists and researchers.

Habitat Protection and Environmental Programs Administration

The funds donated by the Burroughs-Wellcome Fund are part of \$6.2 million won in grants and awards for the Sturgeon City and environmental enhancement projects. Community Programs wrote the grant applications and continues to administer many of the programs for which funding was won.

Among the programs is an NOAA Community Habitat Restoration grant. This project uses the lessons learned from the Wilson Bay Initiative and applies them to the Chaney Creek area, one of the most degraded water basins in the City. The effort will restore wetlands along Chaney Creek, create a volunteer monitoring program and restore habitat in the Creek.

A major project underway is the \$3.2 million US Army Corps of Engineers Bioremediation project. The effort evaluated the entire basin that drains into Wilson Bay, funded the most cost-effective projects to protect habitat and restore water quality and provides stormwater mitigation.

Community Programs is charged with stormwater education as part of the stormwater (NPDES) permit received by the City of Jacksonville. The program is just beginning its formal phase, but the City has undertaken stormwater education since 1999 when the first Sturgeon City Institute was launched.

Stakeholder Leadership

Part of the process of stormwater education is creating a stakeholder community by making the connection between consequence and action. Community Programs assists with several projects in the City that develop stakeholder interest. Most recently, the Growth Management Program drew upon the experiences

of Community Programs; and the Transit launch will also involve stakeholder services from Community Programs.

Communication Services

Experiences with communication brought a new task to Community Programs. In 2005, the City Council said they wanted the Citizens to have a more direct connection to the government. A communications project was launched and the Jacksonville-Onslow Government Television Channel was begun. The program sought to collaborate with Onslow County in providing direct governmental services. More than 9,000 hours of programming have now been presented since the March 2006 launch of the channel.

Communications and Community Programs will work to create a communications strategic plan for the City to present a readily recognized image of the City as well as a consistent message framework.

Special Projects Resource

Communications and Community Programs also provides services to the City Manager for special projects.

FINANCIAL INFORMATION

The financial statements and notes included in this report present the financial position and operations of governmental activities, business-type activities and fiduciary activity of the City. The accompanying Management's Discussion and Analysis provides a narrative overview of the City's financial performance for the fiscal year ended June 30, 2007. During the year, the City continued its sound current and long-range policies for financial management.

Internal Control Structure. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state awards, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is evaluated periodically by management and the Finance Department staff to achieve these objectives.

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal and state award programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2007, provided no instances of material weakness in internal control and no material instances of noncompliance with applicable laws and regulations.

Independent Audit. General Statute 159-34 requires an annual audit by a certified public accountant. The independent certified public accounting firm of McGladrey & Pullen, LLP, was selected by the City Council to provide this service. In addition to meeting statutory requirements, the audit also complies with

the Single Audit Act, the US Office of Management and Budget Circular A-133, and North Carolina General Statute 159-34 (Single Audit Implementation Act). The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance Section.

Investment Management. Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. The rate of return on the City's investment performance mirrors the average yield rates of 4.98 percent for US Treasury bills in 2007. For the year ended June 30, 2007, the City realized investment earnings of \$1,709,850, for an average yield of 5.11 percent.

The City's investment policy, guided by General Statute 159-30, minimizes credit and market risks while maintaining a competitive yield on its portfolio. For additional information on cash and investments, see the notes to the financial statements.

Risk Management. The primary objectives of the Risk Management Program are to:

- Identify potential exposures to loss,
- Evaluate the frequency and severity of losses,
- Reduce or eliminate risks or losses through established procedures and practices, and
- Determine the most efficient use of financial resources to satisfy losses.

For additional information on the City's risk management program, see the notes to the financial statements.

OTHER INFORMATION

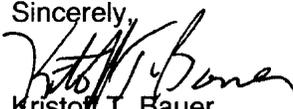
Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report 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 that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, various department heads and employees who assisted and contributed to its preparation, and our independent auditors, McGladrey & Pullen, LLP. Each of them has our sincere thanks.

In closing, without the resources and support furnished by the Mayor and City Council, preparation of this report would not have been possible.

Sincerely,


Kristoff T. Bauer
City Manager


Gayle S. Maides
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Blum".

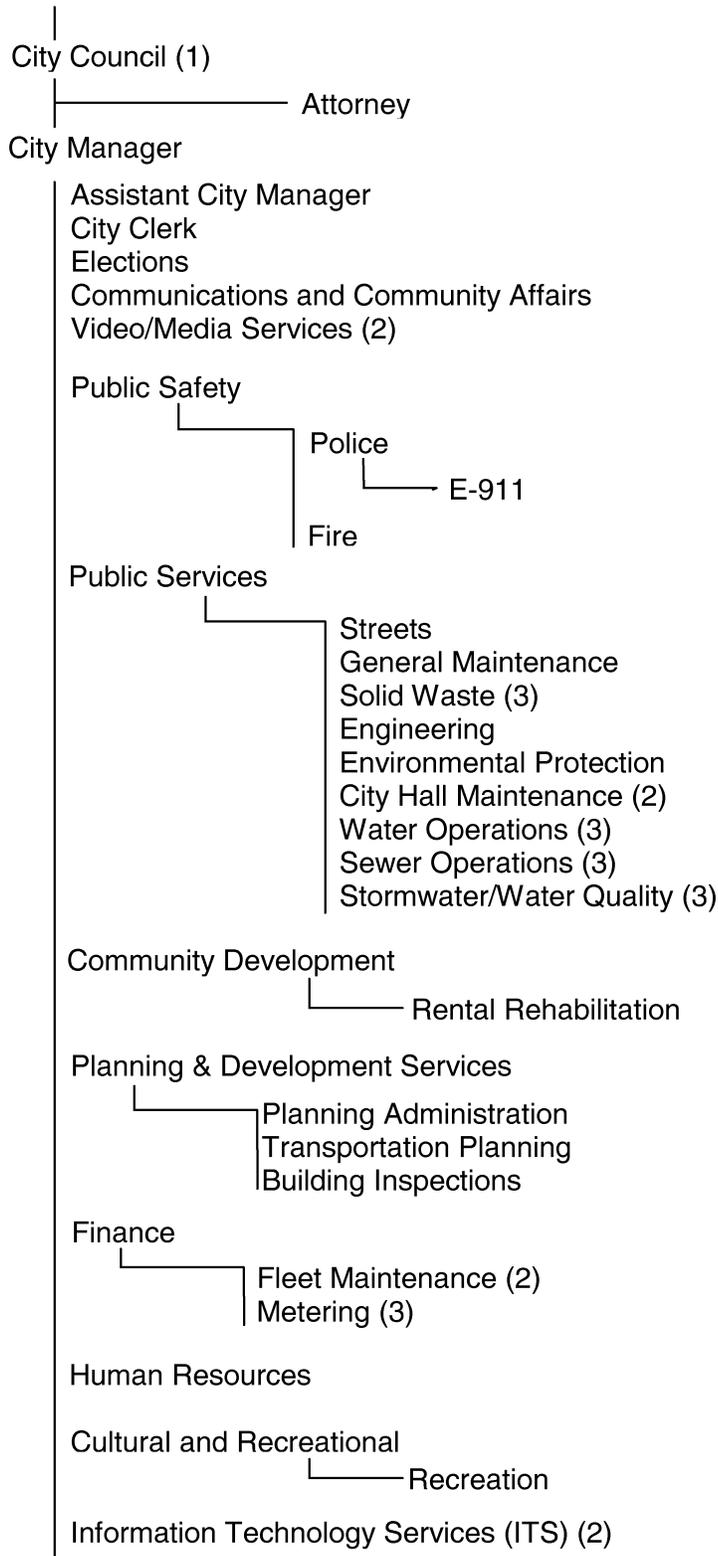
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emor".

Executive Director

City of Jacksonville Organizational Chart

Citizens of Jacksonville



Legend:
 (1) Elected Officials
 (2) Internal Service Fund
 (3) Enterprise Fund

**City of Jacksonville
List of Principal Officials
June 30, 2007**

<u>Title</u>	<u>Name</u>
Mayor	Jan B. Slagle
Mayor, Pro-tem	Jerry Bittner
Council Member	Sammy Phillips
Council Member	Turner G. Blount
Council Member	Michael Lazzara
Council Member	Fannie Coleman
Council Member	Horace Mann
City Manager	Kristoff T. Bauer
Assistant City Manager	(vacant)
Attorney	John T. Carter
City Clerk	Carmen K. Miracle
Interim Finance Director	Gayle Maides
Fire Chief	Rick McIntyre
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Public Services Director	Grant Sparks
Recreation Director	Michael Carter

FINANCIAL SECTION

- * Report of Independent Auditors
- * Management's Discussion and Analysis
- * Basic Financial Statements
- * Notes to the Financial Statements
- * Required Supplemental Financial Data
- * Combining and Individual Fund and Account Group - Statements and Schedules
- * Additional Financial Data



McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council,
City of Jacksonville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise City of Jacksonville's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of City of Jacksonville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2007 on our consideration of City of Jacksonville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 22 through 39 and 90 through 91 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Jacksonville's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section, as well as the Schedule of Expenditures of Federal and State Awards (in the compliance section) as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for the purposes of additional analysis and are not a required part of the basic financial statements of City of Jacksonville, North Carolina. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Morehead City, North Carolina
December 11, 2007

**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Jacksonville's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

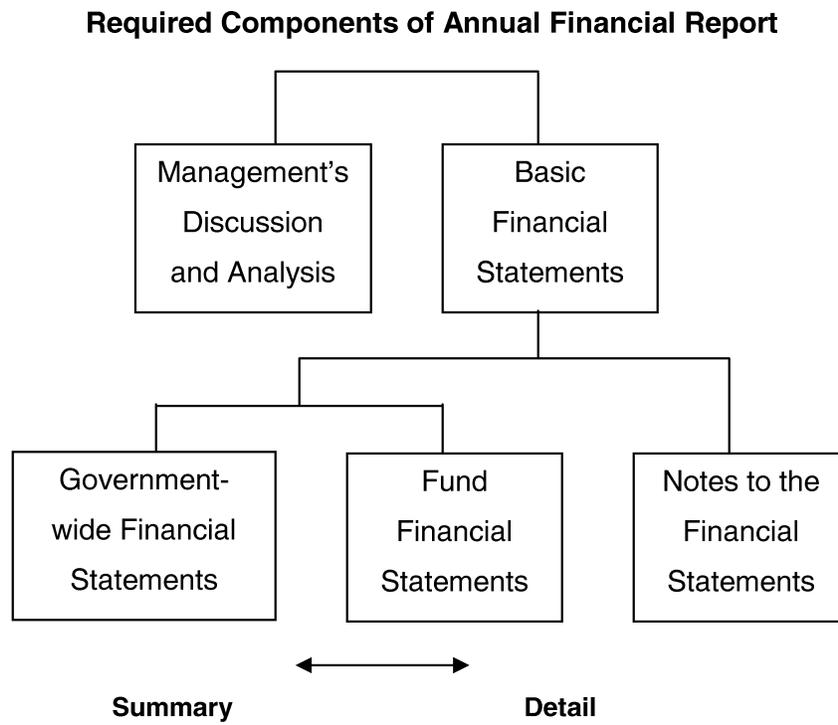
FINANCIAL HIGHLIGHTS

- The overall financial position of the City improved in 2007 as evidenced by an increase in total net assets of \$13.6 million.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$117.0 million (net assets). Of this amount, \$29.9 million (unrestricted net assets) can be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28.3 million, an increase of \$1.2 million in comparison with the prior year. Approximately 24.0 percent of this total amount or \$6.8 million is available for spending at the government's discretion (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$6.8 million, or 22.2 percent, of the budget for fiscal year 2008. This exceeded the City Council's goal of 10 percent.
- The City's total long-term debt increased by \$5.8 million (17.3%) during the current fiscal year.
- The City's sound financial condition is evidenced by the continuation of its A2 bond rating from Moody's Investors Service and A+ rating from Standard & Poor's Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the City’s financial condition. The diagram on the following page shows how the required components of this annual report are arranged and relate to one another.



Basic Financial Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status. The remaining statements are fund financial statements that focus on the activities of the individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.
- Proprietary funds statements offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The Fiduciary fund statements reflect the financial relationship with the Special Separation Allowance Pension Trust Fund, which provides benefits exclusively for City law enforcement employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data, and are followed by the required supplemental financial data on the Law Enforcement Officers' Special Separation Allowance. In addition to these required elements, a section is included with combining statements that provide details about non-major governmental funds, non-major proprietary funds and internal service funds, each of which are totaled and presented in a single column in the basic financial statements. This section also includes detailed budgetary information required by North Carolina General Statutes. The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

The government-wide statements report short and long-term information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net assets includes all of the government's assets and liabilities except fiduciary funds. The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

The City's government-wide financial statements are divided into two categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property taxes, other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, solid waste system, environmental protection, and storm water/water quality system are included here.

The government-wide financial statements are included as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some

funds are required by State Statutes. Other funds are established to control and manage resources that are restricted or designated for specific purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) the flow in and out of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. Governmental funds financial statements are included as Exhibits C, D and E of this report.

The City adopts an annual budget for the General Fund, as required by State Statutes. A budgetary comparison statement is presented for the General Fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and actual resources. Because the City's budgetary basis of accounting does not differ from the modified accrual basis used in the funds statements, reconciliation is not necessary at the end of the statement.

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the Government-wide Statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements. Proprietary funds financial statements are included as Exhibits F, G and H of this report.
- Fiduciary fund - The City is the trustee, or fiduciary, for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund. It is responsible for ensuring that the assets reported in this fund are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. This fund is excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. Fiduciary fund financial statements are included as Exhibits I and J of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide benefits under the Law Enforcement Officers' Special Separation Allowance. Required supplementary information can be found on Exhibits K and L.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$117.0 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2007 and 2006 is presented below:

The City of Jacksonville's Net Assets (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 36.99	\$ 33.60	\$ 10.80	\$ 5.66	\$ 47.79	\$ 39.26
Capital assets	43.38	32.76	80.00	78.22	123.38	110.98
Total assets	80.37	66.36	90.80	83.88	171.17	150.24
Current and other liabilities	5.47	3.66	2.28	2.68	7.75	6.34
Noncurrent liabilities	10.93	9.58	35.47	30.92	46.40	40.50
Total liabilities	16.40	13.24	37.75	33.60	54.15	46.84
Net assets:						
Invested in capital assets, net of related debt	36.48	25.15	48.25	48.92	84.73	74.07
Restricted	2.44	2.20	-	-	2.44	2.20
Unrestricted	25.05	25.77	4.80	1.36	29.85	27.13
Total net assets	\$ 63.97	\$ 53.12	\$ 53.05	\$ 50.28	\$ 117.02	\$ 103.40

Government-wide net assets increased by \$13.6 million for the fiscal year ended June 30, 2007. The largest portion (72.4%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (2.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$29.9 million (25.5%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net assets of the governmental activities increased \$10.9 million, or 20.4 percent, to \$64.0 million. However, \$38.9 million of these net assets either are restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of \$25.1 million decreased \$0.7 million from the previous year. The decrease resulted from increases of ongoing revenues that did not exceed the increases in ongoing expenses.

The net assets of the business-type activities had an increase of \$2.8 million, or 5.5 percent, to \$53.0 million. These net assets will be used to finance the operations and expansion of the water, sewer, solid waste and storm water/water quality operations. The unrestricted net assets of \$4.8 million increased \$3.4 million from the previous year. The increase was mainly due to increases in charges for services of \$3.1 million for water and sewer capital project expenses.

Changes in net assets. The following table presents the City's changes in net assets for the fiscal years ended June 30, 2007 and 2006:

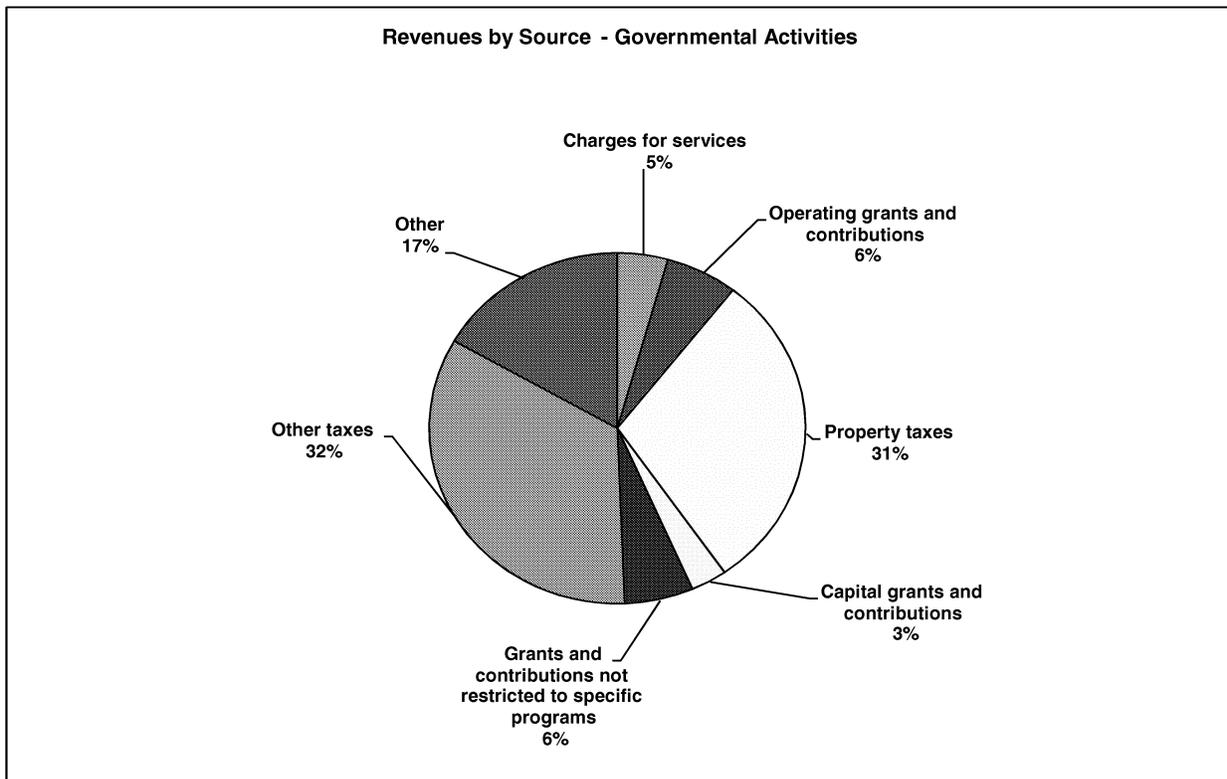
**City of Jacksonville's Changes in Net Assets
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1.92	\$ 1.57	\$ 17.66	\$ 14.56	\$ 19.58	\$ 16.13
Operating grants and contributions	2.76	3.67	-	-	2.76	3.67
Capital grants and contributions	1.39	.46	1.06	0.71	1.39	1.17
General revenues:						
Property taxes	13.54	12.26	-	-	13.54	12.26
Other taxes	14.02	14.30	-	-	14.02	14.30
Grants and contributions not restricted to specific programs	2.62	2.01	-	-	2.62	2.01
Other	7.39	2.92	0.48	0.46	8.93	3.38
Total revenues	43.64	37.19	19.20	15.73	62.84	52.92
Expenses:						
General government	6.35	6.48	-	-	6.35	6.48
Public works	5.20	5.54	-	-	5.20	5.54
Public safety	14.84	13.81	-	-	14.84	13.81
Economic and physical development	0.31	1.64	-	-	0.31	1.64
Environmental protection	0.01	-	-	-	0.01	-
Cultural and recreational	3.08	2.75	-	-	3.08	2.75
Interest on long-term debt	0.25	0.31	-	-	0.25	0.31
Water and sewer	-	-	13.64	12.98	13.64	12.98
Solid waste	-	-	4.26	4.87	4.26	4.87
Stormwater/Water Quality	-	-	1.28	0.38	1.28	0.38
Total expenses	30.04	30.53	19.18	18.23	49.22	48.76
Increase (decrease) in net assets before transfers	13.60	6.66	0.02	(2.50)	13.62	4.16
Transfers	(2.75)	(2.46)	2.75	2.46	-	-
Change in net assets	10.85	4.20	2.77	(0.04)	13.62	4.16
Net assets, July 1	53.12	48.92	50.28	50.32	103.40	99.24
Net assets, June 30	\$ 63.97	\$ 53.12	\$ 53.05	\$ 50.28	\$ 117.02	\$ 103.40

Total government-wide revenues of \$62.8 million were primarily derived from charges for services (31%), other taxes (22%) and property taxes (22%). These sources of revenues increased 10.4 percent from the prior year. All other revenue categories in the aggregate increased 53.0 percent from the prior year mainly due to the increase in other revenue sources.

The total expenses of all programs were \$49.2 million. The expenses cover a range of services with the two largest being public safety (fire and police) and water and sewer, which account for 30 percent and 28 percent of total expenses, respectively. Both programs increased expenses over the prior year due to salary increases for Cost of Living Adjustment (COLA), market adjustments, and merit increases.

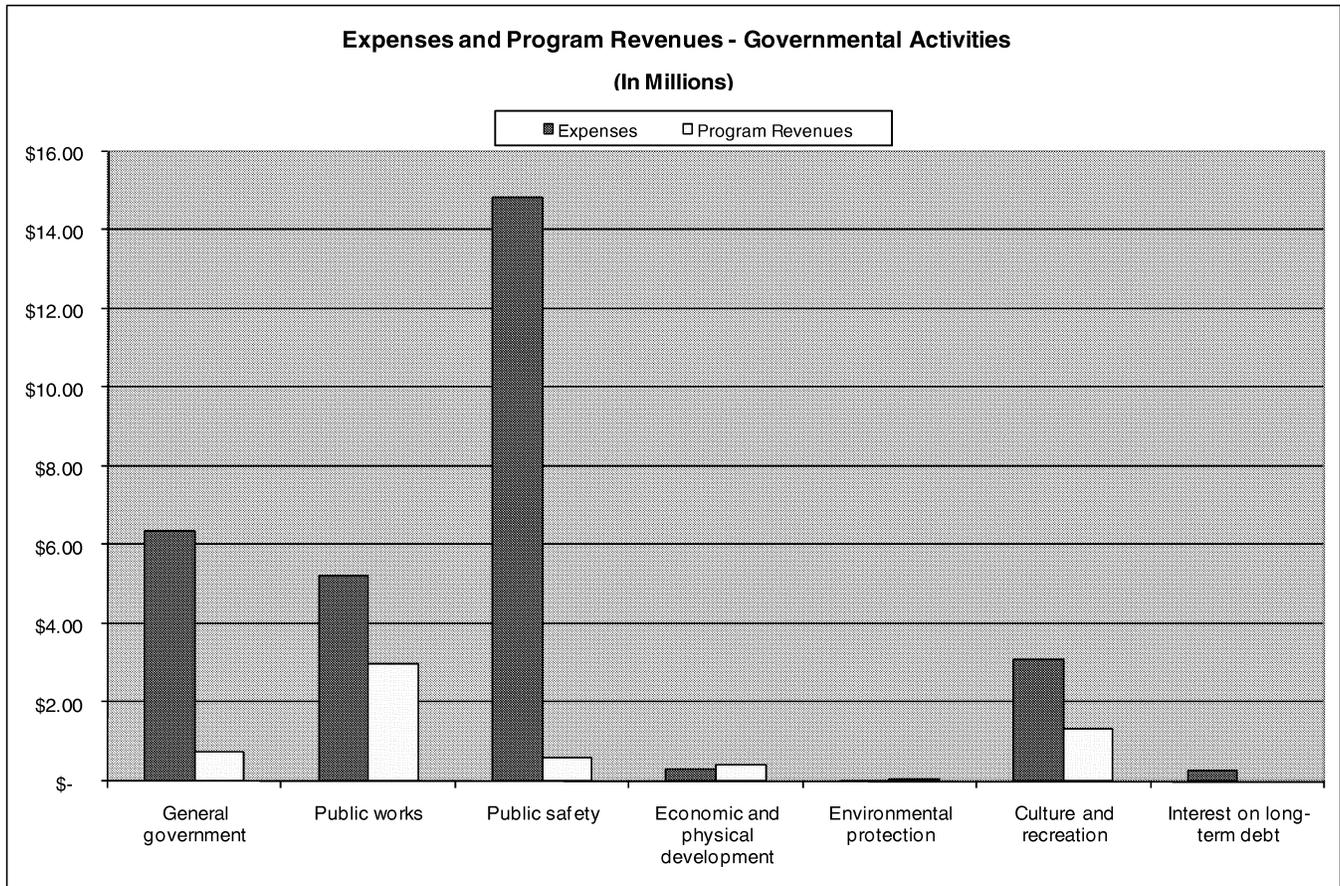
Governmental Activities



Property and other taxes (53%) continue to be the major source of revenues for governmental activities. Even though the property tax rate remained unchanged, property tax revenues increased \$1.3 million or 10.6 percent.

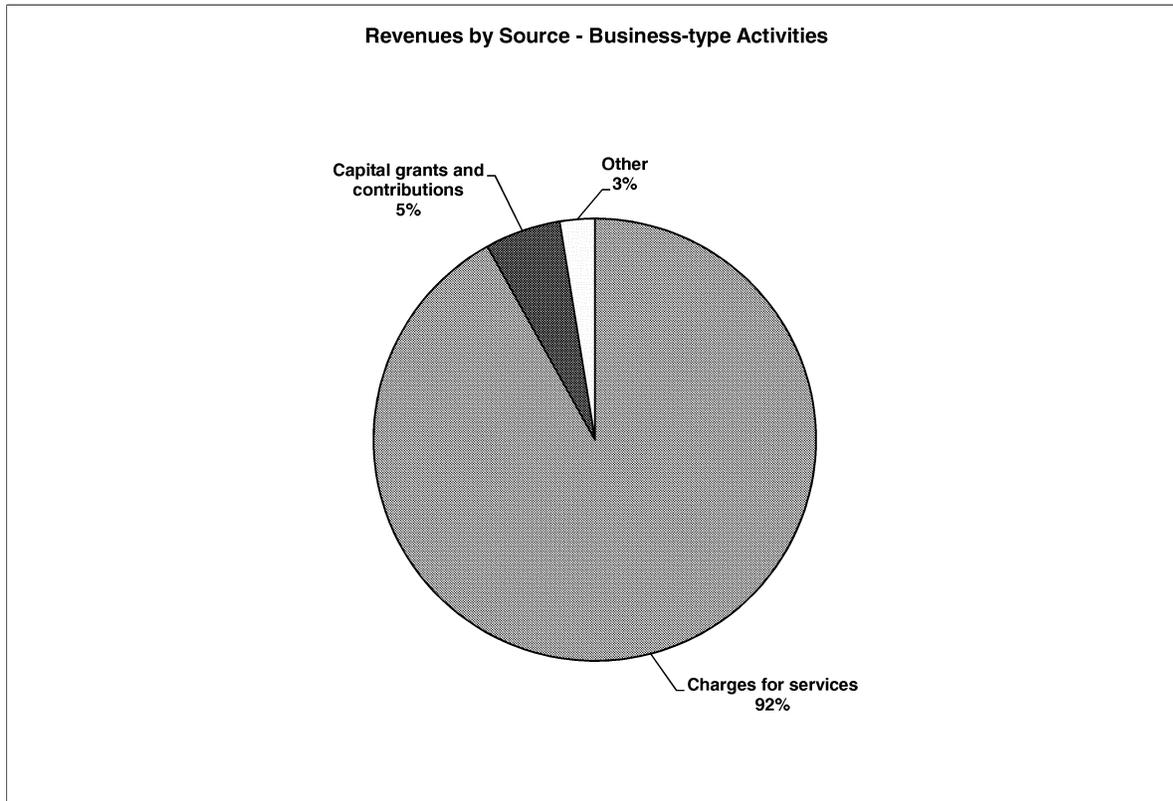
Governmental expenses of \$30.0 million cover a range of services with the largest continuing to be public safety for 49.4 percent in the current year. Public safety expenses increased 7.5 percent over the prior year due mainly to increases in employee compensation and benefits.

The chart below highlights the net cost (total cost less fees generated by the activities and operating grants and contributions) of the City's governmental programs mainly public safety, general government and public works. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.



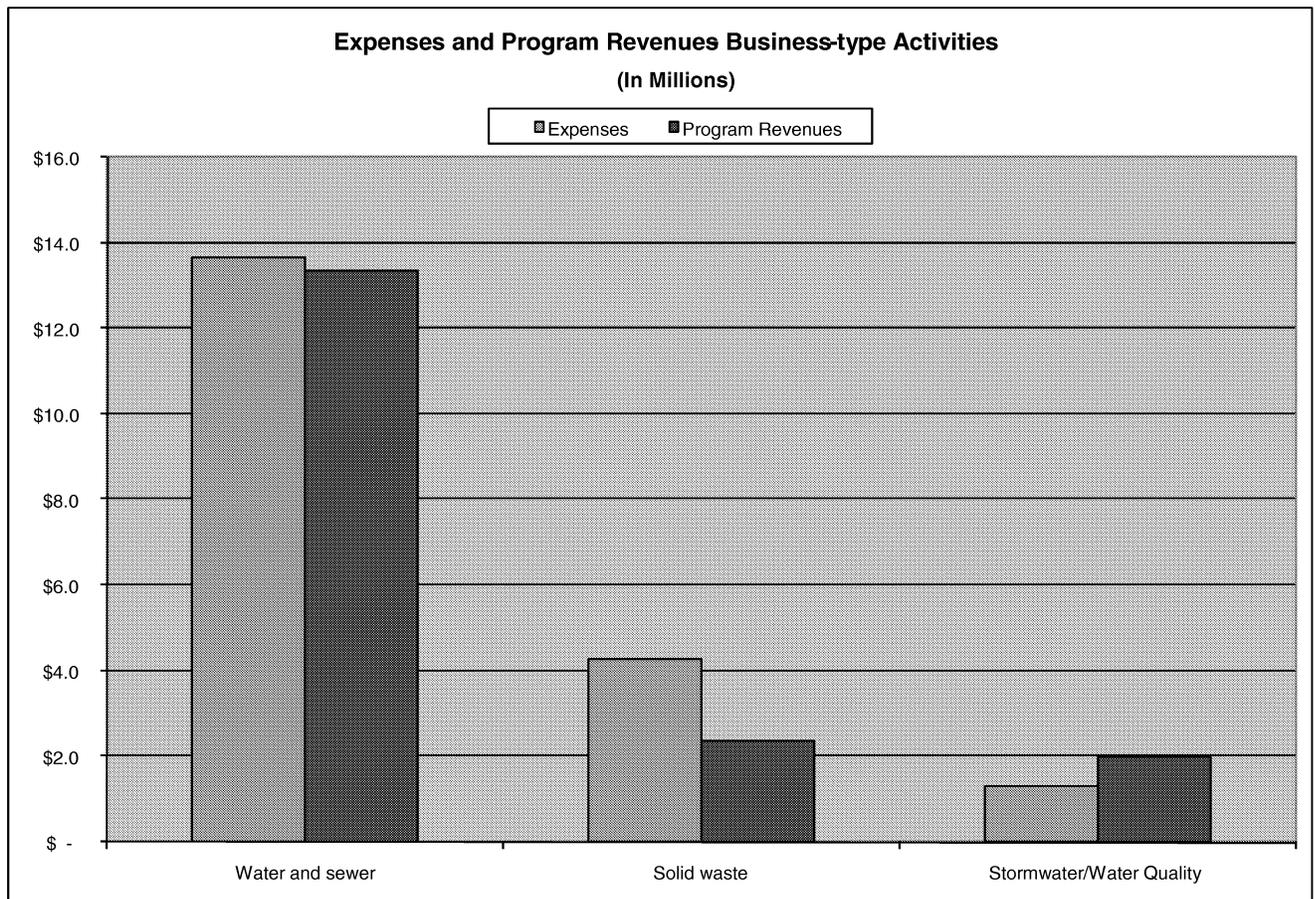
The total cost of governmental services of \$30.0 million was supported by \$1.9 million in fees, fines and charges from those who directly benefited from the programs. The increase in fees, fines and charges of 22.3 percent from the prior year related mainly to the change in privilege licenses, and increased inspection fees. Another \$2.8 million was provided by other governments and organizations for specific programs. This decreased 25.3 percent due to the Community Development Program not drawing down federal grant funds and using up their program income.

Business-type Activities



Revenues from the business-type activities were \$19.2 million, an increase of 22.1% from the prior year. The largest increase (21.3%) was in charges for services and resulted mainly from an increase in the user fees to fund the construction of the new water plant and the expansion of the land application site.

The chart below highlights the net cost of the City's business-type programs.



The largest increase in expenses came from the Stormwater Fund (228.2%). This was mainly due to transferring drainage maintenance from the Governmental Activities to the Stormwater in the Business-type Activities to account for the activities related to the newly implemented Stormwater Fee. The city was required to get a National Pollutant Discharge Elimination System (NPDES) permit and implement certain strategies to deal with stormwater run-off. Several of these strategies have been implemented over the last year and several that were included in the permit still remain to be addressed. This resulted in excess revenue of \$0.7 million which is reserved for future Stormwater improvement projects.

The Solid Waste Fund ended 2007 with a gain of \$0.7 million. The gain was primarily due to the reduced expenses related to the one-time cost of supplying residents with roll out carts in the prior fiscal year.

The Water and Sewer Fund had excess revenue of \$1.3 million which was mainly due to the increased revenue from the new user rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2007, the governmental funds reported a combined fund balance of \$28.3 million, an increase of \$1.2 million, or 4.5 percent over last year. This amount consists of the following:

- (a) \$ 6.0 million reserved or designated for major capital projects

Major Capital Projects	<u>\$ 6,041,517</u>
------------------------	---------------------

- (b) \$ 7.8 million reserved or designated for specific programs,

Non-major governmental:

Special Revenue	\$ 1,172,986
Capital Reserve	3,058,622
Capital Project	289,528
Grantor	865,790
Drug Enforcement	216,731
Powell Bill	1,706,321 (less major capital included above)
Installment purchase	259,748
Compensating balance	150,000
U.S. Agencies	31,240
Reserved inventories	10,122
Reserved for prepaids	<u>30,893</u>
	<u>\$ 7,763,865</u>

- (c) \$7.6 million reserved and designated,

State Statute General Fund	\$ 4,361,478
Designated Subsequent Year's	
Expenditure General Fund	2,570,328
Encumbrances General Fund	492,976
Encumbrances Non-Major Governmental:	
Special Revenue	<u>207,590</u>
	<u>\$ 7,632,372</u>

- (d) \$6.8 million unreserved, undesignated.

General Fund	<u>\$ 6,843,565</u>
--------------	---------------------

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$6.8 million, while total fund balance reached \$14.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures for next fiscal year 2008. Unreserved, undesignated fund balance represents

22.2 percent of fiscal year 2008 total general fund expenditures, while total fund balance represents 47.9 percent of that same amount.

The fund balance of the general fund increased by \$0.1 million during the current fiscal year. The key factor in this growth was an increase in additional property tax collections of \$1.3 million.

The major capital projects fund has a total fund balance of \$6.0 million, all of which is reserved for future capital projects. The net increase of \$2.0 million mainly came from the receipt of debt issued to reimburse prior expenditures.

The non-major funds have a total fund balance of \$7.5 million, all of which is reserved for specific programs and streets-related capital projects. The net decrease of \$0.9 million came primarily from Community Development Program not drawing down federal grant funds and using up their program income.

Proprietary funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amount to \$3.3 million in the Water and Sewer fund, \$0.8 million in the Solid Waste fund and \$0.7 million in the non-major enterprise fund (Storm Water/Water Quality fund). The total change in net assets for the funds was \$1.3 million, \$0.7 million and \$0.7 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increase in appropriations that become necessary to maintain services. There was a \$0.6 million decrease in appropriations between the original and final amended budget. Following are the main components of the increase:

- General Government decreases of \$1.8 million resulted mainly from a decrease in the required Memorandum of Understanding (MOU) payment to Onslow County when the county chose to change the method of distributing the sales tax from per capita to ad valorem basis.
- Public Works increases of \$0.1 million resulted mainly from the distribution of salary increases in the form of Cost of Living Adjustment (COLA), market adjustments and Employees Improvement Raises (EIR) for employees authorized by City Council originally budgeted in general government and after approval of the budget is then distributed to the other functions in the general fund.

- Public Safety increases of \$0.7 million resulted mainly from the distribution of salary increases in the form of Cost of Living Adjustment (COLA), market adjustments and Employees Improvement Raises (EIR) for employees authorized by City Council originally budgeted in general government and after approval of the budget is then distributed to the other functions in the general fund.
- Debt service decreased \$0.9 million between the original budget and final budgeted amounts was the result of not issuing debt in 2007 for all anticipated governmental projects.

Additionally, the City Council approved several budget amendments that affected the other financing sources (uses) categorization.

- Transfers (out) increase was mainly due to the \$0.9 million transfer to the Public Safety Complex Project. The City Council adopted a revenue neutral tax rate for fiscal year 2007 with the addition of 3.84 cents per \$100 of value to fund a new Public Safety complex. This project has been delayed and therefore the revenue received from the tax increase was moved to the project to be reserved for the purpose for which it was enacted.

General Fund Revenues exceeded budget amounts by 3.9% while the City's total expenditures for the year were 12.7% less than the budget. General Fund revenues and other sources were more than expenditures and other uses by \$ 0.1 million contributing to an increase in fund balance. The \$1.3 million additional revenue above the final budgeted amount was mainly due to:

- Sales tax (other taxes and licenses), and investment earnings were \$0.5 million, and \$0.5 million greater than expected, respectively.
- Utility franchise tax (unrestricted intergovernmental revenues) was \$0.3 million greater than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the City had \$123.4 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings and infrastructure. This amount represents a net increase of \$12.4 million, or 11.2%, over last year. The summary of capital assets at June 30, 2007 and 2006 is presented on the following page:

**City of Jacksonville Capital Assets
(net of depreciation)
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 1.96	\$ 2.02	\$ 0.17	\$ 0.17	\$ 2.13	\$ 2.19
Buildings	9.81	9.42	37.35	40.44	47.16	49.86
Improvements other than buildings	6.16	2.76	24.23	23.29	30.39	26.05
Equipment	1.55	1.65	2.08	2.34	3.63	3.99
Heavy equipment	0.03	0.04	0.20	0.12	0.23	0.16
Vehicles	1.90	0.98	0.55	0.66	2.45	1.64
Infrastructure	17.76	12.30	.06	-	17.82	12.30
Construction in progress	4.21	3.59	15.36	11.20	19.57	14.79
Total	\$ 43.38	\$ 32.76	\$ 80.00	\$ 78.22	\$ 123.38	\$ 110.98

This year's major capital asset additions included:

- Donated water and sewer systems - \$1.1 million
- Donated Streets - \$5.4 million
- Construction in progress – Water Distribution - \$1.5 million
- Wastewater treatment and sewage collection - \$1.5 million
- Construction in progress – Sewer collection - \$2.7 million
- Governmental building and infrastructure - \$2.3 million

At June 30, 2007, authorized and unexpended capital projects totaled \$117.0 million. The City plans to issue additional debt to finance these projects in addition to using resources currently available. The authorized and unexpended capital projects are as follows:

- Governmental \$ 44.1 million
- Water and Sewer \$ 72.4 million
- Stormwater \$ 0.5 million
- Internal Service (ITS) \$.03 million

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At June 30, 2007, the City had \$45.1 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was an increase of \$5.8 million, or 14.7 percent, over last year. Details by type of debt are presented below:

City of Jacksonville Outstanding Debt (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Installment Purchases	\$ 9.85	\$ 8.58	\$ 22.60	\$ 16.64	\$ 32.45	\$ 25.22
Loans	-	-	12.63	14.09	12.63	14.09
Total	\$ 9.85	\$ 8.58	\$ 35.23	\$ 30.73	\$ 45.08	\$ 39.31

New debt for 2007 resulted from installment purchases and loans for:

Major Capital Projects	\$ 2,606,307
Water/Sewer Improvements	8,298,743
Vehicles & Equipment	
General Fund	1,019,774
Solid Waste	312,512
Water/Sewer	161,366
Stormwater	273,463
Video/Media Services	38,800
	<u>\$ 12,710,965</u>

As indicated in the financial highlights, the City's sound financial condition is evidenced by the continuation of its A2 bond rating from Moody's Investors Service and A+ rating from Standard & Poor's Ratings Services. This is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2007 was \$190.90 million.

More detailed information about the City's long-term obligations is presented in Note 9 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic indicators impact the City's budget outlook:

- During fiscal year 2007, 29 nonresidential and 318 residential units were constructed with a value of \$89.1 million compared to \$60.0 million for 2006.
- Retail sales during 2007 were \$.95 billion compared to \$.86 billion for 2006, a 10 percent increase. The sales and use tax collections during 2007 were \$41.4 million compared to \$38.7 million in 2006, a 7 percent increase.
- The June 2007 unemployment rate was 5.1 percent compared to 5.1 percent for the state and 4.7 percent for the nation.

Property tax receipts have increased despite the City's property tax rate being more than five cents lower than it was in 2006. Although the City has experienced additional growth due to new construction over this time period, the cost of providing services to support this has grown as well. Additionally, Onslow County chose to change the method of distributing sales tax within the county beginning in April of 2007. This change has significantly reduced the single largest revenue source in the General Fund and this reduction in revenue will continue to place pressures on the City to raise property taxes, which along with user fees are our only self-source revenues, in order to continue serving the citizens of Jacksonville at the current level.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$6.8 million. This \$6.8 million is the balance remaining after the \$2.6 million the City appropriated for spending in the 2008 fiscal year budget. \$0.8 million of the \$2.6 million appropriated will be transferred to the Capital Reserve Fund for future capital projects.

The General Fund initial budget for 2008 decreased 10.6% from \$40.6 million to \$36.7 million. The projected decrease in revenues is mainly due to \$5.9 million in sales tax and a \$2.1 million increase in property tax revenue. The increase in property tax revenue is mainly due to the 9.47 cent tax increase to continue services at the current level.

The following are highlights for the 2008 budgets for the business-type activities:

- The City has an active water conservation program to include the distribution of free water conservation kits for residents. To further this effort the City implemented incremental volumetric water and sewer rates to encourage water conservation. This translates into the average water and sewer customer (5,000 gallons per month) paying \$62.14 in 2008; however, those customers exceeding this usage will pay more depending on the level of usage.
- As mentioned previously, the City implemented a storm water user fee in 2007 to address the cost of implementing the mandated National Pollutant Discharge Elimination System (NPDES) rules. The City set an impervious area fee to fund this mandate, thereby reducing the reliance on the general fund's fund balance.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Jacksonville's Finance Department, 815 New Bridge Street, P.O. Box 128, Jacksonville, NC 28541-0128.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a summary overview of the financial position of the government as a whole as well as the operating results of all funds. They also serve as a condensed introduction to the more detailed statements and schedules that follow.



City of Jacksonville, North Carolina
Statement of Net Assets
June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 23,330,771	\$ 4,953,926	\$ 28,284,697
Restricted cash and cash equivalents	5,685,757	3,055,722	8,741,479
Receivables:			
Taxes (net)	1,192,656	-	1,192,656
Accrued interest on taxes (net)	196,627	-	196,627
Accounts receivable (net)	4,910,470	1,886,619	6,797,089
Notes receivable	1,559,009	-	1,559,009
Inventories	68,501	916,373	984,874
Prepaid items	34,049	-	34,049
Internal balances	16,496	(16,496)	-
Capital Assets:			
Land	1,955,124	170,725	2,125,849
Buildings and other structures	17,657,526	70,603,235	88,260,761
Improvements other than buildings	7,370,233	51,396,859	58,767,092
Equipment	9,245,568	4,020,704	13,266,272
Heavy Equipment	579,844	632,868	1,212,712
Vehicles	6,956,656	2,830,063	9,786,719
Infrastructure	27,674,176	-	27,674,176
Construction in progress	4,214,483	15,356,751	19,571,234
Less accumulated depreciation	(32,269,234)	(65,007,182)	(97,276,416)
Total Assets	80,378,712	90,800,167	171,178,879
Liabilities			
Accounts payable and accrued liabilities	5,100,069	1,725,422	6,825,491
Due to Fiduciary Fund	7,792	-	7,792
Customer deposits	133,302	411,809	545,111
Unearned revenue	232,653	146,922	379,575
Noncurrent Liabilities:			
Due within one year	2,141,481	4,830,095	6,971,576
Due in more than one year	8,791,959	30,638,035	39,429,994
Total Liabilities	16,407,256	37,752,283	54,159,539
Net Assets			
Invested in capital assets, net of related debt	36,483,370	48,250,136	84,733,506
Restricted:			
Public Works	1,709,812	-	1,709,812
Public Safety	729,867	-	729,867
Unrestricted	25,048,407	4,797,748	29,846,155
Total Net Assets	\$ 63,971,456	\$ 53,047,884	\$ 117,019,340

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 6,347,845	\$ 705,226	\$ 35,210	\$ -
Public works	5,197,251	795,696	2,021,421	163,005
Public safety	14,844,953	85,997	259,454	230,762
Economic and physical development	309,052	-	391,467	-
Environmental protection	5,200	-	54,666	-
Cultural and recreational	3,080,676	328,895	1,600	992,520
Interest on long-term debt	252,897	-	-	-
Total governmental activities	<u>30,037,874</u>	<u>1,915,814</u>	<u>2,763,818</u>	<u>1,386,287</u>
Business-type Activities:				
Water and Sewer	13,643,327	13,331,854	-	1,055,081
Solid Waste	4,255,197	2,338,256	-	-
Stormwater/Water Quality	1,286,133	1,990,356	-	-
Total business-type activities	<u>19,184,657</u>	<u>17,660,466</u>	<u>-</u>	<u>1,055,081</u>
Total primary government	<u>\$ 49,222,531</u>	<u>\$ 19,576,280</u>	<u>\$ 2,763,818</u>	<u>\$ 2,441,368</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purpose
 - Other taxes:
 - Sales tax
 - E-911 surcharge
 - Franchise tax
 - Gross receipts tax on short term vehicle leases
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous
- Transfers
 - Total general revenues and transfers
 - Change in net assets
- Net assets-beginning
- Net assets-ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,607,409)	\$ -	\$ (5,607,409)
(2,217,129)	-	(2,217,129)
(14,268,740)	-	(14,268,740)
82,415	-	82,415
49,466	-	49,466
(1,757,661)	-	(1,757,661)
(252,897)	-	(252,897)
<u>(23,971,955)</u>	<u>-</u>	<u>(23,971,955)</u>
-	743,608	743,608
-	(1,916,941)	(1,916,941)
-	704,223	704,223
-	(469,110)	(469,110)
<u>(23,971,955)</u>	<u>(469,110)</u>	<u>(24,441,065)</u>
13,541,986	-	13,541,986
13,185,671	-	13,185,671
420,799	-	420,799
310,819	-	310,819
104,109	-	104,109
2,621,639	-	2,621,639
1,264,390	360,044	1,624,434
6,124,025	128,136	6,252,161
(2,747,247)	2,747,247	-
<u>34,826,191</u>	<u>3,235,427</u>	<u>38,061,618</u>
<u>10,854,236</u>	<u>2,766,317</u>	<u>13,620,553</u>
<u>53,117,220</u>	<u>50,281,567</u>	<u>103,398,787</u>
<u>\$ 63,971,456</u>	<u>\$ 53,047,884</u>	<u>\$ 117,019,340</u>

City of Jacksonville, North Carolina
Balance Sheet - Governmental Funds
June 30, 2007

	<u>Major</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Total Non- Major Funds</u>	
Assets				
Cash and cash equivalents	\$ 11,916,616	\$ 5,585,695	\$ 4,437,802	\$ 21,940,113
Restricted cash and cash equivalents	582,408	2,643,732	2,428,009	5,654,149
Taxes receivable (net)	1,192,656	-	-	1,192,656
Accounts receivable (net)	4,055,499	486,404	365,399	4,907,302
Interfund receivable	432,542	-	-	432,542
Inventories	10,122	-	-	10,122
Prepaid items	30,893	-	-	30,893
Notes receivable	-	-	1,559,009	1,559,009
Total assets	\$ 18,220,736	\$ 8,715,831	\$ 8,790,219	\$ 35,726,786
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,437,955	\$ 2,489,564	\$ 1,065,473	\$ 4,992,992
Due to other funds	7,792	-	-	7,792
Interfund payable	239,197	184,750	220,700	644,647
Compensated absences payable	72,100	-	-	72,100
Customer deposits	133,302	-	-	133,302
Deferred revenues	1,319,219	-	14,646	1,333,865
Unearned revenues	232,653	-	-	232,653
Total liabilities	3,442,218	2,674,314	1,300,819	7,417,351
Fund balances:				
Reserved by state statute	4,361,478	-	-	4,361,478
Reserved by grantor	-	-	865,790	865,790
Reserved for compensating balance	150,000	-	-	150,000
Reserved for encumbrances	492,976	2,157,562	207,590	2,858,128
Reserved for inventories	10,122	-	-	10,122
Reserved for installment purchase	259,748	-	-	259,748
Reserved for Powell Bill	30,054	3,491	1,676,267	1,709,812
Reserved for prepaid items	30,893	-	-	30,893
Reserved for drug enforcement	4,593	-	212,138	216,731
Reserved for US agencies	24,761	-	6,479	31,240
Unreserved:				
Designated for subsequent year's expenditures:				
General Fund	2,570,328	-	-	2,570,328
Special Revenue	-	-	1,172,986	1,172,986
Capital Projects	-	3,880,464	289,528	4,169,992
Capital Reserve	-	-	3,058,622	3,058,622
Unreserved, undesignated reported in:				
General Fund	6,843,565	-	-	6,843,565
Total fund balances	14,778,518	6,041,517	7,489,400	28,309,435
Total liabilities and fund balances	\$ 18,220,736	\$ 8,715,831	\$ 8,790,219	\$ 35,726,786

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2007

Total fund balances for governmental funds	\$ 28,309,435
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	43,384,376
Adjustment for assets attributable to internal service funds	(660,670)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,333,865
Accrued interest on Property Taxes - Statement of Net Assets	196,627
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	1,866,130
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(10,933,440)
Adjustment for internal service funds installment purchases and noncurrent portion of vacation pay	403,033
Adjustment for current portion of vacation pay	72,100
Total net assets of governmental activities	<u>\$ 63,971,456</u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2007

	<u>Major</u>		<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	
Revenues:				
Ad valorem taxes	\$ 13,454,300	\$ -	\$ -	\$ 13,454,300
Other taxes and licenses	14,221,197	-	-	14,221,197
Unrestricted intergovernmental revenues	2,620,232	-	-	2,620,232
Restricted intergovernmental revenues	1,983,932	1,041,331	1,529,574	4,554,837
Permits and fees	842,646	-	-	842,646
Sales and services	398,611	-	-	398,611
Investment earnings	834,909	102,079	329,138	1,266,126
Miscellaneous	264,819	-	539,578	804,397
Total revenues	<u>34,620,646</u>	<u>1,143,410</u>	<u>2,398,290</u>	<u>38,162,346</u>
Expenditures:				
Current:				
General government	5,522,166	1,465,479	158,611	7,146,256
Public works	4,111,404	-	1,106,383	5,217,787
Public safety	13,290,249	757,258	645,355	14,692,862
Cultural and recreational	2,419,814	4,114,487	10,775	6,545,076
Economic and physical development	-	-	515,734	515,734
Capital outlay	758,799	-	599,271	1,358,070
Non-capitalized expenditures	-	9,312	-	9,312
Debt service:				
Principal retirement	1,925,965	-	135,567	2,061,532
Interest and fees	252,897	-	31,018	283,915
Total expenditures	<u>28,281,294</u>	<u>6,346,536</u>	<u>3,202,714</u>	<u>37,830,544</u>
Revenues over (under) expenditures	<u>6,339,352</u>	<u>(5,203,126)</u>	<u>(804,424)</u>	<u>331,802</u>
Other financing sources (uses):				
Debt issued	997,899	2,606,307	21,875	3,626,081
Sales of capital assets	187,970	-	-	187,970
Transfers in	681,042	4,602,342	4,588,565	9,871,949
Transfers (out)	<u>(8,095,713)</u>	<u>-</u>	<u>(4,692,212)</u>	<u>(12,787,925)</u>
Total other financing sources (uses)	<u>(6,228,802)</u>	<u>7,208,649</u>	<u>(81,772)</u>	<u>898,075</u>
Change in fund balances	110,550	2,005,523	(886,196)	1,229,877
Fund balances:				
Beginning of year, July 1	<u>14,667,968</u>	<u>4,035,994</u>	<u>8,375,596</u>	<u>27,079,558</u>
End of year, June 30	<u>\$ 14,778,518</u>	<u>\$ 6,041,517</u>	<u>\$ 7,489,400</u>	<u>\$ 28,309,435</u>

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 1,229,877

The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Increase in purchased Capital Assets net of decrease in construction in progress	14,406,805
Adjustment for increases attributable to Internal Service Funds	(341,274)
Depreciation Expense	(3,570,344)
Adjustment for expense attributable to Internal Service Funds	450,185

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets:

(Loss) on the Sale of Capital Assets	(21,211)
Proceeds from the Sale of Capital Assets	(187,970)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Increase in Beer & Wine Tax	1,408
Increase in Deferred Property Tax revenue	57,421
Increase in Accrued Interest on Taxes	30,265
(Decrease) in Investment Interest	(1,735)

The issuance of long-term liabilities (e.g., installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. This amount is the net effect of these differences in the treatment of long-term liabilities:

Additions to Long-Term Liabilities	(4,242,243)
Adjustment for additions attributable to Internal Service Funds	56,430
Retirements of Long-Term Liabilities	2,886,057
Adjustment for retirements attributable to Internal Service Funds	(320,113)

Internal service funds are used to charge the costs of technology, janitorial, and fleet maintenance costs to individual funds. The net revenue of certain activities of the internal service funds are reported with the governmental activities

420,678

Changes in net assets of governmental activities

\$ 10,854,236

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
General Fund Annually Budgeted Major Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 13,355,782	\$ 13,355,782	\$ 13,454,300	\$ 98,518
Other taxes and licenses	14,590,022	13,816,126	14,221,197	405,071
Unrestricted intergovernmental revenues	2,263,227	2,263,227	2,620,232	357,005
Restricted intergovernmental revenues	2,189,737	2,186,546	1,983,932	(202,614)
Permits and fees	652,500	652,500	842,646	190,146
Sales and services	422,195	422,195	398,611	(23,584)
Investment earnings	365,000	365,000	834,909	469,909
Miscellaneous	121,990	265,023	264,819	(204)
Total revenues	<u>33,960,453</u>	<u>33,326,399</u>	<u>34,620,646</u>	<u>1,294,247</u>
Expenditures:				
Current:				
General government	9,372,278	7,566,809	5,534,280	2,032,529
Public works	4,806,234	4,935,154	4,329,412	605,742
Public safety	13,652,738	14,387,055	13,750,514	636,541
Cultural and recreational	2,648,708	2,801,953	2,488,226	313,727
Debt service:				
Principal retirement	2,731,807	2,305,359	1,925,965	379,394
Interest and fees	902,875	409,219	252,897	156,322
Total expenditures	<u>34,114,640</u>	<u>32,405,549</u>	<u>28,281,294</u>	<u>4,124,255</u>
Revenues over (under) expenditures	<u>(154,187)</u>	<u>920,850</u>	<u>6,339,352</u>	<u>5,418,502</u>
Other financing sources (uses):				
Debt issued	1,098,674	1,076,799	997,899	(78,900)
Appropriated fund balance	4,649,222	5,365,020	-	(5,365,020)
Sales of general capital assets	289,500	289,500	187,970	(101,530)
Transfers in	624,015	681,038	681,042	4
Transfers (out)	(6,507,224)	(8,333,207)	(8,095,713)	237,494
Total other financing sources (uses)	<u>154,187</u>	<u>(920,850)</u>	<u>(6,228,802)</u>	<u>(5,307,952)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	110,550	<u>\$ 110,550</u>
Fund balances:				
Beginning of year, July 1			<u>14,667,968</u>	
End of year, June 30			<u>\$ 14,778,518</u>	

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Net Assets
June 30, 2007

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Funds	Non-Major Enterprise Funds		
Assets					
Current Assets:					
Cash and cash equivalents	\$ 2,907,911	\$ 1,370,435	\$ 675,580	\$ 4,953,926	\$ 1,390,658
Accounts receivable (net)	1,608,020	155,506	123,093	1,886,619	3,168
Inventories	916,373	-	-	916,373	58,379
Interfund receivables	45,360	30,857	14,489	90,706	257,674
Prepaid Items	-	-	-	-	3,156
Total Current Assets	5,477,664	1,556,798	813,162	7,847,624	1,713,035
Noncurrent Assets:					
Restricted cash and cash equivalents	2,567,392	318,301	170,029	3,055,722	31,608
Land and other non-depreciable assets	15,527,476	-	-	15,527,476	2,758
Other capital assets, net of depreciation	63,958,370	245,404	272,773	64,476,547	657,912
Total Noncurrent Assets	82,053,238	563,705	442,802	83,059,745	692,278
Total Assets	87,530,902	2,120,503	1,255,964	90,907,369	2,405,313
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	1,468,203	237,069	20,150	1,725,422	107,077
Compensated absences payable - current	18,151	2,804	3,755	24,710	-
Interfund payable	33,252	57,892	16,058	107,202	29,075
Installment purchases payable - current	3,069,446	279,786	52,427	3,401,659	222,402
Loans payable - current	1,403,726	-	-	1,403,726	-
Total Current Liabilities	5,992,778	577,551	92,390	6,662,719	358,554
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	129,772	56,858	29,678	216,308	79,682
Unearned revenue	146,922	-	-	146,922	-
Customer deposits	411,809	-	-	411,809	-
Installment purchases payable - noncurrent	18,378,261	613,949	203,131	19,195,341	100,948
Loans payable - noncurrent	11,226,386	-	-	11,226,386	-
Total Noncurrent Liabilities	30,293,150	670,807	232,809	31,196,766	180,630
Total Liabilities	36,285,928	1,248,358	325,199	37,859,485	539,184
Net Assets					
Invested in capital assets, net of related debt	47,975,419	87,473	187,244	48,250,136	337,320
Unrestricted	3,269,555	784,672	743,521	4,797,748	1,528,809
Total Net Assets	\$ 51,244,974	\$ 872,145	\$ 930,765	\$ 53,047,884	\$ 1,866,129

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2007

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	
Operating revenues:					
Charges for services	\$ 13,331,854	\$ 2,338,256	\$ 1,990,356	\$ 17,660,466	\$ 3,976,850
Miscellaneous	-	-	-	-	35,157
Total operating revenues	<u>13,331,854</u>	<u>2,338,256</u>	<u>1,990,356</u>	<u>17,660,466</u>	<u>4,012,007</u>
Operating expenses:					
Solid Waste Fund	-	4,107,603	-	4,107,603	-
Water Quality	-	-	1,215,289	1,215,289	-
Water/Sewer Operations	4,898,483	-	-	4,898,483	-
Water Supply	507,461	-	-	507,461	-
Wastewater Treatment	1,399,066	-	-	1,399,066	-
Non-capitalized expenses - projects	50,275	-	-	50,275	-
Fleet Maintenance Operations	-	-	-	-	1,361,168
City Hall Maintenance Operations	-	-	-	-	168,413
Information Technology Services	-	-	-	-	1,585,240
Video/Media Services	-	-	-	-	251,910
Depreciation	5,536,970	120,836	67,905	5,725,711	450,185
Total operating expenses	<u>12,392,255</u>	<u>4,228,439</u>	<u>1,283,194</u>	<u>17,903,888</u>	<u>3,816,916</u>
Operating income (loss)	<u>939,599</u>	<u>(1,890,183)</u>	<u>707,162</u>	<u>(243,422)</u>	<u>195,091</u>
Nonoperating revenues (expenses):					
Investment earnings	277,943	63,865	18,236	360,044	62,290
Assessments collected	12	-	-	12	-
Interest collected on assessments	1	-	-	1	-
Gain on sale of capital assets	85,823	41,000	1,300	128,123	7,610
Internal Transfer of Assets	-	-	-	-	-
Interest on long-term debt	(1,251,072)	(26,758)	(2,939)	(1,280,769)	(13,043)
Total nonoperating revenues (expenses)	<u>(887,293)</u>	<u>78,107</u>	<u>16,597</u>	<u>(792,589)</u>	<u>56,857</u>
Income (loss) before capital contributions and transfers	<u>52,306</u>	<u>(1,812,076)</u>	<u>723,759</u>	<u>(1,036,011)</u>	<u>251,948</u>
Capital contributions:					
Developer contributions	1,055,081	-	-	1,055,081	-
Total capital contributions	<u>1,055,081</u>	<u>-</u>	<u>-</u>	<u>1,055,081</u>	<u>-</u>
Income (loss) before transfers	<u>1,107,387</u>	<u>(1,812,076)</u>	<u>723,759</u>	<u>19,070</u>	<u>251,948</u>
Transfers:					
Transfers in	394,408	2,532,839	20,000	2,947,247	168,730
Transfers (out)	(200,000)	-	-	(200,000)	-
Total transfers	<u>194,408</u>	<u>2,532,839</u>	<u>20,000</u>	<u>2,747,247</u>	<u>168,730</u>
Change in Net Assets	<u>1,301,795</u>	<u>720,763</u>	<u>743,759</u>	<u>2,766,317</u>	<u>420,678</u>
Net Assets:					
Beginning of year, July 1	49,943,179	151,382	187,006	50,281,567	1,445,451
End of year, June 30	<u>\$ 51,244,974</u>	<u>\$ 872,145</u>	<u>\$ 930,765</u>	<u>\$ 53,047,884</u>	<u>\$ 1,866,129</u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2007

	<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Non-Major Enterprise Fund</u>		
Cash flows from operating activities:					
Cash received from customers	\$ 12,999,050	\$ 2,311,047	\$ 1,855,416	\$ 17,165,513	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	4,017,239
Cash payments for interfund services provided (used)	-	-	-	-	(3,303,238)
Cash paid for goods and services	(3,583,554)	(2,594,343)	(427,811)	(6,605,708)	-
Cash paid to employees	(3,436,202)	(1,546,621)	(766,943)	(5,749,766)	-
Customer deposits	(5,185)	-	-	(5,185)	-
Net cash provided (used) by operating activities	<u>5,974,109</u>	<u>(1,829,917)</u>	<u>660,662</u>	<u>4,804,854</u>	<u>714,001</u>
Cash flows from noncapital financing activities:					
Transfers in	394,408	2,532,839	20,000	2,947,247	168,730
Transfers (out)	(200,000)	-	-	(200,000)	-
Advances from other funds	(647,088)	1,306	15,605	(630,177)	26,765
Advances (to) other funds	(33,425)	(21,617)	(13,965)	(69,007)	(52,358)
Net cash provided (used in) by noncapital related financing activities	<u>(486,105)</u>	<u>2,512,528</u>	<u>21,640</u>	<u>2,048,063</u>	<u>143,137</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(4,278,022)	(259,712)	(17,905)	(4,555,639)	(324,759)
Interest paid on long-term debt	(1,251,072)	(26,758)	(2,939)	(1,280,769)	(13,043)
Debt issued	8,460,109	312,512	273,463	9,046,084	38,800
Purchase of capital assets	(6,187,907)	-	(268,458)	(6,456,365)	(341,274)
Proceeds from sale of capital assets	85,823	41,000	1,300	128,123	7,610
Assessments collected	12	-	-	12	-
Interest collected on assessments	1	-	-	1	-
Net cash provided (used) by capital and related financing activities	<u>(3,171,056)</u>	<u>67,042</u>	<u>(14,539)</u>	<u>(3,118,553)</u>	<u>(632,666)</u>
Cash flows from investing activities:					
Interest earned on investment	277,943	63,865	18,236	360,044	62,290
Net cash provided by investing activities	<u>277,943</u>	<u>63,865</u>	<u>18,236</u>	<u>360,044</u>	<u>62,290</u>
Net increase in cash and cash equivalents	2,594,891	813,518	685,999	4,094,408	286,762
Cash and cash equivalents, July 1	2,880,412	875,218	159,610	3,915,240	1,135,504
Cash and cash equivalents, June 30	<u>\$ 5,475,303</u>	<u>\$ 1,688,736</u>	<u>\$ 845,609</u>	<u>\$ 8,009,648</u>	<u>\$ 1,422,266</u>

Reconciliation to Exhibit F—	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash and cash equivalents	\$ 4,953,926	\$ 1,390,658
Restricted cash and cash equivalents	3,055,722	31,608
	<u>\$ 8,009,648</u>	<u>\$ 1,422,266</u>

Continued on next page.

City of Jacksonville, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2007

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Fund		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 939,599	\$ (1,890,183)	\$ 707,162	\$ (243,422)	\$ 195,091
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	5,536,970	120,836	67,905	5,725,711	450,185
Bad debt expense	48,855	3,444	11,847	64,146	-
Change in assets and liabilities:					
Increase (decrease) in accrued vacation pay/payroll	26,382	6,054	28,879	61,315	17,630
(Increase) decrease in prepaid expenses	60,424	-	-	60,424	(2,712)
Increase (decrease) in accounts payable	(347,685)	(42,859)	(20,191)	(410,735)	59,350
(Increase) decrease in accounts receivable	(351,889)	(27,209)	(134,940)	(514,038)	(10,775)
(Increase) decrease in inventories	47,553	-	-	47,553	5,232
Increase (decrease) in deferred revenues	19,085	-	-	19,085	-
Increase (decrease) in customer deposits	(5,185)	-	-	(5,185)	-
Total adjustments	5,034,510	60,266	(46,500)	5,048,276	518,910
Net cash provided (used) by operating activities	<u>\$ 5,974,109</u>	<u>\$ (1,829,917)</u>	<u>\$ 660,662</u>	<u>\$ 4,804,854</u>	<u>\$ 714,001</u>
Noncash investing, capital, and financing activities:					
Capital contributed by developers	<u>\$ 1,055,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055,081</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2007

	Special Separation Allowance Pension Trust
Assets	
Cash	\$ 65,238
Investments at face value -	
Commercial paper	315,148
Interfund receivable	7,792
Total Assets	388,178
Liabilities	
Accounts payable	3,649
Total Liabilities	3,649
Net Assets	
Assets held in trust for pension benefits	384,529
Total Net Assets	\$ 384,529

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
 For the Fiscal Year Ended June 30, 2007

	Special Separation Allowance Pension Trust Fund
Additions:	
Employer contributions	\$ 143,904
Interest	21,391
Total additions	165,295
 Deductions:	
Benefits	186,927
Total deductions	186,927
Net decrease	(21,632)
 Net assets reserved for employees' pension benefit:	
Beginning of year	406,161
End of year	\$ 384,529

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies

The financial statements of City of Jacksonville have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Jacksonville is a municipal corporation governed by an elected Mayor and a six-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

B. Basis of Presentation

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the proprietary functions and various other functions of the government. Governmental activities, which normally are supported by taxes, intergovernmental revenue and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

Separate Fund Financial Statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the Fund Financial Statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements and summarized below by fund types: governmental, proprietary, and fiduciary.

Governmental Funds are used to account for the City's general governmental activities. The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, parks and recreation, streets and highways, and general government services.

Capital Projects Fund – Although the Capital Projects Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or fiduciary funds). The City has 24 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, Sturgeon City, Sturgeon City Park, Police Remodeling, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Downtown Redevelopment, Smithfield Grant/Wilson Bay, Vietnam Veterans Memorial, Youth Center, Fire Training Facility, Traffic Signal Preemption, Demolition, Country Club Park, Richard Ray All America Park, Civic Facility, Jacksonville Commons Phase II, Sturgeon City Boardwalk II, Reserve Ladder Truck Replacement, West Gum Branch Fire Station, Indoor Facility Brynn Marr, and Police/Fire Facility.

Proprietary Funds include the following major funds:

Water and Sewer Fund - The Water and Sewer Fund accounts for the water and sewer activities of the City. The Water Capital Projects Fund, the Sewer Capital Projects Fund and the Water/Sewer Capital Reserve Fund are consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Solid Waste Fund - The Solid Waste Fund accounts for the solid waste collection activities of the City.

Additionally, the government reports the following fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The City of Jacksonville has four Internal Service Funds: the Fleet Maintenance Fund, the City

Hall Maintenance Fund, the Information Technology Services Fund, and the Video/Media Services Fund. The Information Technology Services Capital Project Fund is consolidated with the Information Technology Services Fund for financial reporting purposes. The Internal Service Funds are accounted for in the governmental activities in the government-wide financial statements and individual fund data is provided in the Internal Service Funds Section of the report.

Fiduciary Funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary Funds include the following fund:

Pension Trust Fund - Fiduciary fund types are custodial in nature and do not involve measurement of the City's operations. The City has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except property taxes for which a 60-day criteria is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Compensated absences and principal and interest on long-term debt are recorded as fund liabilities: 1) when due, and 2) for payments made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources. Depreciation of capital assets is not recognized as an expenditure.

The City generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property tax receivable is not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law,

Onslow County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Jacksonville. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Onslow County from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Those revenues susceptible to accrual are sales taxes collected and held by the State at year-end on behalf of the City, sales and services and investment earnings. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable and available until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs in accordance with grant guidelines which vary by funding source.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations and Pension Trust Fund.

The City reports deferred revenue on its balance sheet for governmental funds. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and operating Enterprise Funds. All annual appropriations lapse at fiscal year-end. Grant project ordinances are adopted for the Non-Major Governmental Funds and project ordinances are adopted for the Capital Reserve Fund and Capital Project Funds. The City's Internal

Service Funds operate under an approved financial plan and not a budget ordinance. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting method used to record transactions.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, Non-Major Governmental Funds, Enterprise Funds, and at the fund level for the Capital Reserve Fund and Capital Project Funds. A function is a group of related activities aimed at accomplishing a major service, such as public safety. The balances in the Capital Reserve Capital Project Fund will be appropriated and transferred to another Capital Project Fund in accordance with the project ordinance adopted for the reserve fund. The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed the \$5,000 at the functional level of the General Fund, Non-Major Governmental Fund, Enterprise Funds and the fund level for the Capital Project Funds or revisions that alter total expenditures of any fund must be approved by the City Council. During the year, several amendments to the original budget became necessary, the effects of which were not material.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law, the City's Internal Service Funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board.

E. Deposits and Investments

All deposits of the City are made in council-designated official depositories and are secured as required by G.S. 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, an SEC registered (2a-7) money market mutual fund.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

F. Cash and Cash Equivalents

The City pools moneys from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

G. Restricted Assets

The unexpended Powell Bill and E-911 revenue are classified as restricted assets in governmental funds because the use is completely restricted by State law. Also, State and Federal Drug Enforcement assets are recorded as restricted assets since their use is restricted by law.

The unexpended debt proceeds in any fund are classified as restricted assets because their use is completely restricted to the purpose for which the notes were originally issued.

Also included in restricted assets are a Certificate of Deposit held, as a compensating balance, by our primary banking institution and sureties held for developers who have not completed infrastructure improvements in subdivisions that are under construction.

The detail of these balances is as follows:

Governmental Activities:	
Powell Bill	\$ 1,709,812
E-911 Revenue	90,817
Wireless 911 Revenue	331,414
Drug Enforcement Assets	312,229
Unexpended Debt Proceeds	2,953,471
Compensating Balance	150,000
Customer Deposits	133,302
Other	<u>4,712</u>
	<u>\$ 5,685,757</u>

Business-Type Activities:	
Unexpended Debt Proceeds	<u>\$ 3,055,722</u>

H. Ad Valorem Taxes Receivable and Unearned/Deferred Revenues

In accordance with State law [G.S. 105-347 and 159-13(a)], the City levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1, the lien date; however, no interest or penalties are assessed until the following January 6. The current year's tax levy is based on the assessed values as of January 1, 2006.

Privilege licenses collected prior to the fiscal year to which they apply are recorded as unearned revenues.

I. Allowances for Doubtful Accounts

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

J. Inventory

The inventories of the City's General Fund are valued at cost, using the average cost method. The inventory of the General Fund consists of fuel held for consumption. The cost is recorded as an expenditure when the inventory is consumed. The General Fund inventory reported on the Governmental Funds Balance Sheet is offset by a fund balance reserve that indicates it does not constitute a resource available for appropriation even though it is a component of net current assets.

The inventory of the Enterprise Funds and Internal Service Funds are valued at the lower of cost, using the first-in, first-out method, or market. The inventory consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

K. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements and in the proprietary fund types in the Fund Financial Statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized.

Costs associated with construction in progress are recorded in their respective capital asset category upon approval by the City Council, which approximates the completion date.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

Buildings and Other Structures	10 to 40 years
Improvements Other Than	
Buildings	10 to 40 years
Equipment	3 to 10 years
Heavy Equipment	5 to 10 years
Vehicles	2 to 10 years
Infrastructure	10 to 40 years

L. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (short-term interfund loans) or "advances to/from other funds" (long-term interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide Financial Statements as "internal balances."

Advances between funds, as reported in the Fund Financial Statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

M. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers (out)" in the General Fund and "Transfers in" in the receiving fund in the Fund Financial Statements.

N. Long-Term Obligations

In the Government-wide Financial Statements and proprietary fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund Financial Statements, governmental fund types recognize bond premiums, discounts, and issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit

purposes. Since the City has no obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

P. Net Assets/Fund Balances

In the Governmental Fund Financial Statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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

The Governmental Funds classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for prepaids and inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of the receivable balances that are not offset by deferred revenues.

Reserved by grantor - portion of total fund balance reserved to pay for grant eligible activities.

Reserved for compensating balance - portion of fund balance not available for appropriation because it is part of an agreement for banking services in lieu of fees.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders and contracts that remained unperformed at year-end.

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable available resources.

Reserved for installment purchase - portion of fund balance available for appropriation that has been reserved for installment purchases not completed at year-end.

Reserved for Powell Bill - portion of total fund balance reserved to pay for street improvements.

Reserved for prepaid items - portion of total fund balance that indicates that prepaid items do not represent expendable available financial resources even though they are a component of net current assets.

Reserved for drug enforcement - portion of total fund balance available for appropriation that has been reserved for drug enforcement.

Reserved for US agencies - portion of fund balance not available for appropriation because it represents the difference between market value and the carrying amount at year-end, for agencies that will be held to maturity.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2007-2008 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Note 2. Deposits and Investments

Deposits

All the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the City's agents in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2007, the City's deposits had a carrying amount of \$8,888,923, which includes a \$150,000 compensating balance, and a bank balance of \$9,230,941. Of the bank balance, \$300,000 was covered by federal depository insurance, and \$8,930,941 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer).

Investments

At June 30, 2007, the City had the following investments and maturities.

Investment Type	Carrying Value	Fair Value	6-12 Months	1-3 Years	Over 3 Years
US Government Agencies	\$11,202,466	\$11,171,099	\$ 2,616,756	\$ 8,553,608	\$ 735
Commercial Paper	3,146,823	3,180,000	3,180,000	-	-
NC Capital Management Trust--Cash Portfolio	14,160,780	14,160,780	N/A	N/A	N/A
Total	\$28,510,069	\$28,511,879	\$ 5,796,756	\$ 8,553,608	\$ 735

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturities of investments in Treasuries, Agencies and Instrumentalities not to exceed five years from settlement date. All other investments will have final maturities of no more than three years, except for specific reserves or projects approved by City Council.

Credit Risk. The City's investment policy follows State law (North Carolina General Statutes 159-30) for allowable investment types. The commercial paper bears the highest rating of at least one nationally recognized rating service, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation. The City's commercial paper carries a credit rating of A1 & P1 by Standard and Poor's. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The investments in Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Government National Mortgage Association are rated AAA by Standard and Poor's.

Concentration of Credit Risk. The City's investment policy limits that, with the exception of US Treasuries and the NC Capital Management Trust, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. More than 5% of the City's investment is in Neptune Funding Commercial Paper, and Federal Home Loan Bank Securities. These investments are 11.0%, and 30.0% respectively, of the City's total investments.

Note 3. Receivables

Receivables are presented net of allowance for uncollectibles in the accompanying financial statements. The receivables and applicable allowances for uncollectibles are as follows:

<u>Activities</u>	<u>Gross Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental			
General			
Taxes receivable	\$ 1,391,464	\$ 198,808	\$ 1,192,656
Accrued interest on taxes	393,254	196,627	196,627
Accounts receivable	4,788,200	732,701	4,055,499
Capital Reserve	27,480	-	27,480
Major Capital Projects	486,404	-	486,404
Special Revenue	337,919	-	337,919
Internal Service Fund	3,168	-	3,168
Total Governmental Activities	<u>7,427,889</u>	<u>1,128,136</u>	<u>6,299,753</u>
Business-Type			
Water/Sewer	1,865,151	257,131	1,608,020
Solid Waste	175,718	20,212	155,506
Non-Major	134,940	11,847	123,093
Total Business-Type Activities	<u>2,175,809</u>	<u>289,190</u>	<u>1,886,619</u>
	<u>\$ 9,603,698</u>	<u>\$ 1,417,326</u>	<u>\$ 8,186,372</u>

The allowance for doubtful accounts in the General Fund accounts receivable arises from the probable uncollectibility of a claim against a former employee. In May 2007, the City received payment of \$96,559 from the Execution Sale of property that the former employee was discovered to own in Gaston County; however, the probability of recovering any further funds is remote.

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,022,088	\$ 22,066	\$ (89,030)	\$ 1,955,124
Construction in progress	3,589,029	625,454	-	4,214,483
Total capital assets not being depreciated	<u>5,611,117</u>	<u>647,520</u>	<u>(89,030)</u>	<u>6,169,607</u>
Capital assets being depreciated:				
Buildings	16,575,742	1,081,784	-	17,657,526
Improvements other than buildings	3,676,752	3,693,481	-	7,370,233
Equipment	8,421,630	852,165	(28,227)	9,245,568
Heavy equipment	572,764	12,800	(5,720)	579,844
Vehicles	6,949,632	1,601,808	(1,594,784)	6,956,656
Infrastructure	21,156,929	6,517,247	-	27,674,176
Total capital assets being depreciated	<u>57,353,449</u>	<u>13,759,285</u>	<u>(1,628,731)</u>	<u>69,484,003</u>
Less accumulated depreciation for:				
Buildings	(7,155,084)	(691,457)	-	(7,846,541)
Improvements other than buildings	(921,563)	(284,248)	-	(1,205,811)
Equipment	(6,768,666)	(955,975)	28,227	(7,696,414)
Heavy equipment	(533,689)	(17,188)	5,720	(545,157)
Vehicles	(5,970,508)	(565,074)	1,474,632	(5,060,950)
Infrastructure	(8,857,959)	(1,056,402)	-	(9,914,361)
Total accumulated depreciation	<u>(30,207,469)</u>	<u>\$(3,570,344)</u>	<u>\$ 1,508,579</u>	<u>(32,269,234)</u>
Total capital assets being depreciated, net	<u>27,145,980</u>			<u>37,214,769</u>
Governmental activity capital assets, net	<u>\$ 32,757,097</u>			<u>\$ 43,384,376</u>

Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 647,520
Total capital assets being depreciated	13,759,285
	<u>\$ 14,406,805</u>
General Fund	\$ 758,799
Non-Major Governmental	619,725
Major Capital	7,276,143
Internal Service	341,274
Donated infrastructure	5,410,864
	<u>\$ 14,406,805</u>

Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 170,725	\$ -	\$ -	\$ 170,725
Construction in progress	11,208,617	4,148,134	-	15,356,751
Total capital assets not being depreciated	<u>11,379,342</u>	<u>4,148,134</u>	<u>-</u>	<u>15,527,476</u>
Capital assets being depreciated:				
Buildings	70,507,262	95,973	-	70,603,235
Improvements other than buildings	48,816,779	2,580,080	-	51,396,859
Equipment	3,620,118	400,992	(406)	4,020,704
Heavy Equipment	504,962	127,906	-	632,868
Vehicles	2,597,393	555,553	(322,883)	2,830,063
Total capital assets being depreciated	<u>126,046,514</u>	<u>3,760,504</u>	<u>(323,289)</u>	<u>129,483,729</u>
Less accumulated depreciation for:				
Buildings	(30,069,453)	(3,180,745)	-	(33,250,198)
Improvements other than buildings	(25,529,476)	(2,234,517)	-	(27,763,993)
Equipment	(1,283,565)	(653,195)	406	(1,936,354)
Heavy Equipment	(383,924)	(52,948)	-	(436,872)
Vehicles	(1,941,149)	(1,499)	322,883	(1,619,765)
Total accumulated depreciation	<u>(59,207,567)</u>	<u>\$(6,122,904)</u>	<u>\$ 323,289</u>	<u>(65,007,182)</u>
Total capital assets being depreciated, net	<u>66,838,947</u>			<u>64,476,547</u>
Business-type activities capital assets, net	<u>\$ 78,218,289</u>			<u>\$ 80,004,023</u>

Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ 4,148,134
Total capital assets being depreciated	3,760,504
	<u>\$ 7,908,638</u>
Water and Sewer Fund	\$ 176,477
Water Capital Projects	1,507,573
Sewer Capital Projects	4,563,822
Stormwater/Water Quality Fund	605,685
Donated infrastructure	1,055,081
	<u>\$ 7,908,638</u>

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

Governmental activities:	
General government	\$ 342,171
Public Works	1,137,280
Public Safety	949,763
Cultural and Recreational	684,798
Economic Development	6,147
Internal Service Funds	450,185
Total depreciation expense - governmental activities	<u>\$ 3,570,344</u>
Business-type activities:	
Water and Sewer Fund	\$ 5,536,970
Solid Waste Fund	120,836
Non-Major Enterprise Funds	67,905
Total depreciation expense - business-type activities	<u>\$ 5,725,711</u>

Construction Commitments

As of June 30, 2007, the City has active construction projects. The City's commitments with contractors at June 30, 2007, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water and Sewer Improvements	\$ 2,857,391	\$ 1,502,686
Recreation Facilities	3,998,610	1,845,346
Street Improvements	103,800	38,703
Total	<u>\$ 6,959,801</u>	<u>\$ 3,386,735</u>

Note 5. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description. City of Jacksonville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.64%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Jacksonville are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$815,979, \$766,042, and \$712,890, respectively. The contributions made by the City equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

City of Jacksonville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the City's report as a pension trust fund and no stand-alone financial report is issued.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>114</u>
Total	<u>130</u>

Summary of Significant Accounting Policies:

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

Method Used to Value Investments. Investments are reported at fair value.

Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$143,904, or 3.3% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 131,840
Interest on net pension obligation	863
Adjustment to annual required contribution	11,201
Annual pension cost	<u>143,904</u>
Contributions made	<u>(143,904)</u>
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	<u><u>\$ -</u></u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 136,127	100%	\$ -
6/30/06	\$ 147,999	100%	\$ -
6/30/07	\$ 131,840	100%	\$ -

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$297,674, which consisted of \$216,554 from the City and \$81,120 from the law enforcement officers.

D. Other Post-Employment Benefits

At retirement, all employees have the option to purchase basic medical insurance at the City's group rate. The Governmental Accounting Standards Board has issued Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which requires governmental entities to disclose the cost of other post-employment benefits. Even though retirees pay 100% of their health insurance premium, GASB still defines this as a post-employment benefit ("implicit rate subsidy") because retirees pay the same healthcare premium as active employees (rather than a higher age-adjusted premium). The City chose to have an actuarial study done in the fiscal year 2006 to determine the potential liability to be incurred. Based on this assessment, the City will face an annual required contribution of approximately \$600,000 to fund the plan as it currently exists. This contribution is not required, but is encouraged and would be recorded as an unfunded liability on the Balance Sheet, if not funded. The current "pay as you go" cost to the City is approximately \$155,000, meaning that the City would incur an additional expense of approximately \$445,000 beginning in fiscal year 2008, the year in which GASB 45 becomes effective for the City.

Note 6. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2007, the City made contributions to the State for death benefits of \$20,172. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .14% and .11% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Note 7. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in (e.g., transfers risk to) two insurance pools

administered by the North Carolina League of Municipalities. One pool (IRFFNC) provides coverage for property damage and general liability (including auto and law enforcement officers). Major policies and their limits of coverage include: public officials (\$3 million) and law enforcement liability (\$3 million), vehicle liability (\$2 million), public employee scheduled and blanket bonds (\$400,000), boiler and machinery (\$5 million), general liability (\$2 million), municipal equipment (\$1.8 million), computer equipment (\$2.3 million), and property (\$62.9 million). The other pool (NCRIMA) provides workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$2,000,000 for general liability and property damage, and single occurrence losses of \$1,000,000 for workers' compensation.

The City has established a risk management program to account for and finance its uninsured risks of loss for health insurance. Under this program, the risk management program provides coverage up to a maximum of \$100,000 for each individual claim.

The City purchases commercial insurance for individual claims in excess of \$100,000 and aggregate claims in excess of the greater of (a) the minimum annual aggregate deductible or (b) 90% of the first monthly aggregate deductible amount multiplied by twelve (12). Settled claims have not exceeded this commercial coverage in any of the last three fiscal years.

The City participates in the program and makes payments to the risk management program based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's general funds are available to pay claims, claim reserves and administrative costs for the program.

The claims liability of \$257,732 reported in the General Fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the reported liability since July 1, 1997 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1997-1998	\$ 72,860	\$ 1,038,077	\$ 1,041,786	\$ 69,151
1998-1999	69,151	1,043,337	1,079,565	32,923
1999-2000	32,923	1,277,966	1,107,989	202,900
2000-2001	202,900	1,461,322	1,435,202	229,020
2001-2002	229,020	1,381,641	1,547,044	63,617
2002-2003	63,617	1,402,910	1,281,596	184,931
2003-2004	184,931	1,868,524	1,861,108	192,347
2004-2005	192,347	2,229,998	2,243,300	179,045
2005-2006	179,045	2,528,402	2,451,812	255,635
2006-2007	255,635	3,267,020	3,264,923	257,732

The City carries commercial insurance for all other risks of loss. Settled claims resulting from their risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The City carries flood insurance through the National Flood Insurance Plan (NFIP). Because some areas of the City are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, which includes the property adjacent to Fire Station 2, the City is eligible for and has purchased coverage totalling \$533,000 through the NFIP.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are bonded for \$250,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

Note 8. Claims and Judgments

At June 30, 2007, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

The City has been named as the defendant in a lawsuit regarding the design and construction administration related to the recently renovated City Hall. The City does not anticipate an unfavorable outcome and has made no provisions in these financial statements for any contingent liability.

Note 9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

As of June 30, 2007, the City had a legal debt margin of \$190,897,467.

A. Installment Purchases

The City finances various property acquisitions under installment purchase agreements. Under these agreements, the assets acquired collateralize the debt. The financing contracts require principal payments with interest rates ranging from 2.18% to 5.34%.

The installment purchase contracts payable at June 30, 2007, are comprised of the following individual contracts:

Serviced by the General Fund:

	<u>Principal Balance June 30, 2007</u>
\$914,743 installment agreement – for the refinancing of the multi-purpose community recreation center with Bank of America dated December 28, 2001; remaining balance payable in 33 monthly payments of principal of \$9,240 plus interest at 4.41%.	\$ 304,914
\$1,065,493 installment agreement – for the refinancing of a fire station with Bank of America dated December 28, 2001; remaining balance payable in 21 monthly payments of \$12,247 principal plus interest at 4.41%.	257,188
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 125 equal principal payments of \$27,778 not including interest at 3.95%.	3,472,223
\$1,161,022 installment agreement – for vehicles and equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 4 monthly payment of \$5,593 including interest at 2.49%.	22,251
\$636,350 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 16 monthly payments of \$9,927 including interest at 2.48%.	156,074
\$146,808 installment agreement – for improvements for the youth center with RBC Centura dated August 12, 2004; remaining balance payable in 25 equal principal payments of \$2,447 not including interest at 3.15%.	61,170
\$904,044 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 4 monthly payments of \$25,941 including interest at 2.24%.	103,280
\$330,400 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 27 monthly payments of \$5,956 including interest at 2.58%.	156,068
\$313,171 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 39 monthly payments of \$5,755 including interest at 3.40%.	212,212
\$452,201 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 16 monthly payments of \$13,186 including interest at 3.36%.	206,030
\$700,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 46 monthly payments of \$12,979 including interest at 3.78%.	554,973

(Continued on next page)

Serviced by the General Fund (continued):

	<u>Principal Balance June 30, 2007</u>
\$265,142 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 55 monthly payments of \$4,922 including interest at 3.832%.	\$ 247,907
\$754,632 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 32 monthly payments of \$22,174 including interest at 3.898%.	672,883
\$2,606,307 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 179 monthly payments of \$19,150 including interest at 3.95%.	2,587,157
Total	<u>\$ 9,014,330</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$1,719,930 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,709,064	\$ 318,801	\$ 2,027,865
2009	1,394,553	259,812	1,654,365
2010	1,021,730	212,473	1,234,203
2011	680,914	179,968	860,882
2012	519,500	156,759	676,259
2013-2017	2,524,285	486,270	3,010,555
2018-2022	1,164,284	105,847	1,270,131
Total	<u>\$ 9,014,330</u>	<u>\$ 1,719,930</u>	<u>\$ 10,734,260</u>

Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2007</u>
\$5,823,000 installment agreement – for construction of sewer lines with Bank of America dated December 8, 2000, and amended December 28, 2001; remaining balance payable in 114 monthly payments of \$6,787 including interest at 4.6%.	\$ 625,887
\$5,461,956 installment agreement – for refinancing of the waste water treatment facilities with Bank of America dated December 28, 2001; remaining balance payable in 47 monthly payments of \$59,196 including interest at 4.50%.	2,546,122

(Continued on next page)

Serviced by the Water and Sewer Fund (continued):

	Principal Balance June 30, 2007
\$188,800 installment agreement – for vehicles and equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 4 monthly payments of \$3,236 including interest at 2.49%.	\$ 12,876
\$600,000 installment agreement – for renovation of sewer headworks and upgrades for automatic meter reading with RBC Centura dated May 1, 2003; remaining balance payable in 9 monthly payments of \$10,734 including interest at 2.28%.	95,705
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 134 monthly payments of \$23,838 not including interest at 3.235%.	3,194,258
\$683,500 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 16 monthly payments of \$12,292 including interest at 2.48%.	193,258
\$1,660,132 installment agreement – for an elevated water storage tank with RBC Centura dated May 14, 2004; remaining balance payable in 142 monthly payments of \$9,223 not including interest at 3.27%.	1,309,660
\$864,690 installment agreement – for water and sewer line replacements with RBC Centura dated August 12, 2004; remaining balance payable in 85 equal principal payments of \$7,206 not including interest at 3.44%.	612,489
\$13,300 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 4 monthly payments of \$382 including interest at 2.24%.	1,519
\$174,599 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 27 monthly payments of \$3,147 including interest at 2.58%.	82,473
\$698,408 installment agreement – for automated meter reading and pump monitoring equipment with RBC Centura dated June 8, 2005; remaining balance payable in 35 monthly payments of \$12,736 including interest at 3.07%.	414,212
\$875,776 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 39 monthly payments of \$16,094 including interest at 3.40%.	593,445
\$33,525 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 16 monthly payments of \$978 including interest at 3.36%.	15,275

(Continued on next page)

Serviced by the Water and Sewer Fund (continued):

	<u>Principal Balance June 30, 2007</u>
\$2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable payable in 101 monthly payments of \$29,187 including interest at 3.57%.	\$ 2,543,004
\$1,600,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable payable in 46 monthly payments of \$29,666 including interest at 3.78%.	1,268,510
\$7,700,000 installment agreement – for vehicles and equipment with Wachovia dated October 20, 2006; remaining balance payable payable in 111 monthly payments of \$29,187 including interest at 3.57%.	7,195,534
\$121,166 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable payable in 55 monthly payments of \$2,249 including interest at 3.832%.	113,290
\$40,200 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable payable in 32 monthly payments of \$1,181 including interest at 3.898%.	35,845
\$598,743 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable payable in 179 monthly payments of \$4,399 including interest at 3.95%.	<u>594,344</u>
Total	<u>\$ 21,447,706</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$3,438,328 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,069,446	\$ 743,850	\$ 3,813,296
2009	2,948,470	631,476	3,579,946
2010	2,932,263	520,235	3,452,498
2011	2,615,823	398,196	3,014,019
2012	1,672,743	331,251	2,003,994
2013-2017	7,436,580	738,138	8,174,718
2018-2022	772,381	75,182	847,563
Total	<u>\$ 21,447,706</u>	<u>\$ 3,438,328</u>	<u>\$ 24,886,034</u>

Serviced by the Solid Waste Fund:

	<u>Principal Balance June 30, 2007</u>
\$67,241 installment agreement – for equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 4 monthly payments of \$2,477 including interest at 2.49%.	\$ 9,856
\$187,540 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 16 monthly payments of \$4,890 including interest at 2.48%.	76,879
\$760,006 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 39 monthly payments of \$13,967 including interest at 3.40%.	514,997
\$308,012 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 55 monthly payments of \$5,718 including interest at 3.832%.	287,991
\$4,500 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 32 monthly payments of \$132 including interest at 3.898%.	4,013
Total	<u>\$ 893,736</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$57,824 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 279,786	\$ 26,602	\$ 306,388
2009	239,575	17,786	257,361
2010	227,466	9,806	237,272
2011	107,391	3,123	110,514
2012	39,518	507	40,025
Total	<u>\$ 893,736</u>	<u>\$ 57,824</u>	<u>\$ 951,560</u>

Serviced by the Fleet Maintenance Fund:

	<u>Principal Balance June 30, 2007</u>
\$7,850 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 16 monthly payments of \$141 including interest at 2.48%.	\$ 2,219
\$6,500 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 4 monthly payments of \$187 including interest at 2.24%.	743

(Continued on next page)

Serviced by the Fleet Maintenance Fund (continued):

	<u>Principal Balance June 30, 2007</u>
\$45,000 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 27 monthly payments of \$812 including interest at 2.58%.	\$ 21,256
\$17,800 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 39 monthly payments of \$327 including interest at 3.40%.	12,062
Total	<u>\$ 36,280</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$1,384 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 15,266	\$ 834	\$ 16,100
2009	13,794	431	14,225
2010	6,244	114	6,358
2011	976	5	981
Total	<u>\$ 36,280</u>	<u>\$ 1,384</u>	<u>\$ 37,664</u>

Serviced by the Information Technology Services Fund:

	<u>Principal Balance June 30, 2007</u>
\$258,820 installment agreement – for equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 4 monthly payments of \$63 including interest at 2.49%.	\$ 251
\$220,000 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 16 monthly payments of \$3,956 including interest at 2.48%.	62,204
\$90,200 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 4 monthly payments of \$2,588 including interest at 2.24%.	10,305
\$363,900 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 16 monthly payments of \$10,611 including interest at 3.36%.	165,799
Total	<u>\$ 238,559</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$5,122 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 180,667	\$ 4,745	\$ 185,412
2009	57,892	377	58,269
Total	<u>\$ 238,559</u>	<u>\$ 5,122</u>	<u>\$ 243,681</u>

Serviced by the E-911 Fund:

	<u>Principal Balance June 30, 2007</u>
\$1,254,792 installment agreement – for 800 MHz communication equipment with Bank of America dated December 8, 2000; remaining balance payable in 54 monthly payments of \$13,520 including interest at 5.34%.	\$ 516,797
Total	<u>\$ 516,797</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$58,135 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 137,915	\$ 24,322	\$ 162,237
2009	145,526	16,712	162,238
2010	153,490	15,848	169,338
2011	79,866	1,253	81,119
Total	<u>\$ 516,797</u>	<u>\$ 58,135</u>	<u>\$ 574,932</u>

Serviced by the Video/Media Services Fund:

	<u>Principal Balance June 30, 2007</u>
\$121,799 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 4 monthly payments of \$3,495 including interest at 2.24%.	\$ 13,915
\$38,800 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 32 monthly payments of \$1,140 including interest at 3.898%.	34,596
Total	<u>\$ 48,511</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$1,951 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 26,469	\$ 1,191	\$ 27,660
2009	13,053	628	13,681
2010	8,989	132	9,121
Total	<u>\$ 48,511</u>	<u>\$ 1,951</u>	<u>\$ 50,462</u>

Serviced by the Stormwater Fund:

	<u>Principal Balance June 30, 2007</u>
\$270,463 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable payable in 55 monthly payments of \$5,021 including interest at 3.832%.	\$ 252,883
\$3,000 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable payable in 32 monthly payments of \$88 including interest at 3.898%.	2,675
	<u>\$ 255,558</u>

The future minimum payments of the installment purchases payable as of June 30, 2007, including \$23,406 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 52,427	\$ 8,880	\$ 61,307
2009	54,472	6,835	61,307
2010	56,243	4,711	60,954
2011	57,715	2,535	60,250
2012	34,701	445	35,146
Total	<u>\$ 255,558</u>	<u>\$ 23,406</u>	<u>\$ 278,964</u>

B. Loans Payable

Water and Sewer Fund:

	Principal Balance June 30, 2007
\$15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 9 annual installments of \$750,000 each; interest at 3.57%.	\$ 6,750,000
\$5,000,000 State Bond Loan dated April 1, 1996, due in 9 annual installments of \$250,000 each; interest at 4.4563%.	2,250,000
\$2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 10 annual installments of \$141,820 each; interest at 3.035%.	1,418,208
\$3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 10 annual installments of \$150,000 each; interest at 3.035%.	1,500,000
\$500,000 Jones-Onslow EMC loan – for development and infrastructure facilities dated March 5, 1999; remaining balance payable in 2 monthly payments of \$5,952 with no interest.	11,904
\$1,000,000 State Revolving Loan dated February 10, 2004 due in 7 annual installments of \$100,000 each; interest at 2.82%.	700,000
Total	\$ 12,630,112

The future minimum payments of the loans payable as of June 30, 2007, including \$2,329,361 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 1,403,726	\$ 470,076	\$ 1,873,802
2009	1,391,821	416,810	1,808,631
2010	1,391,821	363,439	1,755,260
2011	1,391,821	310,593	1,702,414
2012	1,391,821	257,882	1,649,703
2013-2017	5,659,102	510,561	6,169,663
Total	\$ 12,630,112	\$ 2,329,361	\$ 14,959,473

C. Changes in General Long-Term Liabilities – Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2007, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	\$ 8,575,888	\$ 3,664,881	\$ 2,386,292	\$ 9,854,477	\$ 2,069,381
*Vacation pay	1,001,366	577,362	499,765	1,078,963	72,100
Total	<u>\$ 9,577,254</u>	<u>\$ 4,242,243</u>	<u>\$ 2,886,057</u>	<u>\$ 10,933,440</u>	<u>\$ 2,141,481</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
General government	\$ 4,152,312	\$ 303,347	\$ 485,175	\$ 3,970,484	\$ 515,798
Fire equipment	1,209,912	20,606	339,207	891,311	331,383
Police equipment	1,368,641	585,718	675,400	1,278,959	530,815
Recreation	844,926	2,677,414	418,567	3,103,773	346,041
Streets	390,787	38,996	143,184	286,599	122,942
Fleet Maintenance	53,472	-	17,192	36,280	15,266
Information Technology Services	500,797	-	262,238	238,559	180,667
Video/Media Services	55,041	38,800	45,329	48,512	26,469
*Vacation pay	1,001,366	577,362	499,765	1,078,963	72,100
Total	<u>\$ 9,577,254</u>	<u>\$ 4,242,243</u>	<u>\$ 2,886,057</u>	<u>\$ 10,933,440</u>	<u>\$ 2,141,481</u>

*The General Fund is used to liquidate the liability for compensated absences for governmental activities.

D. Changes in General Long-Term Liabilities – Business-Type Activities

Long-term liability activity for Business-Type Activities for the year ended June 30, 2007, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Loans	\$ 14,093,361	\$ -	\$ 1,463,249	\$ 12,630,112	\$ 1,403,726
Installment purchases	16,643,306	9,046,084	3,092,390	22,597,000	3,401,659
*Vacation pay	179,688	165,850	104,520	241,018	24,710
Total	<u>\$ 30,916,355</u>	<u>\$ 9,211,934</u>	<u>\$ 4,660,159</u>	<u>\$ 35,468,130</u>	<u>\$ 4,830,095</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
Water Supply	\$ 3,818,704	\$ 72,666	\$ 348,592	\$ 3,542,778	\$ 360,783
Metering	2,545,598	-	558,187	1,987,411	577,434
Utilities Maintenance	4,122,874	20,200	139,703	4,003,371	119,269
Sewer	19,408,555	8,367,243	3,231,540	24,544,258	3,415,686
Solid Waste/Sanitation	840,936	312,512	259,712	893,736	279,786
Stormwater/Water Quality	-	273,463	17,905	255,558	52,427
*Vacation pay	179,688	165,850	104,520	241,018	24,710
Total	<u>\$ 30,916,355</u>	<u>\$ 9,211,934</u>	<u>\$ 4,660,159</u>	<u>\$ 35,468,130</u>	<u>\$ 4,830,095</u>

*The Water/Sewer and Stormwater/Water Quality Funds are used to liquidate the liability for compensated absences for business-type activities.

Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2007, consist of the following:

Due to/from other funds:			Reconciliation to Exhibit A	
Receivable Fund	Payable Fund	Amount	Governmental	Business-Type
General	Non-Major Governmental	\$ 219,392	\$ -	\$ -
	Major Capital Project	184,750	-	-
	Internal Service Fund	28,400	-	-
Water and Sewer	General	45,360	-	45,360
Non-Major Enterprise	General	14,489	-	14,489
Fleet Maintenance*	General	136,705	-	-
	Water and Sewer	33,252	33,252	-
	Solid Waste Fund	57,892	57,892	-
	Non-Major Enterprise	16,058	16,058	-
	Non-Major Governmental	1,308	-	-
	Information Technology	226	-	-
	Video Media Services	449	-	-
Information Technology Services Fund*	General	9,069	-	-
City Hall Maintenance*	General	906	-	-
Video/Media Services*	General	1,811	-	-
Solid Waste Fund	General	30,857	-	30,857
Special Separation Allowance Trust Fund	General	7,792	-	-
		<u>\$ 788,716</u>	<u>107,202</u>	<u>90,706</u>
			<u>\$ 16,496</u>	<u>\$ (16,496)</u>

*Internal Service Funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Some examples of those are: additional funding requirements based on actuarial information, sanitation services provided, and health and life insurance premium refunds.

Note 11. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund		
Prepaid taxes not yet earned	\$ -	\$ 50,611
Taxes receivable	1,192,656	-
Sturgeon City	-	80
Youth Council	-	459
Hall of Fame	-	3,668
Recreation fees not yet earned	-	1,517
Employee Assistance Grant	-	3,678
National Night Out	-	13,546
Police Department Venture Crew petty cash	-	50
Included in restricted assets (see Note 1G - Other):		
Police Department Venture Crew donations not yet earned, included in restricted assets	-	818
Earned, included in restricted Police Donations/Grants	-	2,468
Tree fund donations not yet earned, included in restricted assets	-	1,665
Beirut memorial donations not yet earned, included in restricted assets	-	2,227
Privilege licenses for next year	-	151,866
Beer and wine tax receivable	82,602	-
Investment interest receivable	43,961	-
Total	<u>\$ 1,319,219</u>	<u>\$ 232,653</u>
Proprietary Fund		
Scientific Study Deposit	\$ -	\$ 24,000
PILOT revenues not yet earned	-	9,311
Special assessments receivable	-	111,019
Collection Fees	-	2,592
Total	<u>\$ -</u>	<u>\$ 146,922</u>
Capital Reserve Fund		
Investment interest receivable	\$ 14,646	\$ -
Total	<u>\$ 14,646</u>	<u>\$ -</u>

Note 12. Intergovernmental Assistance Programs

The City of Jacksonville is an entitlement City for Community Development Block Grant funds. The City is required to administer the program and provide staff necessary to ensure compliance with Grant stipulations.

Note 13. Interfund Transfers

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers, and are reported as other financing sources (uses) in the Governmental funds and transfers in the Proprietary funds. Transfers within fund types have been eliminated.

Interfund transfers for the year ended June 30, 2007 are as follows:

		Transfers in:							
		Major	Major	Major	Non-Major	Non-Major	Internal		
Transfers out:		General	Water and Sewer	Solid Waste	Capital Projects	Governmental	Enterprise	Service Funds	Total
Major General Fund	\$	-	-	\$ 2,532,839	\$ 985,579	\$ 4,388,565	\$ 20,000	\$ 168,730	\$ 8,095,713
Major Water and Sewer		-	-	-	-	200,000	-	-	200,000
Non-Major Governmental		681,041	394,408	-	3,616,763	-	-	-	4,692,212
Total transfers out		\$ 681,041	\$ 394,408	\$ 2,532,839	\$ 4,602,342	\$ 4,588,565	\$ 20,000	\$ 168,730	\$ 12,987,925

Transfers consist primarily of the following:

\$ 624,019	From Capital Reserve to General Fund for debt retirement.
\$ 394,408	From Capital Reserve to Water Sewer Fund for debt retirement.
\$ 417,156	From Capital Reserve to City Hall Project
\$ 2,655,890	From Capital Reserve to Rails to Trails Project
\$ 2,313,616	From General Fund to Capital Reserve for Council Initiatives
\$ 1,376,122	From General Fund to Street Improvements Capital Project
\$ 304,000	From General Fund to Dewitt Street Capital Project
\$ 2,532,839	From General Fund to Solid Waste Fund
\$ 200,000	From Water Sewer Fund to Northeast Creek Lagoon Project

Note 14. Jointly Governed Organizations

The City, in conjunction with Camp Lejeune Marine Corps Base, Onslow County, and the other five municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to all Onslow County residents. The ONWASA's board is comprised of two members from the City, two members from the County and one member from each of the five municipalities. The City has elected to be a wholesale member and not a full service member of ONWASA.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. The City and County each fund one-half of the cost for this organization. The City's funding for FY2006-2007 was \$60,000.

The City, in conjunction with Onslow County and Y.O.U. Inc., dba Committee of 100, established an Economic Development Program. The purpose of this organization is to guide the growth in all of Onslow County by encouraging the expansion of local industry and the development of new jobs. The City and County each fund one-half of the cost for this organization. The City's funding for FY2006-2007 was \$90,000.

Note 15. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Federal and State financial assistance audits could result in the refund of grant money to the grantor agencies. Management believes that any required refunds from audit of other federal and State financial assistance will be immaterial. No provision has been made in the accompanying financial statements for the possible refund of grant money.

Note 16. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations.

The impact of GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," is addressed in Note 6 on page 67.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the City of Jacksonville.

- GASB Statement Number 47, "Accounting for Termination Benefits."
- GASB Statement Number 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues."
- GASB Statement Number 49, "Accounting and Financial Reporting for Pollution Remediation Obligations."
- GASB Statement Number 50, "Pension Disclosures—an Amendment of GASB Statements No. 25 and No. 27."
- GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets."

Required Supplemental Financial Data

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

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

City of Jacksonville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit K

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/97	\$ 288,909	\$ 674,134	\$ 385,225	42.86	\$ 2,872,507	13.41 %
12/31/98	322,942	730,303	407,361	44.22	2,880,521	14.14
12/31/99	351,546	767,213	415,667	45.82	3,211,861	12.94
12/31/00	325,298	1,151,766	826,468	28.24	3,447,476	23.97
12/31/01	328,295	1,290,187	961,892	25.45	3,290,310	29.23
12/31/02	393,883	1,317,283	923,400	29.90	3,413,422	27.05
12/31/03	350,683	1,428,537	1,077,854	24.55	3,581,940	30.09
12/31/04	468,237	1,653,136	1,184,899	28.32	3,803,022	31.16
12/31/05	478,063	1,535,431	1,057,368	31.14	3,893,027	27.16
12/31/06	326,749	1,630,510	1,303,761	20.04	4,309,754	30.25

**City of Jacksonville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
1998	\$ 52,850	129 %
1999	68,184	107
2000	72,776	33
2001	79,185	100
2002	108,525	100
2003	116,555	100
2004	120,551	101
2005	136,127	100
2006	147,999	100
2007	131,840	100

Notes to the Required Schedules:

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

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	Ranging from 4.5% to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	None



Major Funds

- General Fund
- Capital Projects Fund
- Water and Sewer Fund
- Solid Waste Fund



General Fund

The General Fund accounts for resources traditionally associated with government that are not required to be accounted for in other funds.

City of Jacksonville, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$ 11,916,616	\$ 10,816,003
Restricted cash and cash equivalents	582,408	1,060,656
Taxes receivable (net)	1,192,656	1,135,235
Accounts receivable (net)	4,055,499	4,493,222
Interfund receivables	432,542	797,200
Inventories	10,122	8,858
Prepaid items	30,893	8,103
	<u>\$ 18,220,736</u>	<u>\$ 18,319,277</u>
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,437,955	\$ 1,907,602
Due to other funds	7,792	11,902
Interfund payable	239,197	136,069
Compensated absences payable	72,100	67,451
	<u>1,757,044</u>	<u>2,123,024</u>
Noncurrent Liabilities:		
Customer deposits	133,302	163,179
Deferred revenue	1,319,219	1,258,460
Unearned revenue	232,653	106,646
	<u>1,685,174</u>	<u>1,528,285</u>
Total Liabilities	<u>3,442,218</u>	<u>3,651,309</u>
Fund Balances:		
Fund Balance - Reserved:		
Reserved by state statute	4,361,478	5,167,197
Reserved for compensating balance	150,000	150,000
Reserved for encumbrances	492,976	874,942
Reserved for inventories	10,122	8,858
Reserved for installment purchase	259,748	204,989
Reserved for Powell Bill	30,054	533,495
Reserved for prepaid items	30,893	8,103
Reserved for drug enforcement	4,593	4,593
Reserved for US agencies	24,761	62,284
	<u>5,364,625</u>	<u>7,014,461</u>
Fund Balance - Unreserved/Designated:		
Designated for subsequent year's expenditures	2,570,328	4,049,222
Undesignated	6,843,565	3,604,285
	<u>14,778,518</u>	<u>14,667,968</u>
Total Liabilities and Fund Balances	<u>\$ 18,220,736</u>	<u>\$ 18,319,277</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year (net of discounts)	\$ 13,014,882	\$ 13,122,827	\$ 107,945	\$ 11,678,876
Prior years	282,400	262,104	(20,296)	289,384
Penalties and interest	58,500	69,369	10,869	68,456
Total	<u>13,355,782</u>	<u>13,454,300</u>	<u>98,518</u>	<u>12,036,716</u>
Other taxes and licenses:				
CATV franchise tax	369,184	310,820	(58,364)	422,752
Privilege licenses	700,000	620,597	(79,403)	548,999
Local option sales tax	4,650,576	4,589,342	(61,234)	5,144,492
One-half cent sales tax (2003)	2,338,594	2,420,006	81,412	2,487,615
One-half cent sales tax (1983)	2,849,462	3,100,604	251,142	2,896,034
One-half cent sales tax (1986)	2,827,810	3,075,719	247,909	2,879,195
Gross receipt on short term vehicle tax	80,500	104,109	23,609	98,316
Total	<u>13,816,126</u>	<u>14,221,197</u>	<u>405,071</u>	<u>14,477,403</u>
Unrestricted intergovernmental revenues:				
Utility franchise tax	1,884,499	2,191,999	307,500	1,624,276
Beer and wine tax	328,761	330,408	1,647	324,782
Payment in lieu of taxes (PILOT)	4,000	2,380	(1,620)	2,751
State Owned Buildings Fire Protection	967	1,867	900	-
ABC revenue	45,000	56,568	11,568	57,598
Onslow County Downtown Master Plan	-	37,010	37,010	-
Total	<u>2,263,227</u>	<u>2,620,232</u>	<u>357,005</u>	<u>2,009,407</u>
Restricted intergovernmental revenues:				
Federal – CAMA land use grant	-	4,531	4,531	-
Federal – 104F transportation grant	243,570	56,623	(186,947)	68,664
Federal – FTA Section 5303 grant	21,616	-	(21,616)	-
State – CAMA land use grant	17,900	26,000	8,100	-
State – CAMA permits	-	165	165	531
State – FEMA disaster deployments	-	-	-	18,890
State – Street-aid Allocation	1,888,116	1,888,115	(1)	1,939,833
State – Wellness Incentive grant	3,000	1,754	(1,246)	3,000
State – 5303 State grant funds	2,702	-	(2,702)	-
State – Arts Council	1,600	1,600	-	2,737
Local – Juvenile Transportation	750	2,175	1,425	500
Local – EAP ongoing grant	5,192	2,760	(2,432)	809
Local – NCLM Safety grant	600	-	(600)	-
Police Dept Community Services Contribution	1,500	209	(1,291)	492
Total	<u>2,186,546</u>	<u>1,983,932</u>	<u>(202,614)</u>	<u>2,035,456</u>
Permits and fees:				
Taxi permits	11,000	9,825	(1,175)	11,173
Development review fees	40,000	61,095	21,095	68,722
Inspection fees	593,000	742,277	149,277	539,512
Engineering fees	-	225	225	125
Erosion control fees	4,500	10,250	5,750	12,150
Fire protection permit	4,000	13,751	9,751	4,727
Nuisance abatement fees	-	5,223	5,223	4,095
Total	<u>652,500</u>	<u>842,646</u>	<u>190,146</u>	<u>640,504</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Sales and services:				
Utility patching service	\$ 16,000	\$ 21,348	\$ 5,348	\$ 12,697
Space rent	15,345	15,345	-	15,345
Recreation fees	341,550	294,101	(47,449)	259,192
Recreation concession	25,000	34,795	9,795	30,804
Photocopy and map sales	700	377	(323)	244
Credit reports	1,500	2,001	501	1,731
Powell Bill equipment use allowance	20,000	24,833	4,833	9,207
Cooperative Bank	2,100	2,100	-	2,100
Miscellaneous Sales	-	3,711	3,711	3,168
Total	<u>422,195</u>	<u>398,611</u>	<u>(23,584)</u>	<u>334,488</u>
Investment earnings:				
Investment earnings	325,000	785,675	460,675	438,837
Investment earnings - Powell Bill	40,000	49,234	9,234	60,762
Total	<u>365,000</u>	<u>834,909</u>	<u>469,909</u>	<u>499,599</u>
Miscellaneous:				
Police court fees	34,000	49,232	15,232	38,237
Parking fines	450	64	(386)	482
Miscellaneous	222,723	210,350	(12,373)	97,386
Contributions	7,850	5,173	(2,677)	-
ICMA	-	-	-	7,931
Total	<u>265,023</u>	<u>264,819</u>	<u>(204)</u>	<u>144,036</u>
Total revenues	<u>33,326,399</u>	<u>34,620,646</u>	<u>1,294,247</u>	<u>32,177,609</u>
Expenditures:				
General government				
Mayor and Council				
Salaries and employee benefits		21,829		27,586
Operating expenses		33,596		33,971
Other departmental expenses		92,606		36,434
Total		<u>148,031</u>		<u>97,991</u>
City Manager				
Salaries and employee benefits		262,573		288,761
Operating expenses		17,450		29,880
Contracted services		27,201		27,838
Other departmental expenses		46,541		58,577
Total		<u>353,765</u>		<u>405,056</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Human Resources				
Salaries and employee benefits	\$	\$ 138,196	\$	\$ 159,900
Operating expenses		154,583		155,468
Contracted services		6,216		11,622
Other departmental expenses		49,913		52,081
Total		<u>348,908</u>		<u>379,071</u>
City Clerk				
Salaries and employee benefits		108,651		86,149
Operating expenses		14,691		20,601
Contracted services		2,126		4,244
Other departmental expenses		25,072		24,042
Total		<u>150,540</u>		<u>135,036</u>
Finance				
Salaries and employee benefits		433,131		402,465
Operating expenses		165,297		153,182
Maintenance and repairs		6,934		298
Contracted services		249,877		202,794
Other departmental expenses		184,218		216,004
Capital outlay		12,114		15,047
Total		<u>1,051,571</u>		<u>989,790</u>
Community Programs				
Salaries and employee benefits		58,399		-
Operating expenses		12,137		-
Contracted services		3,481		-
Other departmental expenses		39,798		-
Total		<u>113,815</u>		<u>-</u>
Legal				
Salaries and employee benefits		51,748		70,106
Operating expenses		11,979		12,262
Contracted services		9,678		11,859
Other departmental expenses		7,027		-
Total		<u>80,432</u>		<u>94,227</u>
Planning				
Salaries and employee benefits		371,938		304,973
Operating expenses		45,064		38,141
Contracted services		60,887		30,164
Other departmental expenses		140,939		78,347
Total		<u>618,828</u>		<u>451,625</u>
Transportation				
Salaries and employee benefits		54,264		87,017
Operating expenses		1,839		4,917
Contracted services		37,742		-
Other departmental expenses		26,083		26,810
Total		<u>119,928</u>		<u>118,744</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Non-departmental				
Operating expenses	\$	\$ 195,037	\$	\$ 190,842
Maintenance and repairs		529		19
Contracted services		42,124		73,073
Other departmental expenses		54,409		2,032
Reserve for insurance deductible		198,104		101,763
Miscellaneous payments		407,513		286,151
Payment to Onslow County		1,643,502		2,788,278
Bad debts		7,244		45
Total		2,548,462		3,442,203
Total general government	7,566,809	5,534,280	2,032,529	6,113,743
Public works				
Inspections				
Salaries and employee benefits		663,479		654,197
Operating expenses		68,751		68,543
Maintenance and repairs		-		371
Contracted services		20,449		3,675
Other departmental expenses		125,810		121,393
Capital outlay		15,865		-
Total		894,354		848,179
Administration				
Salaries and employee benefits		78,520		52,513
Operating expenses		3,645		6,317
Other departmental expenses		11,000		8,816
Total		93,165		67,646
Engineering				
Salaries and employee benefits		(1,999)		217,598
Operating expenses		17,085		12,915
Contracted services		16,844		17,122
Other departmental expenses		53,244		27,411
Street lighting		350,574		331,256
Total		435,748		606,302
Maintenance				
Salaries and employee benefits		531,069		502,277
Operating expenses		104,676		103,198
Utilities		20,252		16,003
Maintenance and repairs		11,135		8,274
Contracted services		89,059		92,175
Other departmental expenses		45,692		38,533
Capital outlay		161,222		11,469
Total		963,105		771,929

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Streets - Powell Bill				
Salaries and employee benefits	\$	\$ 578,276	\$	\$ 849,925
Operating expenses		342,711		418,677
Maintenance and repairs		3,548		4,904
Contracted services		21,163		25,072
Total		<u>945,698</u>		<u>1,298,578</u>
Streets - non-Powell Bill				
Salaries and employee benefits		258,190		261,333
Operating expenses		147,235		153,141
Utilities		369,077		9,150
Maintenance and repairs		10,765		2,725
Contracted services		56,665		35,135
Other departmental expenses		71,997		66,124
Mosquito control		42,492		42,926
Capital outlay		40,921		138,607
Total		<u>997,342</u>		<u>709,141</u>
Total public works	<u>4,935,154</u>	<u>4,329,412</u>	<u>605,742</u>	<u>4,301,775</u>
Public safety				
Police				
Salaries and employee benefits		6,555,435		5,905,483
Employer contribution to separation allowance trust fund		143,904		148,014
Operating expenses		982,298		913,117
Utilities		38,171		37,520
Maintenance and repairs		39,656		35,969
Contracted services		20,001		24,278
Other departmental expenses		946,918		888,863
Capital outlay		420,458		196,430
Total		<u>9,146,841</u>		<u>8,149,674</u>
Fire				
Salaries and employee benefits		3,801,119		3,524,087
Operating expenses		345,047		310,146
Utilities		63,842		59,464
Maintenance and repairs		34,501		39,434
Contracted services		2,615		10,152
Other departmental expenses		316,742		314,658
Capital outlay		39,807		19,725
Total		<u>4,603,673</u>		<u>4,277,666</u>
Total public safety	<u>14,387,055</u>	<u>13,750,514</u>	<u>636,541</u>	<u>12,427,340</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Cultural and recreational				
Recreation				
Salaries and employee benefits		1,193,921		1,046,271
Operating expenses		370,458		345,013
Utilities		199,733		166,928
Maintenance and repairs		47,671		59,600
Contracted services		384,397		367,962
Other departmental expenses		223,634		191,510
Capital outlay		68,412		101,985
Total cultural and recreational	2,801,953	2,488,226	313,727	2,279,269
Debt service				
Principal retirements	2,305,359	1,925,965	379,394	2,198,886
Interest and fees	409,219	252,897	156,322	269,258
Total debt service	2,714,578	2,178,862	535,716	2,468,144
Total expenditures	32,405,549	28,281,294	4,124,255	27,590,271
Revenues over (under) expenditures	920,850	6,339,352	5,418,502	4,587,338
Other financing sources (uses):				
Debt issued	\$ 1,076,799	\$ 997,899	\$ (78,900)	\$ 765,372
Appropriated fund balance	5,365,020	-	(5,365,020)	-
Sales of general capital assets	215,000	178,917	(36,083)	183,710
Sales of capital assets - Powell Bill	74,500	9,053	(65,447)	10,400
Transfers in--				
From Major Capital Project Fund	-	-	-	17,057
From Non-Major Governmental Fund	681,038	681,042	4	954,597
From Non-Major Enterprise Fund	-	-	-	132,979
Transfers (out)--				
To Major Capital Project Fund	(1,289,579)	(1,289,579)	-	(191,500)
To Major Enterprise Fund	(2,532,839)	(2,532,839)	-	(1,893,967)
To Non-Major Governmental Fund	(4,322,059)	(4,084,565)	237,494	(3,489,530)
To Non-Major Enterprise Fund	(20,000)	(20,000)	-	(309,262)
To Internal Service Fund	(168,730)	(168,730)	-	(174,918)
Total other financing (uses)	(920,850)	(6,228,802)	(5,307,952)	(3,995,062)
Net change in fund balance	\$ -	110,550	\$ 110,550	592,276
Fund balance:				
Beginning of year, July 1		14,667,968		14,075,692
End of year, June 30		\$ 14,778,518		\$ 14,667,968

Major Capital Projects Fund

The Major Capital Projects Fund is segregated into individual projects which account for funds to be used for the acquisition or construction of major capital facilities.

Individual Project Descriptions:

Rails to Trails Capital Project – accounts for funds used in the conversion of railroad tracks to recreation trails.

City Hall Expansion Capital Project – accounts for funds used in the design and construction of the expansion and renovation of City Hall.

Sturgeon City Capital Project – accounts for funds used in the construction of Sturgeon City.

Sturgeon City Park Capital Project – accounts for funds used in the construction of Sturgeon City Park.

Police Remodeling Capital Project – accounts for funds used in the remodeling of the Police Station.

NC24 Culvert Trail Capital Project – accounts for funds used in the construction of the NC24 Culvert Trail.

Marine Corps Museum Capital Project – accounts for funds donated for the construction of the Marine Corps Museum.

Wilson Bay Initiative Capital Project – accounts for funds used in the Wilson Bay Initiative.

Downtown Redevelopment Capital Project – accounts for funds used in the revitalization of the downtown area.

Smithfield Grant/Wilson Bay Capital Project – accounts for funds used to restore water quality in Wilson Bay and Wetlands Restoration.

Vietnam Veterans Memorial Capital Project – accounts for funds donated by the City for the eventual construction of a Vietnam Veterans Memorial.

Youth Center Capital Project – accounts for funds used in the construction of a Jacksonville Youth Center.

Major Capital Projects Fund

(Continued)

Fire Training Facility Capital Project – accounts for funds used in conjunction with funds donated from Coastal Carolina Community College and Onslow County Volunteer Fire Service for the construction of a Fire Training Facility.

Traffic Signal Preemption Capital Project – accounts for funds used in the Traffic Signal Preemption Project.

Demolition Capital Project – accounts for funds dedicated for the demolition of unsuitable housing.

Country Club Park Capital Project – accounts for funds used in the construction of the Country Club Park.

Richard Ray All America Park Capital Project – accounts for funds used in the construction of the Richard Ray All America Park.

Civic Facility Capital Project – accounts for funds used in the construction of the Civic Facility.

Jacksonville Commons Phase II Capital Project – accounts for funds used in Phase II of the construction of the Jacksonville Commons Multi-Purpose Recreational Facility, which includes tennis courts, restrooms, and concession stands.

Sturgeon City Boardwalk II Capital Project – accounts for funds used in the construction of the Sturgeon City Boardwalk II.

Reserve Ladder Truck Replacement Capital Project – accounts for funds set aside for the purchase of a reserve ladder truck for the Fire Department.

West Gum Branch Fire Station Capital Project – accounts for funds used in the construction of the West Gum Branch Fire Station

Indoor Facility Brynn Marr Capital Project – accounts for funds used in the construction of the Brynn Marr Indoor Facility.

Police/Fire Facility Capital Project – accounts for funds used in the construction of the new Police/Fire Facility.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Comparative Balance Sheets
June 30, 2007 and 2006

	2007	2006
Assets		
Cash and investments	\$ 5,585,695	\$ 3,658,042
Restricted cash and cash equivalents	2,643,732	703,802
Accounts Receivable (net)	486,404	61,468
Total Assets	\$ 8,715,831	\$ 4,423,312
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 2,489,564	\$ 371,318
Interfund payable	184,750	16,000
Total Liabilities	2,674,314	387,318
Fund Balances:		
Reserved for encumbrances	2,157,562	1,736,396
Reserved for Powell Bill	3,491	3,491
Unreserved, designated for subsequent year's expenditures	3,880,464	2,310,192
Unreserved, undesignated	-	(14,085)
Total Fund Balances	6,041,517	4,035,994
Total Liabilities and Fund Balances	\$ 8,715,831	\$ 4,423,312



City of Jacksonville, North Carolina
Major Capital Projects Fund
Schedule of Revenues and Expenditures--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental revenues:					
Water Access Grant	\$ 559,000	\$ 258,442	\$ 13,541	\$ 271,983	\$ (287,017)
NC Transp Enhancement Grant	1,187,582	671,815	403,579	1,075,394	(112,188)
Bike/Pedestrian Grant	400,000	-	400,000	400,000	-
LWCF Grant	231,676	231,676	-	231,676	-
Smithfield Grant	500,000	445,334	54,666	500,000	-
Part F Grant	500,000	326,176	169,545	495,721	(4,279)
104F Transportation	108,000	-	-	-	(108,000)
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	25,000	25,000	-	25,000	-
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Contribution - Onslow County	123,191	116,808	-	116,808	(6,383)
Total restricted intergovernmental revenues	3,849,521	2,287,492	1,041,331	3,328,823	(520,698)
Investment earnings	367,207	273,866	102,079	375,945	8,738
Miscellaneous Revenues	19,079	18,828	-	18,828	(251)
Contributions	70,603	70,852	-	70,852	249
Total revenues	4,306,410	2,651,038	1,143,410	3,794,448	(511,962)
Expenditures:					
General Government	24,865,260	9,180,471	1,465,479	10,645,950	14,219,310
Public Works					
Public Safety	23,386,600	81,050	757,258	838,308	22,548,292
Cultural and Recreation	11,688,905	2,693,738	4,114,487	6,808,225	4,880,680
Economic and Physical Development	-	-	-	-	-
Non Capitalized Expenditures	1,970,543	614,035	9,312	623,347	1,347,196
Total expenditures	61,911,308	12,569,294	6,346,536	18,915,830	42,995,478
Revenues (under) expenditures	(57,604,898)	(9,918,256)	(5,203,126)	(15,121,382)	42,483,516
Other financing sources (uses):					
Sale of Capital Assets	100,000	100,000	-	100,000	-
Debt issued	44,906,223	5,857,916	2,606,307	8,464,223	(36,442,000)
Transfers in--					
From Capital Reserve Fund	10,120,860	6,504,097	3,616,763	10,120,860	-
From General Fund	2,750,408	1,764,829	985,579	2,750,408	-
From Capital Projects	30,000	30,000	-	30,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(34,510)	(34,509)	-	(34,509)	1
To General Fund	(252,188)	(252,188)	-	(252,188)	-
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
Total other financing sources	57,604,898	13,954,250	7,208,649	21,162,899	(36,441,999)
Net Change In Fund Balance	\$ -	\$ 4,035,994	\$ 2,005,523	\$ 6,041,517	\$ 6,041,517

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>Sturgeon City</u>	<u>Sturgeon City Park</u>	<u>Police Remodeling</u>	<u>NC24 Culvert Trail</u>
Assets						
Current Assets:						
Cash and cash equivalents	\$ 1,734,625	\$ 802,025	\$ 51,450	\$ 31,339	\$ 31,246	\$ 177,000
Restricted current assets	675,988	-	-	-	-	-
Accounts receivable	280,157	-	-	-	-	-
Total Current Assets	<u>2,690,770</u>	<u>802,025</u>	<u>51,450</u>	<u>31,339</u>	<u>31,246</u>	<u>177,000</u>
Total Assets	<u>\$ 2,690,770</u>	<u>\$ 802,025</u>	<u>\$ 51,450</u>	<u>\$ 31,339</u>	<u>\$ 31,246</u>	<u>\$ 177,000</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,714,349	\$ 529,911	\$ 132	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>1,714,349</u>	<u>529,911</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved for encumbrances	796,711	168,349	-	2,140	-	150,000
Reserved for Powell Bill	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	179,710	103,765	51,318	29,199	31,246	27,000
Unreserved, undesignated	-	-	-	-	-	-
Total Fund Balance	<u>976,421</u>	<u>272,114</u>	<u>51,318</u>	<u>31,339</u>	<u>31,246</u>	<u>177,000</u>
Total Liabilities and Fund Balances	<u>\$ 2,690,770</u>	<u>\$ 802,025</u>	<u>\$ 51,450</u>	<u>\$ 31,339</u>	<u>\$ 31,246</u>	<u>\$ 177,000</u>

Marine Corps Museum	Wilson Bay Initiative	Downtown Redevelopmen	Smithfield Grant/ Wilson Bay	Vietnam Veterans Memorial	Youth Center	Fire Training Facility
\$ 544,419	\$ 84,634	\$ 17,609	\$ -	\$ 552,970	\$ 46,018	\$ 30,090
-	-	3,491	-	-	-	-
-	-	-	-	-	-	-
544,419	84,634	21,100	-	552,970	46,018	30,090
<u>\$ 544,419</u>	<u>\$ 84,634</u>	<u>\$ 21,100</u>	<u>\$ -</u>	<u>\$ 552,970</u>	<u>\$ 46,018</u>	<u>\$ 30,090</u>
\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	40	-	-	-	-	-
-	8,016	-	-	-	6,018	-
-	-	3,491	-	-	-	-
544,419	76,578	17,609	-	552,970	40,000	30,090
-	-	-	-	-	-	-
544,419	84,594	21,100	-	552,970	46,018	30,090
<u>\$ 544,419</u>	<u>\$ 84,634</u>	<u>\$ 21,100</u>	<u>\$ -</u>	<u>\$ 552,970</u>	<u>\$ 46,018</u>	<u>\$ 30,090</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet (Continued)
June 30, 2007
With Comparative Totals for June 30, 2006

	Traffic Signal Preemption	Demolition	Country Club Park	Richard Ray All America Park	Civic Facility	Jacksonville Commons Phase II
Assets						
Current Assets:						
Cash and cash equivalents	\$ 16,105	\$ 208,026	\$ 51,934	\$ 75,741	\$ 66,837	\$ -
Restricted current assets	-	-	-	-	-	1,936,201
Accounts receivable	-	-	-	-	-	169,545
Total Current Assets	<u>16,105</u>	<u>208,026</u>	<u>51,934</u>	<u>75,741</u>	<u>66,837</u>	<u>2,105,746</u>
Total Assets	<u><u>\$ 16,105</u></u>	<u><u>\$ 208,026</u></u>	<u><u>\$ 51,934</u></u>	<u><u>\$ 75,741</u></u>	<u><u>\$ 66,837</u></u>	<u><u>\$ 2,105,746</u></u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,132
Interfund payable	-	-	-	-	-	167,363
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,495</u>
Fund Balances:						
Reserved for encumbrances	-	-	-	-	-	1,008,696
Reserved for Powell Bill	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	16,105	208,026	51,934	75,741	66,837	684,555
Unreserved, undesignated	-	-	-	-	-	-
Total Fund Balance	<u>16,105</u>	<u>208,026</u>	<u>51,934</u>	<u>75,741</u>	<u>66,837</u>	<u>1,693,251</u>
Total Liabilities and Fund Balances	<u><u>\$ 16,105</u></u>	<u><u>\$ 208,026</u></u>	<u><u>\$ 51,934</u></u>	<u><u>\$ 75,741</u></u>	<u><u>\$ 66,837</u></u>	<u><u>\$ 2,105,746</u></u>

Sturgeon City Boardwalk II	Reserve Ladder Truck Replacement	Police/Fire Facility	Totals	
			June 30, 2007	June 30, 2006
\$ -	\$ 93,524	\$ 970,104	\$ 5,585,696	\$ 3,658,042
-	28,051	-	2,643,731	703,802
36,702	-	-	486,404	61,468
36,702	121,575	970,104	8,715,831	4,423,312
<u>\$ 36,702</u>	<u>\$ 121,575</u>	<u>\$ 970,104</u>	<u>\$ 8,715,831</u>	<u>\$ 4,423,312</u>
\$ -	\$ -	\$ -	\$ 2,489,564	\$ 371,318
17,387	-	-	184,750	16,000
17,387	-	-	2,674,314	387,318
17,047	585	-	2,157,562	1,736,396
-	-	-	3,491	3,491
2,268	120,990	970,104	3,880,464	2,310,192
-	-	-	-	(14,085)
19,315	121,575	970,104	6,041,517	4,035,994
<u>\$ 36,702</u>	<u>\$ 121,575</u>	<u>\$ 970,104</u>	<u>\$ 8,715,831</u>	<u>\$ 4,423,312</u>

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2007

With Comparative Totals for the Fiscal Year Ended June 30, 2006

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>Sturgeon City</u>	<u>Sturgeon City Park</u>	<u>Police Remodeling</u>	<u>NC24 Culvert Trail</u>
Revenues:						
Restricted intergovernmental revenues	\$ 803,579	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	1,522	39,637	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total revenues	<u>805,101</u>	<u>39,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Capital Outlay:						
General Government	-	1,069,528	210,157	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Cultural and Recreation	3,676,123	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-	-
Other Improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Non-capitalized expenditures	-	-	-	-	-	-
Total expenditures	<u>3,676,123</u>	<u>1,069,528</u>	<u>210,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,871,022)</u>	<u>(1,029,891)</u>	<u>(210,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Debt issued	674,466	-	-	-	-	-
Transfers in	2,655,890	417,156	241,717	-	-	27,000
Transfers (out)	-	-	-	-	-	-
Total other financing sources	<u>3,330,356</u>	<u>417,156</u>	<u>241,717</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Net change in fund balance	459,334	(612,735)	31,560	-	-	27,000
Fund balances:						
Beginning of year, July 1	517,087	884,849	19,758	31,339	31,246	150,000
End of year, June 30	<u>\$ 976,421</u>	<u>\$ 272,114</u>	<u>\$ 51,318</u>	<u>\$ 31,339</u>	<u>\$ 31,246</u>	<u>\$ 177,000</u>

Marine Corps Museum	Wilson Bay Initiative	Downtown Redevelopment	Smithfield Grant/ Wilson Bay	Vietnam Veterans Memorial	Youth Center
\$ -	\$ -	\$ -	\$ 54,666	\$ -	\$ -
24,114	-	-	-	28,924	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,114</u>	<u>-</u>	<u>-</u>	<u>54,666</u>	<u>28,924</u>	<u>-</u>
-	16,357	-	167,464	-	1,973
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>16,357</u>	<u>-</u>	<u>167,464</u>	<u>-</u>	<u>1,973</u>
<u>24,114</u>	<u>(16,357)</u>	<u>-</u>	<u>(112,798)</u>	<u>28,924</u>	<u>(1,973)</u>
-	-	-	-	-	-
100,000	475	-	-	100,000	40,000
-	-	-	-	-	-
<u>100,000</u>	<u>475</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>40,000</u>
124,114	(15,882)	-	(112,798)	128,924	38,027
<u>420,305</u>	<u>100,476</u>	<u>21,100</u>	<u>112,798</u>	<u>424,046</u>	<u>7,991</u>
<u>\$ 544,419</u>	<u>\$ 84,594</u>	<u>\$ 21,100</u>	<u>\$ -</u>	<u>\$ 552,970</u>	<u>\$ 46,018</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)

For the Fiscal Year Ended June 30, 2007

With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Fire Training Facility	Traffic Signal Preemption	Demolition	Country Club Park	Richard Ray All America Park
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contributions	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Capital Outlay:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	-	-	-	23,066	-
Economic and Physical Development	-	-	-	-	-
Other Improvements	-	-	-	-	-
Construction in progress	-	-	-	-	-
Non-capitalized expenditures	4,112	-	5,200	-	-
Total expenditures	<u>4,112</u>	<u>-</u>	<u>5,200</u>	<u>23,066</u>	<u>-</u>
Revenues over (under) expenditures	<u>(4,112)</u>	<u>-</u>	<u>(5,200)</u>	<u>(23,066)</u>	<u>-</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	25,000	-	-	-	75,000
Transfers (out)	-	-	-	-	-
Total other financing sources	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	20,888	-	(5,200)	(23,066)	75,000
Fund balances:					
Beginning of year, July 1	9,202	16,105	213,226	75,000	741
End of year, June 30	<u>\$ 30,090</u>	<u>\$ 16,105</u>	<u>\$ 208,026</u>	<u>\$ 51,934</u>	<u>\$ 75,741</u>

Civic Facility	Jacksonville Commons Phase II	Sturgeon City Boardwalk II	Reserve Ladder Truck Replacement	Police/Fire Facility	Totals	
					June 30, 2007	June 30, 2006
\$ -	\$ 169,545	\$ 13,541	\$ -	\$ -	\$ 1,041,331	\$ 128,273
-	4,360	-	3,522	-	102,079	87,525
-	-	-	-	-	-	2,040
-	-	-	-	-	-	-
-	173,905	13,541	3,522	-	1,143,410	217,838
-	-	-	-	-	1,465,479	-
-	-	-	-	-	-	-
-	-	-	757,258	-	757,258	-
-	398,410	16,888	-	-	4,114,487	-
-	-	-	-	-	-	-
-	-	-	-	-	-	975,152
-	-	-	-	-	-	636,419
-	-	-	-	-	9,312	74,697
-	398,410	16,888	757,258	-	6,346,536	1,686,268
-	(224,505)	(3,347)	(753,736)	-	(5,203,126)	(1,468,430)
-	1,931,841	-	-	-	2,606,307	700,000
-	-	-	-	920,104	4,602,342	1,088,772
-	-	-	-	-	-	(34,441)
-	1,931,841	-	-	920,104	7,208,649	1,754,331
-	1,707,336	(3,347)	(753,736)	920,104	2,005,523	285,901
66,837	(14,085)	22,662	875,311	50,000	4,035,994	3,750,093
\$ 66,837	\$ 1,693,251	\$ 19,315	\$ 121,575	\$ 970,104	\$ 6,041,517	\$ 4,035,994

City of Jacksonville, North Carolina
Rails to Trails Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
NC Transportation Enhancement grant	\$ 1,075,394	\$ 671,815	\$ 403,579	\$ 1,075,394	\$ -
Bike Pedestrian grant	400,000	-	400,000	400,000	-
NC Transportation Enhancement grant	112,188	-	-	-	(112,188)
Investment earnings	48,728	46,943	1,522	48,465	(263)
Total revenues	<u>1,636,310</u>	<u>718,758</u>	<u>805,101</u>	<u>1,523,859</u>	<u>(112,451)</u>
Expenditures:					
Capital outlay:					
Other improvements		925,274	3,676,123	4,601,397	
Total expenditures	<u>5,690,269</u>	<u>925,274</u>	<u>3,676,123</u>	<u>4,601,397</u>	<u>1,088,872</u>
Revenues (under) expenditures	<u>(4,053,959)</u>	<u>(206,516)</u>	<u>(2,871,022)</u>	<u>(3,077,538)</u>	<u>976,421</u>
Other financing sources (uses):					
Debt issued	674,466	-	674,466	674,466	-
Transfers in--					
From General Fund	316,000	316,000	-	316,000	-
From Capital Reserve Fund	3,084,081	428,191	2,655,890	3,084,081	-
Transfers (out)--					
To General Fund	(112,188)	(112,188)	-	(112,188)	-
To Capital Reserve	(8,400)	(8,400)	-	(8,400)	-
Sale of capital assets	100,000	100,000	-	100,000	-
Total other financing sources	<u>4,053,959</u>	<u>723,603</u>	<u>3,330,356</u>	<u>4,053,959</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>517,087</u>	<u>459,334</u>	<u>\$ 976,421</u>	<u>\$ 976,421</u>
Fund balance:					
Beginning of year, July 1			517,087		
End of year, June 30			<u>\$ 976,421</u>		

City of Jacksonville, North Carolina
City Hall Expansion Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Contribution - Onslow County	\$ 10,307	\$ 10,308	\$ -	\$ 10,308	\$ 1
Investment earnings	221,199	182,156	39,637	221,793	594
Total revenues	231,506	192,464	39,637	232,101	595
Expenditures:					
Capital outlay:					
Other improvements		5,720,780	1,069,528	6,790,308	
Total expenditures	7,061,827	5,720,780	1,069,528	6,790,308	271,519
Revenues (under) expenditures	(6,830,321)	(5,528,316)	(1,029,891)	(6,558,207)	272,114
Other financing sources:					
Debt issued	5,030,308	5,030,308	-	5,030,308	-
Transfers in--					
From Capital Reserve Fund	1,705,908	1,288,752	417,156	1,705,908	-
From General Fund	80,000	80,000	-	80,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	6,830,321	6,413,165	417,156	6,830,321	-
Net change in fund balance	\$ -	\$ 884,849	(612,735)	\$ 272,114	\$ 272,114
Fund balance:					
Beginning of year, July 1			884,849		
End of year, June 30			\$ 272,114		

City of Jacksonville, North Carolina
Sturgeon City Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Total revenues	<u>35,000</u>	<u>33,459</u>	<u>-</u>	<u>33,459</u>	<u>(1,541)</u>
Expenditures:					
Capital outlay:					
Construction in progress		714,538	210,157	924,695	
Total expenditures	4,647,554	714,538	210,157	924,695	3,722,859
Revenues (under) expenditures	(4,612,554)	(681,079)	(210,157)	(891,236)	3,721,318
Other financing sources (uses):					
Debt issued	3,670,000	-	-	-	(3,670,000)
Transfers in--					
From Capital Reserve Fund	992,554	750,837	241,717	992,554	-
Transfers (out)--					
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
To Capital Reserve	(20,000)	(20,000)	-	(20,000)	-
Total other financing sources	<u>4,612,554</u>	<u>700,837</u>	<u>241,717</u>	<u>942,554</u>	<u>(3,670,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,758</u>	31,560	<u>\$ 51,318</u>	<u>\$ 51,318</u>
Fund balance:					
Beginning of year, July 1			19,758		
End of year, June 30			<u>\$ 51,318</u>		

City of Jacksonville, North Carolina
Sturgeon City Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:					
LWCF grant	\$ 231,676	\$ 231,676	\$ -	\$ 231,676	\$ -
Water Access Grant	200,000	200,000	-	200,000	-
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
Total revenues	<u>623,748</u>	<u>622,458</u>	<u>-</u>	<u>622,458</u>	<u>(1,290)</u>
Expenditures:					
Capital outlay:					
Other improvements		920,194	-	920,194	
Total expenditures	<u>952,823</u>	<u>920,194</u>	<u>-</u>	<u>920,194</u>	<u>32,629</u>
Revenues (under) expenditures	<u>(329,075)</u>	<u>(297,736)</u>	<u>-</u>	<u>(297,736)</u>	<u>31,339</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	275,075	275,075	-	275,075	-
From General Fund	24,000	24,000	-	24,000	-
From Capital Projects	30,000	30,000	-	30,000	-
Total other financing sources	<u>329,075</u>	<u>329,075</u>	<u>-</u>	<u>329,075</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 31,339</u>	<u>-</u>	<u>\$ 31,339</u>	<u>\$ 31,339</u>
Fund Balance:					
Beginning of year, July 1			<u>31,339</u>		
End of year, June 30			<u>\$ 31,339</u>		

City of Jacksonville, North Carolina
Police Remodeling Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		81,050	-	81,050	
Total expenditures	112,296	81,050	-	81,050	31,246
Revenues (under) expenditures	(112,296)	(81,050)	-	(81,050)	31,246
Other financing sources:					
Transfers in--					
From General Fund	112,296	112,296	-	112,296	-
Total other financing sources	112,296	112,296	-	112,296	-
Net change in fund balance	\$ -	\$ 31,246	-	\$ 31,246	\$ 31,246
Fund Balance:					
Beginning of year, July 1			31,246		
End of year, June 30			\$ 31,246		

City of Jacksonville, North Carolina
NC24 Culvert Trail Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
104F Transportation	\$ 108,000	\$ -	\$ -	\$ -	(108,000)
Total revenues	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,000)</u>
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,000</u>
Revenues (under) expenditures	<u>(177,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,000</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	<u>177,000</u>	<u>150,000</u>	<u>27,000</u>	<u>177,000</u>	<u>-</u>
Total other financing sources	<u>177,000</u>	<u>150,000</u>	<u>27,000</u>	<u>177,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 150,000</u>	<u>27,000</u>	<u>\$ 177,000</u>	<u>\$ 177,000</u>
Fund Balance:					
Beginning of year, July 1			<u>150,000</u>		
End of year, June 30			<u>\$ 177,000</u>		

City of Jacksonville, North Carolina
Marine Corps Museum Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment Earnings	\$ 41,590	\$ 20,305	\$ 24,114	\$ 44,419	\$ 2,829
Total revenues	<u>41,590</u>	<u>20,305</u>	<u>24,114</u>	<u>44,419</u>	<u>2,829</u>
Expenditures:					
Capital outlay:					
Other improvements		100,000	-	100,000	
Total expenditures	<u>641,590</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>541,590</u>
Revenues over (under) expenditures	<u>(600,000)</u>	<u>(79,695)</u>	<u>24,114</u>	<u>(55,581)</u>	<u>544,419</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	<u>600,000</u>	<u>500,000</u>	<u>100,000</u>	<u>600,000</u>	<u>-</u>
Total other financing sources	<u>600,000</u>	<u>500,000</u>	<u>100,000</u>	<u>600,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 420,305</u>	<u>124,114</u>	<u>\$ 544,419</u>	<u>\$ 544,419</u>
Fund Balance:					
Beginning of year, July 1			<u>420,305</u>		
End of year, June 30			<u>\$ 544,419</u>		

City of Jacksonville, North Carolina
Wilson Bay Initiative Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		191,690	16,357	208,047	
Total expenditures	292,641	191,690	16,357	208,047	84,594
Revenues (under) expenditures	(292,641)	(191,690)	(16,357)	(208,047)	84,594
Other financing sources:					
Transfers in--					
From General Fund	916	441	475	916	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Total other financing sources	292,641	292,166	475	292,641	-
Net change in fund balance	\$ -	\$ 100,476	(15,882)	\$ 84,594	\$ 84,594
Fund Balance:					
Beginning of year, July 1			100,476		
End of year, June 30			\$ 84,594		

City of Jacksonville, North Carolina
Downtown Redevelopment Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	<u>Project</u> <u>Authorization</u>	<u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Total to Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		152,521	-	152,521	
Total expenditures	173,621	152,521	-	152,521	21,100
Revenues (under) expenditures	(173,621)	(152,521)	-	(152,521)	21,100
Other financing sources:					
Debt issued	8,800	8,800	-	8,800	-
Transfers in--					
From General Fund	3,491	3,491	-	3,491	-
From Capital Reserve Fund	161,330	161,330	-	161,330	-
Total other financing sources	173,621	173,621	-	173,621	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,100</u>	-	<u>\$ 21,100</u>	<u>\$ 21,100</u>
Fund Balance:					
Beginning of year, July 1			<u>21,100</u>		
End of year, June 30			<u>\$ 21,100</u>		

City of Jacksonville, North Carolina
Smithfield Grant/Wilson Bay Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Smithfield Grant	\$ 500,000	\$ 445,334	\$ 54,666	\$ 500,000	\$ -
Total revenues	<u>500,000</u>	<u>445,334</u>	<u>54,666</u>	<u>500,000</u>	<u>-</u>
Expenditures:					
Capital Outlay		332,536	167,464	500,000	
Total expenditures	<u>500,000</u>	<u>332,536</u>	<u>167,464</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 112,798</u>	<u>(112,798)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>112,798</u>		
End of year, June 30			<u>\$ -</u>		

City of Jacksonville, North Carolina
Vietnam Veterans Memorial Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment Earnings	\$ 51,335	\$ 24,046	\$ 28,924	\$ 52,970	\$ 1,635
Total revenues	<u>51,335</u>	<u>24,046</u>	<u>28,924</u>	<u>52,970</u>	<u>1,635</u>
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	<u>551,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,335</u>
Revenues over (under) expenditures	<u>(500,000)</u>	<u>24,046</u>	<u>28,924</u>	<u>52,970</u>	<u>552,970</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	<u>500,000</u>	<u>400,000</u>	<u>100,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources	<u>500,000</u>	<u>400,000</u>	<u>100,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 424,046</u>	<u>128,924</u>	<u>\$ 552,970</u>	<u>\$ 552,970</u>
Fund Balance:					
Beginning of year, July 1			<u>424,046</u>		
End of year, June 30			<u>\$ 552,970</u>		

City of Jacksonville, North Carolina
Youth Center Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		262,562	1,973	264,535	
Total expenditures	310,552	262,562	1,973	264,535	46,017
Revenues (under) expenditures	(310,552)	(262,562)	(1,973)	(264,535)	46,017
Other financing sources:					
Debt issued	102,808	102,808	-	102,808	-
Transfers in--					
From General Fund	106,848	66,848	40,000	106,848	-
From Capital Reserve	103,506	103,506	-	103,506	-
Transfers (out)--					
To Capital Reserve	(2,610)	(2,609)	-	(2,609)	(1)
Total other financing sources	310,552	270,553	40,000	310,553	(1)
Net change in fund balance	\$ -	\$ 7,991	38,027	\$ 46,018	\$ 46,018
Fund Balance:					
Beginning of year, July 1			7,991		
End of year, June 30			\$ 46,018		

City of Jacksonville, North Carolina
Fire Training Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:					
Contributions from Coastal Carolina Community College	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
Expenditures:					
Non-capitalized expenditures		<u>115,551</u>	<u>4,112</u>	<u>119,663</u>	
Total expenditures	<u>149,753</u>	<u>115,551</u>	<u>4,112</u>	<u>119,663</u>	<u>30,090</u>
Revenues (under) expenditures	<u>(136,753)</u>	<u>(102,551)</u>	<u>(4,112)</u>	<u>(106,663)</u>	<u>30,090</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>136,753</u>	<u>111,753</u>	<u>25,000</u>	<u>136,753</u>	<u>-</u>
Total other financing sources	<u>136,753</u>	<u>111,753</u>	<u>25,000</u>	<u>136,753</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,202</u>	<u>20,888</u>	<u>\$ 30,090</u>	<u>\$ 30,090</u>
Fund Balance:					
Beginning of year, July 1			<u>9,202</u>		
End of year, June 30			<u>\$ 30,090</u>		

City of Jacksonville, North Carolina
Traffic Signal Preemption Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 155	\$ 105	\$ -	\$ 105	\$ (50)
Total revenues	<u>155</u>	<u>105</u>	<u>-</u>	<u>105</u>	<u>(50)</u>
Expenditures:					
Non-capitalized expenditures		34,000	-	34,000	
Total expenditures	<u>50,155</u>	<u>34,000.0</u>	<u>-</u>	<u>34,000</u>	<u>16,155</u>
Revenues (under) expenditures	<u>(50,000)</u>	<u>(33,895)</u>	<u>-</u>	<u>(33,895)</u>	<u>16,105</u>
Other financing sources:					
Debt Issued	16,000	16,000	-	16,000	-
Transfers in--					
From General Fund	<u>34,000</u>	<u>34,000</u>	<u>-</u>	<u>34,000</u>	<u>-</u>
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,105</u>	<u>-</u>	<u>\$ 16,105</u>	<u>\$ 16,105</u>
Fund Balance:					
Beginning of year, July 1			<u>16,105</u>		
End of year, June 30			<u>\$ 16,105</u>		

City of Jacksonville, North Carolina
Demolition Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Miscellaneous	\$ 4,710	\$ 4,460	\$ -	\$ 4,460	\$ (250)
Contributions	-	250	-	250	250
Total revenues	<u>4,710</u>	<u>4,710</u>	<u>-</u>	<u>4,710</u>	<u>-</u>
Expenditures:					
Non-capitalized expenditures		364,484	5,200	369,684	
Total expenditures	<u>577,710</u>	<u>364,484</u>	<u>5,200</u>	<u>369,684</u>	<u>208,026</u>
Revenues (under) expenditures	<u>(573,000)</u>	<u>(359,774)</u>	<u>(5,200)</u>	<u>(364,974)</u>	<u>208,026</u>
Other financing sources:					
Transfers in--					
From General Fund	333,000	333,000	-	333,000	-
From Capital Reserve Fund	<u>240,000</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>-</u>
Total other financing sources	<u>573,000</u>	<u>573,000</u>	<u>-</u>	<u>573,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 213,226</u>	<u>(5,200)</u>	<u>\$ 208,026</u>	<u>\$ 208,026</u>
Fund balance:					
Beginning of year, July 1			<u>213,226</u>		
End of year, June 30			<u>\$ 208,026</u>		

City of Jacksonville, North Carolina
Country Club Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	23,066	23,066	
Total expenditures	75,000	-	23,066	23,066	51,934
Revenues (under) expenditures	(75,000)	-	(23,066)	(23,066)	51,934
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	75,000	75,000	-	75,000	-
Total other financing sources	75,000	75,000	-	75,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 75,000</u>	(23,066)	<u>\$ 51,934</u>	<u>\$ 51,934</u>
Fund balance:					
Beginning of year, July 1			75,000		
End of year, June 30			<u>\$ 51,934</u>		

City of Jacksonville, North Carolina
Richard Ray All America Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Recreation grant	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Contribution	53,503	53,502	-	53,502	(1)
Miscellaneous	14,369	14,368	-	14,368	(1)
Total revenues	317,872	317,870	-	317,870	(2)
Expenditures:					
Capital outlay:					
Other improvements		578,629	-	578,629	
Total expenditures	701,372	578,629	-	578,629	122,743
Revenues (under) expenditures	(383,500)	(260,759)	-	(260,759)	122,741
Other financing sources (uses):					
Debt Issued	47,000	-	-	-	(47,000)
Transfers in--					
From General Fund	250,000	250,000		250,000	-
From Capital Reserve Fund	90,000	15,000	75,000	90,000	-
Transfers (out)--					
To Capital Reserve Fund	(3,500)	(3,500)	-	(3,500)	-
Total other financing sources	383,500	261,500	75,000	336,500	(47,000)
Net change in fund balance	\$ -	\$ 741	75,000	\$ 75,741	\$ 75,741
Fund balance:					
Beginning of year, July 1			741		
End of year, June 30			\$ 75,741		

City of Jacksonville, North Carolina
Civic Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 52,884	\$ 46,500	\$ -	\$ 46,500	\$ (6,384)
Total revenues	<u>52,884</u>	<u>46,500</u>	<u>-</u>	<u>46,500</u>	<u>(6,384)</u>
Expenditures:					
Capital outlay:					
Construction in progress		1,805,844	-	1,805,844	
Total expenditures	<u>11,879,065</u>	<u>1,805,844</u>	<u>-</u>	<u>1,805,844</u>	<u>10,073,221</u>
Revenues (under) expenditures	<u>(11,826,181)</u>	<u>(1,759,344)</u>	<u>-</u>	<u>(1,759,344)</u>	<u>10,066,837</u>
Other financing sources (uses):					
Debt issued	10,000,000	-	-	-	(10,000,000)
Transfers in--					
From Capital Reserve Fund	1,821,181	1,821,181		1,821,181	-
From General Fund	145,000	145,000	-	145,000	-
Transfers (out)--					
To General Fund	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
Total other financing sources	<u>11,826,181</u>	<u>1,826,181</u>	<u>-</u>	<u>1,826,181</u>	<u>(10,000,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 66,837</u>	<u>-</u>	<u>\$ 66,837</u>	<u>\$ 66,837</u>
Fund balance:					
Beginning of year, July 1			<u>66,837</u>		
End of year, June 30			<u>\$ 66,837</u>		

City of Jacksonville, North Carolina
Jacksonville Commons Phase II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Part F Grant	\$ 250,000	\$ 76,176	\$ 169,545	\$ 245,721	\$ (4,279)
Onslow County Contributions	60,000	60,000	-	60,000	-
Contributions	17,100	17,100	-	17,100	-
Investment Earnings		-	4,360	4,360	4,360
Total revenues	<u>327,100</u>	<u>153,276</u>	<u>173,905</u>	<u>327,181</u>	<u>81</u>
Expenditures:					
Capital outlay:					
Construction in progress		170,861	398,410	569,271	
Total expenditures	<u>2,262,441</u>	<u>170,861</u>	<u>398,410</u>	<u>569,271</u>	<u>1,693,170</u>
Revenues (under) expenditures	<u>(1,935,341)</u>	<u>(17,585)</u>	<u>(224,505)</u>	<u>(242,090)</u>	<u>1,693,251</u>
Other financing sources (uses):					
Debt issued	1,931,841	-	1,931,841	1,931,841	-
Transfers in--					
From Capital Reserve Fund	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
Total other financing sources	<u>1,935,341</u>	<u>3,500</u>	<u>1,931,841</u>	<u>1,935,341</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ (14,085)</u>	1,707,336	<u>\$ 1,693,251</u>	<u>\$ 1,693,251</u>
Fund balance:					
Beginning of year, July 1			<u>(14,085)</u>		
End of year, June 30			<u>\$ 1,693,251</u>		

City of Jacksonville, North Carolina
Sturgeon City Boardwalk II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Water Access Grant	\$ 359,000	\$ 58,442	\$ 13,541	\$ 71,983	\$ (287,017)
Total revenues	<u>359,000</u>	<u>58,442</u>	<u>13,541</u>	<u>71,983</u>	<u>(287,017)</u>
Expenditures:					
Capital outlay:					
Construction in progress		98,780	16,888	115,668	
Total expenditures	<u>422,000</u>	<u>98,780</u>	<u>16,888</u>	<u>115,668</u>	<u>306,332</u>
Revenues (under) expenditures	<u>(63,000)</u>	<u>(40,338)</u>	<u>(3,347)</u>	<u>(43,685)</u>	<u>19,315</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>63,000</u>	<u>-</u>
Total other financing sources	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>63,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 22,662</u>	<u>(3,347)</u>	<u>\$ 19,315</u>	<u>\$ 19,315</u>
Fund balance:					
Beginning of year, July 1			<u>22,662</u>		
End of year, June 30			<u>\$ 19,315</u>		

City of Jacksonville, North Carolina
Reserve Ladder Truck Replacement Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 4,200	\$ 311	\$ 3,522	\$ 3,833	\$ (367)
Total revenues	<u>4,200</u>	<u>311</u>	<u>3,522</u>	<u>3,833</u>	<u>(367)</u>
Expenditures:					
Capital outlay:					
Other Improvements		-	757,258	757,258	
Total expenditures	<u>879,200</u>	<u>-</u>	<u>757,258</u>	<u>757,258</u>	<u>121,942</u>
Revenues over (under) expenditures	<u>(875,000)</u>	<u>311</u>	<u>(753,736)</u>	<u>753,425</u>	<u>(121,575)</u>
Other financing sources:					
Debt Issued	700,000	700,000	-	700,000	-
Transfers in--					
From General Fund	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>
Total other financing sources	<u>875,000</u>	<u>875,000</u>	<u>-</u>	<u>875,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 875,311</u>	<u>(753,736)</u>	<u>\$ 121,575</u>	<u>\$ 121,575</u>
Fund Balance:					
Beginning of year, July 1			<u>875,311</u>		
End of year, June 30			<u>\$ 121,575</u>		

City of Jacksonville, North Carolina
West Gum Branch Fire Station Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	1,425,000	-	-	-	1,425,000
Revenues (under) expenditures	(1,425,000)	-	-	-	1,425,000
Other financing sources:					
Debt issued	1,425,000	-	-	-	(1,425,000)
Total other financing sources	1,425,000	-	-	-	(1,425,000)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Indoor Facility Brynn Marr Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	1,300,000	-	-	-	1,300,000
Revenues (under) expenditures	(1,300,000)	-	-	-	1,300,000
Other financing sources:					
Debt issued	1,300,000	-	-	-	(1,300,000)
Total other financing sources	1,300,000	-	-	-	(1,300,000)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Police/Fire Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	20,970,104	-	-	-	20,970,104
Revenues (under) expenditures	(20,970,104)	-	-	-	20,970,104
Other financing sources:					
Debt Issued	20,000,000	-	-	-	(20,000,000)
Transfers in --					
From General Fund	970,104	50,000	920,104	970,104	-
Total other financing sources	20,970,104	50,000	920,104	970,104	(20,000,000)
Net change in fund balance	\$ -	\$ 50,000	920,104	\$ 970,104	\$ 970,104
Fund Balance:					
Beginning of year, July 1			50,000		
End of year, June 30			\$ 970,104		



Water and Sewer Fund

The Water and Sewer Fund is used to account for water and sewer operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Net Assets
June 30, 2007 and 2006

	2007	2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,907,911	\$ 1,974,606
Accounts receivable (net)	1,608,020	1,304,985
Interfund receivables	45,360	11,935
Inventories	916,373	963,926
Prepaid items	-	60,424
Total Current Assets	5,477,664	4,315,876
Noncurrent Assets:		
Restricted cash and cash equivalents	2,567,392	905,806
Capital assets (net)	79,485,846	77,779,828
Total Noncurrent Assets	82,053,238	78,685,634
Total Assets	87,530,902	83,001,510
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	1,468,203	1,815,888
Interfund payable	33,252	680,340
Compensated absences payable-current	18,151	4,660
Installment purchases payable-current	3,069,446	2,293,675
Loans payable-current	1,403,726	1,463,249
Total Current Liabilities	5,992,778	6,257,812
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	129,772	116,881
Unearned revenue	146,922	127,837
Customer deposits	411,809	416,994
Installment purchases payable-noncurrent	18,378,261	13,508,695
Loans payable-noncurrent	11,226,386	12,630,112
Total Noncurrent Liabilities	30,293,150	26,800,519
Total Liabilities	36,285,928	33,058,331
Net Assets		
Invested in capital assets, net of related debt	47,975,419	48,789,903
Unrestricted	3,269,555	1,153,276
Total Net Assets	\$ 51,244,974	\$ 49,943,179

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services	\$ 13,331,854	\$ 12,167,702
Total operating revenues	<u>13,331,854</u>	<u>12,167,702</u>
Operating expenses:		
Water/Sewer Operations	4,898,483	4,607,496
Water Supply	507,461	539,984
Wastewater Treatment	1,399,066	1,286,508
Non-capitalized expenses - projects	50,275	81,729
Depreciation	5,536,970	5,295,495
Total operating expenses	<u>12,392,255</u>	<u>11,811,212</u>
Operating income	<u>939,599</u>	<u>356,490</u>
Nonoperating revenues (expenses):		
Investment earnings	277,943	316,384
Assessments collected	12	449
Interest collected on assessments	1	117
Gain on sale of capital assets	85,823	42,148
Interest on long-term debt	<u>(1,251,072)</u>	<u>(1,164,831)</u>
Total nonoperating (expenses)	<u>(887,293)</u>	<u>(805,733)</u>
Income (loss) before capital contributions and transfers	<u>52,306</u>	<u>(449,243)</u>
Capital contributions:		
Developer contributions	<u>1,055,081</u>	<u>714,338</u>
Total capital contributions	<u>1,055,081</u>	<u>714,338</u>
Income before transfers	<u>1,107,387</u>	<u>265,095</u>
Transfers:		
Transfers in	394,408	405,659
Transfers (out)	<u>(200,000)</u>	<u>(61,507)</u>
Total transfers	<u>194,408</u>	<u>344,152</u>
Increase in Net Assets	1,301,795	609,247
Net Assets		
Beginning of year, July 1	<u>49,943,179</u>	<u>49,333,932</u>
End of year, June 30	<u>\$ 51,244,974</u>	<u>\$ 49,943,179</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers	\$ 12,999,050	\$ 12,229,641
Cash paid for goods and services	(3,583,554)	(3,157,580)
Cash paid to employees	(3,436,202)	(3,145,448)
Customer deposits	(5,185)	20,411
Net cash provided by operating activities	<u>5,974,109</u>	<u>5,947,024</u>
Cash flows from noncapital financing activities:		
Transfers in	394,408	405,659
Transfers (out)	(200,000)	(61,507)
Advances from other funds	(647,088)	661,868
Advances (to) other funds	(33,425)	-
Net cash provided (used) by noncapital financing activities	<u>(486,105)</u>	<u>1,006,020</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(4,278,022)	(7,289,041)
Interest paid on long-term debt	(1,251,072)	(1,164,831)
Debt issued	8,460,109	5,459,901
Purchase of capital assets	(6,187,907)	(12,594,277)
Proceeds from sale of assets	85,823	42,148
Assessments collected	12	449
Interest collected on assessments	1	117
Net cash (used) by capital and related financing activities	<u>(3,171,056)</u>	<u>(15,545,534)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>277,943</u>	<u>316,384</u>
Net cash provided by investing activities	<u>277,943</u>	<u>316,384</u>
Net (decrease) in cash and cash equivalents	2,594,891	(8,276,106)
Cash and cash equivalents, July 1	<u>2,880,412</u>	<u>11,156,518</u>
Cash and cash equivalents, June 30	<u>\$ 5,475,303</u>	<u>\$ 2,880,412</u>

Continued on next page.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 939,599	\$ 356,490
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,536,970	5,295,495
Bad debt expense	48,855	38,598
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	26,382	4,140
(Increase) decrease in prepaid expenses	60,424	(60,424)
Increase (decrease) in accounts payable	(347,685)	432,651
(Increase) decrease in accounts receivable	(351,889)	60,586
(Increase) decrease in inventories	47,553	(202,276)
Increase (decrease) in deferred revenues	19,085	1,353
Increase (decrease) in customer deposits	(5,185)	20,411
Total adjustments	<u>5,034,510</u>	<u>5,590,534</u>
Net cash provided by operating activities	<u>\$ 5,974,109</u>	<u>\$ 5,947,024</u>
Noncash investing, capital, and financing activities:		
Capital contributed by developers	<u>\$ 1,055,081</u>	<u>\$ 714,338</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses—
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 2,112,998	\$ 2,303,067	\$ 190,069	\$ 3,040,163
Water tap fees	3,000	4,778	1,778	4,751
Water facility fees	175,000	159,070	(15,930)	179,563
Water Meter Purchases	-	65,194	65,194	85,655
Water Plant Expansion	2,086,494	1,731,653	(354,841)	-
Sewer sales	2,017,804	1,569,354	(448,450)	3,136,563
Sewer tap fees	5,000	9,056	4,056	3,305
Sewer facility fees	560,000	584,472	24,472	575,183
Late penalty charges	94,200	96,967	2,767	82,298
New account service charges	52,000	51,670	(330)	54,920
Interest collected on tap fees	50	-	(50)	-
Inflow and Infiltration Fee	-	262,430	262,430	238,092
Onslow County leachate	35,000	37,749	2,749	25,605
Land application user charge	3,729,600	4,104,560	374,960	3,763,320
Land application late fee	35,000	43,221	8,221	26,229
Land application expansion	2,603,345	1,968,329	(635,016)	495,027
Miscellaneous operating revenue	257,051	340,284	83,233	457,028
Total	<u>13,766,542</u>	<u>13,331,854</u>	<u>(434,688)</u>	<u>12,167,702</u>
Nonoperating revenues:				
Interest earned on investments	150,000	277,943	127,943	316,384
Assessments collected	2,500	12	(2,488)	449
Interest collected on assessments	150	1	(149)	117
Sale of capital assets	25,000	85,823	60,823	42,148
Developer contributions	-	1,055,081	1,055,081	714,338
Total	<u>177,650</u>	<u>1,418,860</u>	<u>1,241,210</u>	<u>1,073,436</u>
Total revenues	<u>13,944,192</u>	<u>14,750,714</u>	<u>806,522</u>	<u>13,241,138</u>
Expenses:				
Water/Sewer operations				
Administration				
Salaries and employee benefits		949,715		922,534
Supplies		60,542		(11,408)
Insurance		2,409		2,116
Contracted services-info technology		31,620		36,947
Contracted services		35,740		58,551
Other departmental expenses		182,381		198,088
Bad debt expense		48,855		38,598
Total		<u>1,311,262</u>		<u>1,245,426</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Engineering				
Salaries and employee benefits	\$ -	\$ 398,551	\$ -	\$ 224,572
Supplies		5,290		4,891
Insurance		1,603		1,824
Contracted services		97,474		208,482
Contracted services-info technology		45,674		45,158
Other departmental expenses		34,593		45,046
Total		583,185		529,973
Metering distribution				
Salaries and employee benefits		213,284		242,575
Supplies		15,855		45,502
Insurance		2,691		2,858
Utilities		2,663		2,445
Maintenance and repair		1,131		2,256
Contracted services		1,625		55,116
Contracted services-info technology		21,080		24,631
Other departmental expenses		53,045		51,186
Total		311,374		426,569
Utilities maintenance				
Salaries and employee benefits		1,051,360		971,656
Supplies		115,777		113,440
Insurance		9,145		8,150
Utilities		623,324		547,378
Maintenance and repair		406,918		246,990
Contracted services		190,697		319,990
Contracted services-info technology		56,214		49,263
Other departmental expenses		239,227		148,661
Total		2,692,662		2,405,528
Total Water/Sewer operations	5,984,028	4,898,483	1,085,545	4,607,496
Water supply				
Salaries and employee benefits		322,229		304,812
Supplies		36,272		44,344
Insurance		6,993		8,660
Utilities		1,698		1,410
Maintenance and repair		7,960		3,673
Contracted services		16,016		5,017
Contracted services-info technology		91,348		98,526
Other departmental expenses		24,945		73,542
Total water supply	548,569	507,461	41,108	539,984

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Wastewater treatment				
Salaries and employee benefits	\$ -	\$ 527,445	\$ -	\$ 483,439
Supplies		110,022		98,879
Insurance		23,027		27,888
Utilities		485,296		417,914
Maintenance and repair		63,280		56,811
Contracted services		51,835		41,617
Contracted services-info technology		52,700		61,579
Other departmental expenses		85,461		98,381
Total wastewater treatment	<u>1,450,594</u>	<u>1,399,066</u>	<u>51,528</u>	<u>1,286,508</u>
Total	<u>7,983,191</u>	<u>6,805,010</u>	<u>1,178,181</u>	<u>6,433,988</u>
Budgetary appropriations:				
Interest paid	2,091,388	1,251,072	840,316	1,164,831
Debt principal	5,044,930	4,278,022	766,908	7,289,041
Increase (decrease) in inventory	-	(47,553)	47,553	202,276
(Increase) decrease in compensated absences payable	-	(26,382)	26,382	(4,140)
Increase (decrease) in prepaid expenses	-	(60,424)	60,424	60,424
Debt issued	(161,366)	(161,366)	-	(283,859)
Appropriated retained earnings	(4,924,479)	-	(4,924,479)	-
Transfers (in)--				
From Water/Sewer Capital Projects	(274,000)	(274,000)	-	(175,956)
From Non-Major Governmental Funds	(394,409)	(394,408)	(1)	(405,659)
Transfers out--				
To Water/Sewer Capital Projects	4,157,344	2,307,728	1,849,616	-
To Non-Major Enterprise Funds	-	-	-	55,000
To Non-Major Governmental Funds	200,000	200,000	-	6,507
Non-capitalized expenses - projects	-	50,275	(50,275)	81,729
Capital outlay	<u>221,593</u>	<u>176,478</u>	<u>45,115</u>	<u>242,241</u>
Total budgetary appropriations	<u>5,961,001</u>	<u>7,299,442</u>	<u>(1,338,441)</u>	<u>8,232,435</u>
Total expenses	<u>\$ 13,944,192</u>	<u>\$ 14,104,452</u>	<u>\$ (160,260)</u>	<u>\$ 14,666,423</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 14,750,714	\$ 13,241,138
Total expenses		<u>14,104,452</u>	<u>14,666,423</u>
Revenues over (under) expenses		<u>646,262</u>	<u>(1,425,285)</u>
Budgetary appropriations (above):			
Payment of debt principal		4,278,022	7,289,041
Debt issued		(161,366)	(283,859)
Increase (decrease) in inventory		(47,553)	202,276
(Increase) decrease in compensated absences payable		(26,382)	(4,140)
Increase (decrease) in prepaid expenses		(60,424)	60,424
Capital outlay		176,478	242,241
Transfers		<u>2,033,728</u>	<u>(175,956)</u>
Total budgetary appropriations		<u>6,192,503</u>	<u>7,330,027</u>
Depreciation (Statement 32)		<u>(5,536,970)</u>	<u>(5,295,495)</u>
Increase in net assets (Statement 32)		<u>\$ 1,301,795</u>	<u>\$ 609,247</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Water Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Water Meter Purchase	\$ 296,408	\$ 231,919	\$ 65,179	\$ 297,098	\$ 690
Investment earnings	75,484	50,944	24,099	75,043	(441)
Total revenues	371,892	282,863	89,278	372,141	249
Expenses:					
Water tank painting	774,200	722,979	17,417	740,396	33,804
Water line replacements	2,226,829	1,594,814	-	1,594,814	632,015
Lejeune Boulevard water	148,500	-	-	-	148,500
Fire Protection water improvements	175,000	-	-	-	175,000
Million gallon water tank	2,096,841	1,912,609	(6,156)	1,906,453	190,388
Automated meter reading	3,473,509	2,738,131	307,254	3,045,385	428,124
Well rehabilitation	28,000	-	-	-	28,000
DOT construction water impact	50,000	400	-	400	49,600
Water treatment plant	32,557,350	3,179,590	1,496,312	4,675,902	27,881,448
Country Club Road widening	65,000	-	-	-	65,000
Total expenses	41,595,229	10,148,523	1,814,827	11,963,350	29,631,879
Revenues (under) expenses	(41,223,337)	(9,865,660)	(1,725,549)	(11,591,209)	29,632,128
Other financing sources:					
Debt issued - Installment purchases	37,544,229	7,475,003	50,000	7,525,003	(30,019,226)
Transfers in--					
From Water/Sewer Fund	3,647,817	2,637,404	197,154	2,834,558	(813,259)
From Water/Sewer Capital Reserve	31,291	31,291	-	31,291	-
Total other financing sources	41,223,337	10,143,698	247,154	10,390,852	(30,832,485)
Excess of revenues and other sources over expenses	\$ -	\$ 278,038	\$ (1,478,395)	\$ (1,200,357)	\$ (1,200,357)

City of Jacksonville, North Carolina
Sewer Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 68,809	\$ 54,961	\$ 1,787	\$ 56,748	\$ (12,061)
Inflow and infiltration fee	717,254	433,481	262,430	695,911	(21,343)
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	<u>855,063</u>	<u>557,442</u>	<u>264,217</u>	<u>821,659</u>	<u>(33,404)</u>
Expenses:					
Sewer line replacements	4,936,494	3,692,264	25,675	3,717,939	1,218,555
Utilities operation center	4,765,697	4,671,710	84,713	4,756,423	9,274
DOT construction sewer impact	750,000	143,337	41,634	184,971	565,029
Pump station rehabilitation	3,012,626	1,584,123	403,736	1,987,859	1,024,767
Inflow/infiltration	3,949,590	1,070,560	1,434,393	2,504,953	1,444,637
Relocate utilities bypass	50,000	-	8,640	8,640	41,360
Land application expansion	46,500,000	5,799,058	2,248,086	8,047,144	38,452,856
Total expenses	<u>63,964,407</u>	<u>16,961,052</u>	<u>4,246,877</u>	<u>21,207,929</u>	<u>42,756,478</u>
Revenues (under) expenses	<u>(63,109,344)</u>	<u>(16,403,610)</u>	<u>(3,982,660)</u>	<u>(20,386,270)</u>	<u>42,723,074</u>
Other financing sources (uses):					
Debt issued					
Installment purchases	57,283,266	5,566,667	8,248,743	13,815,410	(43,467,856)
Transfers in--					
From Water/Sewer Fund	6,221,141	3,074,210	2,110,574	5,184,784	(1,036,357)
From W/S Capital Reserve Fund	314,283	314,283	-	314,283	-
From W/S Capital Projects	500,000	500,000	-	500,000	-
Transfers (out)--					
To Water/Sewer Fund	<u>(1,209,346)</u>	<u>(935,345)</u>	<u>(274,000)</u>	<u>(1,209,345)</u>	<u>1</u>
Total other financing sources (uses)	<u>63,109,344</u>	<u>8,519,815</u>	<u>10,085,317</u>	<u>18,605,132</u>	<u>(44,504,212)</u>
Excess of revenues and other sources over (under) expenses and other uses	<u>\$ -</u>	<u>\$ (7,883,795)</u>	<u>\$ 6,102,657</u>	<u>\$ (1,781,138)</u>	<u>\$ (1,781,138)</u>

City of Jacksonville, North Carolina
Water/Sewer Capital Reserve Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Interest on investments	\$ 450,591	\$ 443,811	\$ 9,545	\$ 453,356	\$ 2,765
Total revenues	450,591	443,811	9,545	453,356	2,765
Expenses:					
Water supply and distribution	131,936	-	-	-	131,936
Sewage collection and treatment	55,038	-	-	-	55,038
Total expenses	186,974	-	-	-	186,974
Revenues over expenses	263,617	443,811	9,545	453,356	189,739
Other financing sources (uses):					
Transfers in--					
From Water/Sewer Fund	881,931	881,931	-	881,931	-
From Water Capital Projects	441,935	441,935	-	441,935	-
From Sewer Capital Projects	1,471,891	1,471,891	-	1,471,891	-
Transfers (out)--					
To Water/Sewer Fund	(500,000)	(500,000)	-	(500,000)	-
To Water Capital Projects	(270,291)	(270,291)	-	(270,291)	-
To Sewer Capital Projects	(1,249,083)	(1,249,083)	-	(1,249,083)	-
To General Capital Reserve Fund	(1,040,000)	(1,040,000)	-	(1,040,000)	-
Total other financing (uses)	(263,617)	(263,617)	-	(263,617)	-
Excess of revenues and other sources over expenses and other uses	\$ -	\$ 180,194	\$ 9,545	\$ 189,739	\$ 189,739

Solid Waste Fund

The Solid Waste Fund is used to account for solid waste collection operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Net Assets
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,370,435	\$ 875,218
Accounts receivable (net)	155,506	131,741
Interfund receivables	<u>30,857</u>	<u>9,240</u>
Total Current Assets	<u>1,556,798</u>	<u>1,016,199</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	318,301	-
Capital assets (net)	<u>245,404</u>	<u>366,241</u>
Total Capital Assets	<u>563,705</u>	<u>366,241</u>
Total Assets	<u>2,120,503</u>	<u>1,382,440</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	237,069	279,928
Interfund payable	57,892	56,586
Installment purchases payable - current	279,786	239,204
Compensated absences payable - current	<u>2,804</u>	<u>411</u>
Total Current Liabilities	<u>577,551</u>	<u>576,129</u>
Noncurrent Liabilities:		
Installment purchases payable - noncurrent	613,949	601,732
Compensated absences payable - noncurrent	<u>56,858</u>	<u>53,197</u>
Total Noncurrent Liabilities	<u>670,807</u>	<u>654,929</u>
Total Liabilities	<u>1,248,358</u>	<u>1,231,058</u>
Net Assets		
Invested in capital assets, net of related debt	87,473	62,274
Unrestricted	<u>784,672</u>	<u>89,108</u>
Total Net Assets	<u>\$ 872,145</u>	<u>\$ 151,382</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services	\$ 2,338,256	\$ 2,391,135
Total operating revenues	<u>2,338,256</u>	<u>2,391,135</u>
Operating expenses:		
Solid Waste Operations	4,107,603	4,709,197
Depreciation	<u>120,836</u>	<u>137,116</u>
Total operating expenses	<u>4,228,439</u>	<u>4,846,313</u>
Operating (loss)	<u>(1,890,183)</u>	<u>(2,455,178)</u>
Nonoperating revenues (expenses):		
Investment earnings	63,865	39,069
Gain on sale of fixed assets	41,000	-
Interest on long-term debt	(26,758)	(20,863)
Internal transfer of assets	<u>-</u>	<u>61,417</u>
Total nonoperating revenues	<u>78,107</u>	<u>79,623</u>
Income (loss) before transfers	<u>(1,812,076)</u>	<u>(2,375,555)</u>
Transfers:		
Transfers in	2,532,839	1,893,967
Transfers (out)	<u>-</u>	<u>(7,872)</u>
Total transfers	<u>2,532,839</u>	<u>1,886,095</u>
Change in Net Assets	720,763	(489,460)
Net Assets:		
Beginning of year, July 1	<u>151,382</u>	<u>640,842</u>
End of year, June 30	<u>\$ 872,145</u>	<u>\$ 151,382</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,311,047	\$ 2,430,885
Cash paid for goods and services	(2,594,343)	(3,256,196)
Cash paid to employees	(1,546,621)	(1,294,318)
Net cash (used) by operating activities	<u>(1,829,917)</u>	<u>(2,119,629)</u>
Cash flows from noncapital financing activities:		
Transfers in	2,532,839	1,893,967
Transfers (out)	-	(7,872)
Advances from other funds	1,306	48,055
Advances (to) other funds	(21,617)	-
Net cash provided (used) by noncapital financing activities	<u>2,512,528</u>	<u>1,934,150</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(259,712)	(217,131)
Interest paid on long-term debt	(26,758)	(20,863)
Debt issued	312,512	760,006
Proceeds from sale of assets	41,000	-
Purchase of capital assets	-	(143,877)
Net cash provided by capital and related financing activities	<u>67,042</u>	<u>378,135</u>
Cash flows from investing activities:		
Interest earned on investments	63,865	39,069
Net cash provided by investing activities	<u>63,865</u>	<u>39,069</u>
Net increase (decrease) in cash and cash equivalents	813,518	231,725
Cash and cash equivalents, July 1	<u>875,218</u>	<u>643,493</u>
Cash and cash equivalents, June 30	<u>\$ 1,688,736</u>	<u>\$ 875,218</u>

Continued on next page.

**City of Jacksonville, North Carolina
Solid Waste Fund**

**Statement 40,
continued.**

Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006

	2007	2006
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating (loss)	\$ (1,890,183)	\$ (2,455,178)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	120,836	137,116
Bad debt expense	3,444	1,671
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	6,054	53,608
Increase (decrease) in accounts payable	(42,859)	103,420
(Increase) decrease in accounts receivable	(27,209)	39,734
Total adjustments	60,266	335,549
Net cash (used) by operating activities	\$ (1,829,917)	\$ (2,119,629)
Noncash investing, capital, and financing activities:		
Capital assets contributed by general fund	\$ -	\$ 359,479

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,475,000	\$ 1,650,987	\$ 175,987	\$ 1,593,946
Commercial pickups	5,000	2,595	(2,405)	4,200
Residential fees	628,800	653,722	24,922	634,745
Recycling revenues	-	(4)	(4)	136,799
Other operating revenues	20,500	30,956	10,456	21,445
Total operating revenues	<u>2,129,300</u>	<u>2,338,256</u>	<u>208,956</u>	<u>2,391,135</u>
Nonoperating revenues:				
Internal transfer of assets	-	-	-	61,417
Gain (loss) on sale of fixed assets	50,000	41,000	(9,000)	-
Interest earned on investments	-	63,865	63,865	39,069
Total nonoperating revenues	<u>50,000</u>	<u>104,865</u>	<u>54,865</u>	<u>100,486</u>
Total revenues	<u>2,179,300</u>	<u>2,443,121</u>	<u>263,821</u>	<u>2,491,621</u>
Expenses:				
Salaries and employee benefits		1,552,675		1,347,910
Unleaded fuel		113,727		118,027
Maintenance and repair		201,670		235,842
Non-capital equipment		3,661		631,584
Contracted services - landfill		1,995,503		2,250,014
Contracted services - internal services		55,493		37,080
Bad debt expense		3,444		1,671
Other expenses		181,430		87,069
Total	<u>4,575,986</u>	<u>4,107,603</u>	<u>468,383</u>	<u>4,709,197</u>
Budgetary appropriations:				
Interest paid	34,380	26,758	7,622	20,863
Debt principal	300,365	259,712	40,653	217,131
(Increase) in compensated absences payable	-	(6,054)	6,054	(53,608)
Debt issued	(312,512)	(312,512)	-	(760,006)
Transfers (in)--				
From General Fund	(2,532,839)	(2,532,839)	-	(1,893,967)
Transfers out--				
To Special Revenue Fund	-	-	-	7,872
Capital outlay	324,769	-	324,769	143,877
Appropriated retained earnings	(210,849)	-	(210,849)	-
Total budgetary appropriations	<u>(2,396,686)</u>	<u>(2,564,935)</u>	<u>168,249</u>	<u>(2,317,838)</u>
Total expenses	<u>\$ 2,179,300</u>	<u>\$ 1,542,668</u>	<u>\$ 636,632</u>	<u>\$ 2,391,359</u>

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 2,443,121		\$ 2,491,621
Total expenses		<u>1,542,668</u>		<u>2,391,359</u>
Excess of revenues over expenses		<u>900,453</u>		<u>100,262</u>
Budgetary appropriations (above):				
Payment of debt principal		259,712		217,131
Debt issued		(312,512)		(760,006)
(Increase) in compensated absences payable		(6,054)		(53,608)
Capital outlay		<u>-</u>		<u>143,877</u>
Total budgetary appropriations		(58,854)		(452,606)
Depreciation (Statement 39)		<u>(120,836)</u>		<u>(137,116)</u>
Change in Net Assets (Statement 39)		<u>\$ 720,763</u>		<u>\$ (489,460)</u>

Note: Prepared on the budgetary basis, which is modified accrual.



Non-Major Funds

- Non-Major Governmental Funds
- Non-Major Enterprise Funds
- Internal Service Funds



Non-Major Governmental Funds

The Non-Major Governmental Combining Statements show a combined total for all non-major governmental funds.

INDIVIDUAL FUND DESCRIPTIONS

Community Development Fund:

Community Development Block Grant – accounts for the revenues and expenditures of Community Development Block Grant programs.

CREATE Project – accounts for the revenues and expenditures of the CREATE Project.

Continuum of Care Project – accounts for the revenues and expenditures of the Continuum of Care Project.

Economic Development Project – accounts for the revenues and expenditures of the Economic Development Project.

Affordable Housing Construction Project – accounts for the revenues and expenditures of the Affordable Housing Construction Project.

Law Enforcement Grants Fund:

School Resource Officer Grant – accounts for the revenues and expenditures of the School Resource Officer Program.

Bulletproof Vest Grant – accounts for the revenues and expenditures of the Bulletproof Vest Grant Program.

Sandy Run Mentoring Program – accounts for the revenues and expenditures of the Sandy Run Mentoring Program.

Governor's Crime Commission Grant Project – accounts for the revenues and expenditures of the Governor's Crime Commission Grant 2005 Project.

Governor's Highway Safety Grant – accounts for the revenues and expenditures of the Governor's Highway Safety Grant Program.

Homeland Security Grant – accounts for the revenues and expenditures of the Homeland Security Grant.

Justice Assistance Grant – accounts for the revenues and expenditures of the Justice Assistance Grant.

Federal DEA Project – accounts for the revenues and expenditures of the Federal DEA Project.

State DEA Project – accounts for the revenues and expenditures of the State DEA Project.

Non-Major Governmental Funds

(Continued)

E-911 Fund:

E-911 – accounts for the revenues and expenditures of the Enhanced E-911 Operation.

Wireless 911 – accounts for the revenues and expenditures of the Wireless 911 Operation.

Transportation Fund:

City Transit System Project – accounts for the revenues and expenditures of the City Transit System Project.

Transit Implementation Plan Project – accounts for the revenues and expenditures of the Transit Implementation Plan Project.

Non-Capitalized Projects Fund:

NOAA Chaney Creek Restoration Grant Project – accounts for the revenues and expenditures of the NOAA Chaney Creek Restoration Grant Project.

NC Aquatic Weed Control Project – accounts for the revenues and expenditures of the NC Aquatic Weed Control Project.

Jacksonville Business Park Certification Project – accounts for the revenues and expenditures of the Jacksonville Business Park Certification Project.

Northeast Creek Lagoons Project – accounts for the revenues and expenditures of the Northeast Creek Lagoons Project.

Dewitt Street Project – accounts for the revenues and expenditures of the Dewitt Street Project.

Street Improvements Fund:

Streets Powell Bill Capital Project – accounts for the funds used in the rehabilitation of streets primarily funded by Powell Bill revenues.

General Capital Reserve Fund – accounts for funds reserved by City Council for future capital improvements.



City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Community Development Fund				
	CDBG	CREATE Project	Continuum of Care	Economic Development	Affordable Housing Construction
Assets					
Cash and cash equivalents	\$ 153,816	\$ 69,186	\$ 25,100	\$ 54,100	\$ 343,701
Restricted cash and cash equivalents	-	-	-	-	-
Accounts receivable	2,798	-	-	-	-
Notes receivable	1,559,009	-	-	-	-
Interfund receivable	-	-	-	-	43
Total Assets	\$ 1,715,623	\$ 69,186	\$ 25,100	\$ 54,100	\$ 343,744
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 703,290	\$ 10,618	\$ -	\$ -	\$ -
Interfund payable	87,380	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	790,670	10,618	-	-	-
Fund Balance - Reserved:					
Reserved by grantor	865,790	-	-	-	-
Reserved for encumbrances	8,342	400	-	-	-
Reserved for Powell Bill	-	-	-	-	-
Reserved for drug enforcement	-	-	-	-	-
Reserved for US agencies	-	-	-	-	-
Total Reserved	874,132	400	-	-	-
Unreserved/Designated					
Designated for subsequent year's expenditures:					
Special Revenue Funds	50,821	58,168	25,100	54,100	343,744
Capital Projects Fund - Streets	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-
Unreserved, undesignated, Special Revenue Funds	-	-	-	-	-
Total Fund Balance	924,953	58,568	25,100	54,100	343,744
Total Liabilities and Fund Balances	\$ 1,715,623	\$ 69,186	\$ 25,100	\$ 54,100	\$ 343,744

Law Enforcement Grants Fund

School Resource Officer	Bulletproof Vest	Governor's Crime Commission	Governor's Highway Safety	Homeland Security	Justice Assistance	Federal DEA	State DEA
\$ 45,008	\$ 15,974	\$ 4,571	\$ 13,757	\$ -	\$ -	\$ -	\$ -
-	-	-	21,875	-	-	177,212	130,424
-	-	-	59,458	31,745	6,419	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 45,008</u>	<u>\$ 15,974</u>	<u>\$ 4,571</u>	<u>\$ 95,090</u>	<u>\$ 31,745</u>	<u>\$ 6,419</u>	<u>\$ 177,212</u>	<u>\$ 130,424</u>
\$ 4,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,990	\$ 28,393
1,308	-	-	80,915	31,745	2,559	-	-
-	-	-	-	-	-	-	-
<u>6,063</u>	<u>-</u>	<u>-</u>	<u>80,915</u>	<u>31,745</u>	<u>2,559</u>	<u>64,990</u>	<u>28,393</u>
-	-	-	-	-	-	-	-
840	-	-	-	-	-	2,115	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	110,107	102,031
-	-	-	-	-	-	-	-
<u>840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,222</u>	<u>102,031</u>
38,105	15,974	4,571	14,175	-	3,860	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>38,945</u>	<u>15,974</u>	<u>4,571</u>	<u>14,175</u>	<u>-</u>	<u>3,860</u>	<u>112,222</u>	<u>102,031</u>
<u>\$ 45,008</u>	<u>\$ 15,974</u>	<u>\$ 4,571</u>	<u>\$ 95,090</u>	<u>\$ 31,745</u>	<u>\$ 6,419</u>	<u>\$ 177,212</u>	<u>\$ 130,424</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2007

With Comparative Totals for June 30, 2006

	E-911 Fund		Transportation Fund		Non-Capitalized
	E-911	Wireless 911	City Transportation Project	Transit Implementation Plan	Projects Fund
					NC Aquatic Weed Control
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 132,394	\$ -	\$ 3,000
Restricted cash and cash equivalents	90,817	331,414	-	-	-
Accounts receivable	17,793	28,752	163,671	27,283	-
Notes receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total Assets	\$ 108,610	\$ 360,166	\$ 296,065	\$ 27,283	\$ 3,000
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 21,286	\$ 15,526	\$ 208,157	\$ 1,653	\$ -
Interfund payable	-	-	-	16,836	-
Deferred revenue	-	-	-	-	-
Total Liabilities	21,286	15,526	208,157	18,489	-
Fund Balance - Reserved:					
Reserved by grantor	-	-	-	-	-
Reserved for encumbrances	2,490	2,491	134,809	17,400	-
Reserved for Powell Bill	-	-	-	-	-
Reserved for drug enforcement	-	-	-	-	-
Reserved for US agencies	-	-	-	-	-
Total Reserved	2,490	2,491	134,809	17,400	-
Unreserved/Designated					
Designated for subsequent year's expenditures:					
Special Revenue Funds	84,834	342,149	-	-	3,000
Capital Projects Fund - Streets	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-
Unreserved, undesignated, Special Revenue Funds	-	-	(46,901)	(8,606)	-
Total Fund Balance	87,324	344,640	87,908	8,794	3,000
Total Liabilities and Fund Balances	\$ 108,610	\$ 360,166	\$ 296,065	\$ 27,283	\$ 3,000

Non-Capitalized Projects Fund		Street Improvements Fund		General Capital Reserve Fund	Total	
Jacksonville Business Park Certification	Northeast Creek Lagoons	Dewitt Street	Streets Powell Bill		June 30, 2007	June 30, 2006
\$ 667	\$ 189,225	\$ 335,036	\$ -	\$ 3,052,267	\$ 4,437,802	\$ 5,870,380
-	-	-	1,676,267	-	2,428,009	1,945,334
-	-	-	-	27,480	365,399	341,377
-	-	-	-	-	1,559,009	1,424,912
-	-	-	-	-	43	111
<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 335,036</u>	<u>\$ 1,676,267</u>	<u>\$ 3,079,747</u>	<u>\$ 8,790,262</u>	<u>\$ 9,582,114</u>
\$ -	\$ -	\$ 6,805	\$ -	\$ -	\$ 1,065,473	\$ 1,055,637
-	-	-	-	-	220,743	132,568
-	-	-	-	14,646	14,646	18,313
-	-	6,805	-	14,646	1,300,862	1,206,518
-	-	-	-	-	865,790	617,774
-	-	38,703	-	-	207,590	256,553
-	-	-	1,676,267	-	1,676,267	1,337,742
-	-	-	-	-	212,138	359,175
-	-	-	-	6,479	6,479	11,692
-	-	38,703	1,676,267	6,479	2,968,264	2,582,936
667	189,225	-	-	-	1,228,493	875,600
-	-	289,528	-	-	289,528	-
-	-	-	-	3,058,622	3,058,622	5,149,649
-	-	-	-	-	(55,507)	(232,589)
<u>667</u>	<u>189,225</u>	<u>328,231</u>	<u>1,676,267</u>	<u>3,065,101</u>	<u>7,489,400</u>	<u>8,375,596</u>
<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 335,036</u>	<u>\$ 1,676,267</u>	<u>\$ 3,079,747</u>	<u>\$ 8,790,262</u>	<u>\$ 9,582,114</u>

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Non-Major Governmental Funds
Combining Balance Sheet to Exhibit C

Statement 42,
continued.

Note: Reconciliation of Interfund Receivable (Payable) to Exhibit C:

Interfund Receivable	\$ 43	Interfund Payable	\$ 220,743
Less interfund receivable within the Non-Major Governmental Funds	(43)	Less interfund payable within the Non-Major Governmental Funds	(43)
Exhibit C	<u>\$ -</u>	Exhibit C	<u>\$ 220,700</u>

Note: Reconciliation of Total Assets, and Total Liabilities and Fund Balances to Exhibit C:

Total Assets	\$ 8,790,262	Total Liabilities and Fund Balances	\$ 8,790,262
Less interfund receivable within the Non-Major Governmental Funds	(43)	Less interfund payable within the Non-Major Governmental Funds	(43)
Exhibit C	<u>\$ 8,790,219</u>	Exhibit C	<u>\$ 8,790,219</u>

Note: Reconciliation of Unreserved, Designated Fund Balance and Unreserved, Undesignated Fund Balance to Exhibit C:

Unreserved, designated in Special Revenue	\$ 1,228,493	Unreserved, undesignated in Special Revenue	\$ 1,228,493
Less Unreserved, undesignated in Special Revenue	(55,507)	Less Unreserved, undesignated in Special Revenue	(55,507)
Exhibit C	<u>\$ 1,172,986</u>	Exhibit C	<u>\$ 1,172,986</u>



City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Community Development Fund				
	CDBG	CREATE Project	Continuum of Care	Economic Development	Affordable Housing Construction
Revenues:					
Restricted intergovernmental revenues	\$ 380,286	\$ -	\$ -	\$ -	\$ -
Investment earnings	454	-	-	-	2,161
Miscellaneous	347,743	119,660	-	-	26,740
Total revenues	<u>728,483</u>	<u>119,660</u>	<u>-</u>	<u>-</u>	<u>28,901</u>
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	421,304	94,430	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	<u>421,304</u>	<u>94,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>307,179</u>	<u>25,230</u>	<u>-</u>	<u>-</u>	<u>28,901</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Debt Issued	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	307,179	25,230	-	-	28,901
Fund balances:					
Beginning of year, July 1	617,774	33,338	25,100	54,100	314,843
End of year, June 30	<u>\$ 924,953</u>	<u>\$ 58,568</u>	<u>\$ 25,100</u>	<u>\$ 54,100</u>	<u>\$ 343,744</u>

Law Enforcement Grants Fund

School Resource Officer	Bulletproof Vest	Sandy Run Mentoring	Governor's Crime Commission	Governor's Highway Safety	Homeland Security	Justice Assistance
\$ 205,032	\$ -	\$ -	\$ -	\$ 59,458	\$ 170,463	\$ 12,340
-	-	-	-	-	-	-
-	-	-	-	-	-	-
205,032	-	-	-	59,458	170,463	12,340
-	-	-	-	-	-	-
-	-	-	-	-	-	-
357,696	-	961	-	9,015	11,499	5,921
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,652	70,310	158,964	6,807
357,696	-	961	3,652	79,325	170,463	12,728
(152,664)	-	(961)	(3,652)	(19,867)	-	(388)
137,627	-	-	-	11,044	-	-
-	-	-	-	-	-	-
-	-	-	-	21,875	-	-
137,627	-	-	-	32,919	-	-
(15,037)	-	(961)	(3,652)	13,052	-	(388)
53,982	15,974	961	8,223	1,123	-	4,248
\$ 38,945	\$ 15,974	\$ -	\$ 4,571	\$ 14,175	\$ -	\$ 3,860

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	<u>Law Enforcement Grants Fund</u>		<u>E-911 Fund</u>		<u>Transportation Fund</u>
	<u>Federal DEA</u>	<u>State DEA</u>	<u>E-911</u>	<u>Wireless 911</u>	<u>City Transit System</u>
Revenues:					
Restricted intergovernmental revenues	\$ 16,846	\$ 13,481	\$ 232,037	\$ 188,762	\$ 212,405
Investment earnings	11,737	7,503	2,532	9,122	1,386
Miscellaneous	-	-	-	-	21,327
Total revenues	<u>28,583</u>	<u>20,984</u>	<u>234,569</u>	<u>197,884</u>	<u>235,118</u>
Expenditures:					
General Government	-	-	-	-	116,704
Public Works	-	-	-	-	-
Public Safety	58,803	15,686	339,428	12,931	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital Outlay	<u>93,000</u>	<u>27,000</u>	<u>52,503</u>	<u>(9,357)</u>	<u>196,392</u>
Total expenditures	<u>151,803</u>	<u>42,686</u>	<u>391,931</u>	<u>3,574</u>	<u>313,096</u>
Revenues over (under) expenditures	<u>(123,220)</u>	<u>(21,702)</u>	<u>(157,362)</u>	<u>194,310</u>	<u>(77,978)</u>
Other financing sources (uses):					
Transfers in	-	-	192,656	-	53,715
Transfers (out)	-	-	-	-	(57,237)
Debt Issued	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>192,656</u>	<u>-</u>	<u>(3,522)</u>
Net change in fund balance	(123,220)	(21,702)	35,294	194,310	(81,500)
Fund balances:					
Beginning of year, July 1	<u>235,442</u>	<u>123,733</u>	<u>52,030</u>	<u>150,330</u>	<u>169,408</u>
End of year, June 30	<u>\$ 112,222</u>	<u>\$ 102,031</u>	<u>\$ 87,324</u>	<u>\$ 344,640</u>	<u>\$ 87,908</u>

Transportation Fund	Non-Capitalized Projects Fund				Street Improvements Fund	
	Transit Implementation Plan	NOAA Chaney Creek Restoration	NC Aquatic Weed Control	Jacksonville Business Park Certification	Northeast Creek Lagoons	Dewitt Street
\$ 27,283	\$ 11,181	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	74,764
-	-	-	-	-	-	18,253
<u>27,283</u>	<u>11,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,017</u>
30,726	11,181	-	-	-	-	-
-	-	-	-	-	139,596	966,787
-	-	-	-	-	-	-
-	-	-	-	10,775	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>30,726</u>	<u>11,181</u>	<u>-</u>	<u>-</u>	<u>10,775</u>	<u>139,596</u>	<u>966,787</u>
<u>(3,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,775)</u>	<u>(139,596)</u>	<u>(873,770)</u>
-	-	-	-	200,000	467,827	1,212,295
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>467,827</u>	<u>1,212,295</u>
(3,443)	-	-	-	189,225	328,231	338,525
12,237	-	3,000	667	-	-	1,337,742
<u>\$ 8,794</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 328,231</u>	<u>\$ 1,676,267</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance (Continued)

For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	General Capital Reserve Fund	Totals	
		June 30, 2007	June 30, 2006
Revenues:			
Restricted intergovernmental revenues	\$ -	\$ 1,529,574	\$ 2,345,024
Investment earnings	219,479	329,138	214,624
Miscellaneous	5,855	539,578	631,955
Total revenues	<u>225,334</u>	<u>2,398,290</u>	<u>3,191,603</u>
Expenditures:			
General Government	-	158,611	683,461
Public Works	-	1,106,383	650,882
Public Safety	-	811,940	1,249,582
Cultural and Recreational	-	10,775	-
Economic and Physical Development	-	515,734	1,508,644
Capital Outlay	-	599,271	-
Total expenditures	<u>-</u>	<u>3,202,714</u>	<u>4,092,569</u>
Revenues over (under) expenditures	<u>225,334</u>	<u>(804,424)</u>	<u>(900,966)</u>
Other financing sources (uses):			
Transfers in	2,313,616	4,588,780	3,790,659
Transfers (out)	(4,635,190)	(4,692,427)	(2,526,498)
Debt Issued	-	21,875	-
Total other financing sources (uses)	<u>(2,321,574)</u>	<u>(81,772)</u>	<u>1,264,161</u>
Net change in fund balance	(2,096,240)	(886,196)	363,195
Fund balances:			
Beginning of year, July 1	5,161,341	8,375,596	8,012,401
End of year, June 30	<u>\$ 3,065,101</u>	<u>\$ 7,489,400</u>	<u>\$ 8,375,596</u>

Reconciliation to Exhibit D:

Transfers in	\$ 4,588,780	Transfers out	\$ 4,692,427
Transfers within Non-Major Governmental funds	(215)	Transfers within Non-Major Governmental funds	(215)
	<u>\$ 4,588,565</u>		<u>\$ 4,692,212</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Community Development Block Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Entitlement Grant 2003 CD0363					
Entitlement Grant 2003	\$ 641,000	\$ 641,000	\$ -	\$ 641,000	\$ -
Program income	532,411	871,863	-	871,863	339,452
Investment earnings	1,634	1,633	-	1,633	(1)
Total	1,175,045	1,514,496	-	1,514,496	339,451
Entitlement Grant 2005 CD0565					
Entitlement Grant 2005	588,104	335,956	252,148	588,104	-
Program income	57,360	285,651	32,819	318,470	261,110
Investment earnings	100	1	147	148	48
Total	645,564	621,608	285,114	906,722	261,158
Entitlement Grant 2006 CD0601					
Entitlement Grant 2006	538,743	-	128,138	128,138	(410,605)
Program income	132,707	-	314,924	314,924	182,217
Investment earnings	800	-	307	307	(493)
Total	672,250	-	443,369	443,369	(228,881)
Total revenues	2,492,859	2,136,104	728,483	2,864,587	371,728
Expenditures:					
Entitlement Grant 2003 CD0363					
Administration		229,766	-	229,766	
Housing rehabilitation		175,149	-	175,149	
Commercial rehabilitation		149,977	-	149,977	
Economical development		52,628	-	52,628	
Affordable housing		94,454	-	94,454	
Clearance		75,036	-	75,036	
Acquisition of property		178,189	-	178,189	
Rehabilitation planning		198,700	-	198,700	
City school project		295	-	295	
Emergency rehabilitation		3,524	-	3,524	
Partnerships		5,630	-	5,630	
Neighborhood facilities		1,695	-	1,695	
Total	1,165,045	1,165,043	-	1,165,043	2
Entitlement Grant 2005 CD0565					
Administration		3,810	54,700	58,510	
Housing rehabilitation		76,833	12,176	89,009	
Commercial rehabilitation		87,002	27,662	114,664	
Economic development		250	(250)	-	
Affordable housing		149,127	50,971	200,098	
Clearance		700	-	700	
Acquisition of property		12,950	21,166	34,116	
Rehabilitation planning		10,515	111,260	121,775	
Rental rehabilitation		-	-	-	
Emergency rehabilitation		-	-	-	
Partnerships		2,100	7,430	9,530	
Total	645,564	343,287	285,115	628,402	17,162

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City of Jacksonville, North Carolina
Non-Major Governmental Funds
Community Development Block Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Entitlement Grant 2006 CD0601					
Administration	\$ -	\$ -	\$ 29,533	\$ 29,533	\$ -
Housing rehabilitation			77,517	77,517	
Commercial rehabilitation			91	91	
Economic development			-	-	
Affordable housing			61	61	
Clearance			-	-	
Acquisition of property			-	-	
Rehabilitation planning			28,987	28,987	
Partnerships			-	-	
Total	745,917	-	136,189	136,189	609,728
Total expenditures	2,556,526	1,508,330	421,304	1,929,634	626,892
Revenues over (under) expenditures	(63,667)	627,774	307,179	934,953	998,620
Other financing sources (uses):					
Transfers in--					
From General Fund	73,667	-	-	-	73,667
Transfers (out)--					
To Special Revenue Fund	(10,000)	(10,000)	-	(10,000)	-
Total other financing sources (uses)	63,667	(10,000)	-	(10,000)	73,667
Net change in fund balance	\$ -	\$ 617,774	307,179	\$ 924,953	\$ 924,953
Fund balances:					
Beginning of year, July 1			617,774		
End of year, June 30			\$ 924,953		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
CREATE Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Program income	\$ 145,159	\$ 145,159	\$ 119,660	\$ 264,819	\$ (119,660)
Total revenues	145,159	145,159	119,660	264,819	(119,660)
Expenditures:					
Affordable Housing		190,321	94,430	284,751	
Total expenditures	223,659	190,321	94,430	284,751	(61,092)
Revenues over (under) expenditures	(78,500)	(45,162)	25,230	(19,932)	58,568
Other financing sources:					
Transfers in--					
From Community Development Grant	78,500	78,500	-	78,500	-
Total other financing sources	78,500	78,500	-	78,500	-
Net change in fund balance	\$ -	\$ 33,338	25,230	\$ 58,568	\$ 58,568
Fund balances:					
Beginning of year, July 1			33,338		
End of year, June 30			\$ 58,568		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Continuum of Care Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Continuum of Care		-	-	-	
Total expenditures	25,100	-	-	-	25,100
Revenues (under) expenditures	(25,100)	-	-	-	25,100
Other financing sources:					
Transfers in--					
From General Fund	25,100	25,100	-	25,100	-
Total other financing sources	25,100	25,100	-	25,100	-
Net change in fund balance	\$ -	\$ 25,100	-	\$ 25,100	\$ 25,100
Fund balances:					
Beginning of year, July 1			25,100		
End of year, June 30			\$ 25,100		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Economic Development Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Economic Development		-	-	-	
Total expenditures	54,100	-	-	-	54,100
Revenues (under) expenditures	(54,100)	-	-	-	54,100
Other financing sources:					
Transfers in--					
From General Fund	54,100	54,100	-	54,100	-
Total other financing sources	54,100	54,100	-	54,100	-
Net change in fund balance	\$ -	\$ 54,100	-	\$ 54,100	\$ 54,100
Fund balances:					
Beginning of year, July 1			54,100		
End of year, June 30			\$ 54,100		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Affordable Housing Construction Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Home HM0501					
Program income	\$ 419,052	\$ 400,513	\$ 26,740	\$ 427,253	\$ 8,201
Investment Earnings	-	-	2,161	2,161	2,161
Total revenues	419,052	400,513	28,901	429,414	10,362
Expenditures:					
Operating expenditures		170,023	-	170,023	
Total expenditures	503,423	170,023	-	170,023	333,400
Revenues over (under) expenditures	(84,371)	230,490	28,901	259,391	343,762
Other financing sources:					
Transfers in-					
From Affordable Home Ownership	84,371	84,353	-	84,353	(18)
Total other financing sources	84,371	84,353	-	84,353	(18)
Net change in fund balance	\$ -	\$ 314,843	28,901	\$ 343,744	\$ 343,744
Fund balances:					
Beginning of year, July 1			314,843		
End of year, June 30			\$ 343,744		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
School Resource Officer Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Onslow County Board of Education	\$ 1,552,279	\$ 1,545,847	\$ 205,032	\$ 1,750,879	\$ 198,600
Investment earnings	8,469	7,376	-	7,376	(1,093)
Total revenues	<u>1,560,748</u>	<u>1,553,223</u>	<u>205,032</u>	<u>1,758,255</u>	<u>197,507</u>
Expenditures:					
Salaries and employee benefits		1,833,055	278,117	2,111,172	
Operating expenditures		147,098	79,579	226,677	
Capital outlay		18,125	-	18,125	
Total expenditures	<u>2,059,784</u>	<u>1,998,278</u>	<u>357,696</u>	<u>2,355,974</u>	<u>(296,190)</u>
Revenues (under) expenditures	<u>(499,036)</u>	<u>(445,055)</u>	<u>(152,664)</u>	<u>(597,719)</u>	<u>(98,683)</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	646,214	646,214	137,627	783,841	(137,627)
Transfers (out)--					
To General Fund	(145,373)	(145,372)	-	(145,372)	1
To Special Revenue Fund- Hurricane Ophelia	<u>(1,805)</u>	<u>(1,805)</u>	<u>-</u>	<u>(1,805)</u>	<u>-</u>
Total other financing sources	<u>499,036</u>	<u>499,037</u>	<u>137,627</u>	<u>636,664</u>	<u>(137,626)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 53,982</u>	<u>(15,037)</u>	<u>\$ 38,945</u>	<u>\$ 38,945</u>
Fund balances:					
Beginning of year, July 1			<u>53,982</u>		
End of year, June 30			<u>\$ 38,945</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Bulletproof Vest Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Bureau of Justice grant	\$ 71,272	\$ 71,272	\$ -	\$ 71,272	\$ -
NCLM Bulletproof grant	12,500	9,750	-	9,750	(2,750)
Total revenues	<u>83,772</u>	<u>81,022</u>	<u>-</u>	<u>81,022</u>	<u>(2,750)</u>
Expenditures:					
Operating expenditures		143,729	-	143,729	
Total expenditures	<u>162,453</u>	<u>143,729</u>	<u>-</u>	<u>143,729</u>	<u>18,724</u>
Revenues (under) expenditures	<u>(78,681)</u>	<u>(62,707)</u>	<u>-</u>	<u>(62,707)</u>	<u>15,974</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>78,681</u>	<u>78,681</u>	<u>-</u>	<u>78,681</u>	<u>-</u>
Total other financing sources	<u>78,681</u>	<u>78,681</u>	<u>-</u>	<u>78,681</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,974</u>	<u>-</u>	<u>\$ 15,974</u>	<u>\$ 15,974</u>
Fund balances:					
Beginning of year, July 1			<u>15,974</u>		
End of year, June 30			<u>\$ 15,974</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Sandy Run Mentoring Program
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Sandy Run Mentoring	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total revenues	10,000	10,000	-	10,000	-
Expenditures:					
Operating expenditures		9,039	961	10,000	
Total expenditures	10,000	9,039	961	10,000	
Revenues over expenditures	\$ -	\$ 961	(961)	\$ -	\$ -
Fund balances:					
Beginning of year, July 1			961		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Governor's Crime Commission Grant 2005	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -
Total revenues	75,000	75,000	-	75,000	-
Expenditures:					
Capital outlay		190,448	3,652	194,100	
Total expenditures	198,671	190,448	3,652	194,100	4,571
Revenues (under) expenditures	(123,671)	(115,448)	(3,652)	(119,100)	4,571
Other financing sources:					
Transfers in--					
From General Fund	123,671	123,671	-	123,671	-
Total other financing sources	123,671	123,671	-	123,671	-
Net change in fund balance	\$ -	\$ 8,223	(3,652)	\$ 4,571	\$ 4,571
Fund balances:					
Beginning of year, July 1			8,223		
End of year, June 30			\$ 4,571		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Highway Safety Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Governor's Highway Safety Grant 2006	\$ 25,876	\$ 24,760	\$ -	\$ 24,760	\$ (1,116)
Governor's Highway Safety Grant 2007	65,625	-	59,458	59,458	(6,167)
Total revenues	91,501	24,760	59,458	84,218	(7,283)
Expenditures:					
Governor's Highway Safety Grant 2006					
Operating expenditures		9,488	47	9,535	
Capital outlay		29,940	-	29,940	
Total	52,711	39,428	47	39,475	13,236
Governor's Highway Safety Grant 2007					
Operating expenditures		-	8,968	8,968	
Capital outlay		-	70,310	70,310	
Total	87,500	-	79,278	79,278	8,222
Total expenditures	140,211	39,428	79,325	118,753	21,458
Revenues (under) expenditures	(48,710)	(14,668)	(19,867)	(34,535)	14,175
Other financing sources:					
Debt Issued	21,875	-	21,875	21,875	-
Transfers in--					
From General Fund	26,835	15,791	11,044	26,835	-
Total other financing sources	48,710	15,791	32,919	48,710	-
Net change in fund balance	\$ -	\$ 1,123	13,052	\$ 14,175	\$ 14,175
Fund balances:					
Beginning of year, July 1			1,123		
End of year, June 30			\$ 14,175		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Homeland Security Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Homeland Security Program Grant 2005	\$ 363,950	\$ 190,761	\$ 170,463	\$ 361,224	\$ (2,726)
Total revenues	<u>363,950</u>	<u>190,761</u>	<u>170,463</u>	<u>361,224</u>	<u>(2,726)</u>
Expenditures:					
Payments to Swansboro		-	11,499	11,499	
Capital outlay		190,761	158,964	349,725	
Total expenditures	<u>363,950</u>	<u>190,761</u>	<u>170,463</u>	<u>361,224</u>	<u>2,726</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Justice Assistance Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Justice Assistance Grant 2005	\$ 26,008	\$ 26,008	\$ -	\$ 26,008	\$ -
Justice Assistance Grant 2006	12,837	-	12,340	12,340	(497)
Justice Assistance Grant 2007	15,544	-	-	-	(15,544)
Total revenues	54,389	26,008	12,340	38,348	(16,041)
Expenditures:					
Justice Assistance Grant 2005					
Capital outlay		29,800	-	29,800	
Total	29,800	29,800	-	29,800	-
Justice Assistance Grant 2006					
Payments to Onslow County		-	5,921	5,921	
Capital outlay		-	6,807	6,807	
Total	17,085	-	12,728	12,728	4,357
Justice Assistance Grant 2007					
Capital outlay		-	-	-	
Total	15,544	-	-	-	15,544
Total expenditures	62,429	29,800	12,728	42,528	19,901
Revenues (under) expenditures	(8,040)	(3,792)	(388)	(4,180)	3,860
Other financing sources:					
Transfers in--					
From General Fund	8,040	8,040	-	8,040	-
Total other financing sources	8,040	8,040	-	8,040	-
Net change in fund balance	\$ -	\$ 4,248	(388)	\$ 3,860	\$ 3,860
Fund balances:					
Beginning of year, July 1			4,248		
End of year, June 30			\$ 3,860		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Federal DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Drug Enforcement	\$ 264,130	\$ 216,487	\$ 16,846	\$ 233,333	\$ (30,797)
Investment earnings	20,000	17,066	11,737	28,803	8,803
Total revenues	<u>284,130</u>	<u>233,553</u>	<u>28,583</u>	<u>262,136</u>	<u>(21,994)</u>
Expenditures:					
Operating expenditures		152,983	58,803	211,786	
Capital outlay		90,294	93,000	183,294	
Total expenditures	<u>529,297</u>	<u>243,277</u>	<u>151,803</u>	<u>395,080</u>	<u>134,217</u>
Revenues over (under) expenditures	<u>(245,167)</u>	<u>(9,724)</u>	<u>(123,220)</u>	<u>(132,944)</u>	<u>112,223</u>
Other financing sources:					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
Total other financing sources	<u>245,167</u>	<u>245,166</u>	<u>-</u>	<u>245,166</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 235,442</u>	<u>(123,220)</u>	<u>\$ 112,222</u>	<u>\$ 112,222</u>
Fund balances:					
Beginning of year, July 1			<u>235,442</u>		
End of year, June 30			<u>\$ 112,222</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
State DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Drug enforcement	\$ 50,750	\$ 45,787	\$ 13,481	\$ 59,268	\$ 8,518
Investment earnings	14,000	8,448	7,503	15,951	1,951
Total revenues	<u>64,750</u>	<u>54,235</u>	<u>20,984</u>	<u>75,219</u>	<u>10,469</u>
Expenditures:					
Operating expenditures		45,813	15,686	61,499	
Capital outlay		46,111	27,000	73,111	
Total expenditures	<u>226,172</u>	<u>91,924</u>	<u>42,686</u>	<u>134,610</u>	<u>91,562</u>
Revenues (under) expenditures	<u>(161,422)</u>	<u>(37,689)</u>	<u>(21,702)</u>	<u>(59,391)</u>	<u>102,031</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>161,422</u>	<u>161,422</u>	<u>-</u>	<u>161,422</u>	<u>-</u>
Total other financing sources	<u>161,422</u>	<u>161,422</u>	<u>-</u>	<u>161,422</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 123,733</u>	<u>(21,702)</u>	<u>\$ 102,031</u>	<u>\$ 102,031</u>
Fund balances:					
Beginning of year, July 1			<u>123,733</u>		
End of year, June 30			<u>\$ 102,031</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
E-911

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 89,351	\$ 78,641	\$ 2,532	\$ 81,173	\$ (8,178)
Phone surcharge fee	2,245,130	2,006,697	232,037	2,238,734	(6,396)
Miscellaneous	9,228	9,228	-	9,228	-
Contribution Onslow County	67,416	67,417	-	67,417	1
Total revenues	<u>2,411,125</u>	<u>2,161,983</u>	<u>234,569</u>	<u>2,396,552</u>	<u>(14,573)</u>
Expenditures:					
Other departmental expenditures		1,428,444	172,843	1,601,287	
Debt service		926,492	166,585	1,093,077	
Capital outlay		1,323,655	52,503	1,376,158	
Total expenditures	<u>4,149,131</u>	<u>3,678,591</u>	<u>391,931</u>	<u>4,070,522</u>	<u>78,609</u>
Revenues (under) expenditures	<u>(1,738,006)</u>	<u>(1,516,608)</u>	<u>(157,362)</u>	<u>(1,673,970)</u>	<u>64,036</u>
Other financing sources (uses):					
Appropriated fund balance	148,382	-	-	-	(148,382)
Debt issued	1,288,092	1,288,092	-	1,288,092	-
Transfers in--					
From General Fund	442,710	250,054	192,656	442,710	-
From Proprietary Fund	-	171,670	-	171,670	171,670
Transfers (out)--					
To General Fund	<u>(141,178)</u>	<u>(141,178)</u>	<u>-</u>	<u>(141,178)</u>	<u>-</u>
Total other financing sources	<u>1,738,006</u>	<u>1,568,638</u>	<u>192,656</u>	<u>1,761,294</u>	<u>23,288</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 52,030</u>	<u>35,294</u>	<u>\$ 87,324</u>	<u>\$ 87,324</u>
Fund balances:					
Beginning of year, July 1			<u>52,030</u>		
End of year, June 30			<u>\$ 87,324</u>		

**City of Jacksonville, North Carolina
Non-Major Governmental Funds
Wireless 911**

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual**
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 15,100	\$ 1,320	\$ 9,122	\$ 10,442	\$ (4,658)
Phone surcharge fee	348,666	249,283	188,762	438,045	89,379
Total revenues	363,766	250,603	197,884	448,487	84,721
Expenditures:					
Other departmental expenditures		37,719	12,931	50,650	
Capital outlay		62,554	(9,357)	53,197	
Total expenditures	369,896	100,273	3,574	103,847	266,049
Revenues over (under) expenditures	(6,130)	150,330	194,310	344,640	350,770
Other financing sources:					
Appropriated fund balance	6,130	-	-	-	(6,130)
Total other financing sources	6,130	-	-	-	(6,130)
Net change in fund balance	\$ -	\$ 150,330	194,310	\$ 344,640	\$ 344,640
Fund balances:					
Beginning of year, July 1			150,330		
End of year, June 30			\$ 344,640		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transit System Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
NCDOT SMAP FY 2004-2005 TR0501	\$ 50,000	\$ 45,000	\$ -	\$ 45,000	\$ (5,000)
Loop fares	13,260	12,045	-	12,045	(1,215)
Investment earnings	1,785	1,784	-	1,784	(1)
Total	65,045	58,829	-	58,829	(6,216)
NCDOT SMAP FY 2005-2006 TR0601	46,647	46,647	-	46,647	-
Loop fares	13,574	13,574	-	13,574	-
Investment earnings	535	535	-	535	-
Total	60,756	60,756	-	60,756	-
NCDOT SMAP FY 2006-2007 TR0602	108,819	-	-	-	(108,819)
FTA Section 5307	688,147	-	163,005	163,005	(525,142)
Loop fares	90,035	-	-	-	(90,035)
Total	887,001	-	163,005	163,005	(723,996)
NCDOT SMAP FY 2006-2007 TR0701	53,500	-	49,400	49,400	(4,100)
Loop fares	23,000	-	21,327	21,327	(1,673)
Investment Earnings	1,000	-	1,386	1,386	386
Total	77,500	-	72,113	72,113	(5,387)
Total revenues	1,090,302	119,585	235,118	354,703	(735,599)
Expenditures:					
NCDOT SMAP FY 2004-2005 TR0501					
Salaries and employee benefits		6,712	-	6,712	
Operating expenditures		94,305	-	94,305	
Total	107,232	101,017	-	101,017	6,215
NCDOT SMAP FY 2005-2006 TR0601					
Salaries and employee benefits		7,505	-	7,505	
Operating expenditures		102,325	-	102,325	
Total	109,830	109,830	-	109,830	-
NCDOT SMAP FY 2006-2007 TR0602					
Salaries and employee benefits		-	-	-	
Operating expenditures		-	-	-	
Capital Outlay		-	196,392	196,392	
Total	999,171	-	196,392	196,392	802,779
NCDOT SMAP FY 2006-2007 TR0701					
Salaries and employee benefits		-	9,732	9,732	
Operating expenditures		-	103,549	103,549	
Refund to Grantor		-	3,423	3,423	
Total	131,215	-	116,704	116,704	14,511
Total expenditures	1,347,448	210,847	313,096	523,943	823,505
Revenues (under) expenditures	(257,146)	(91,262)	(77,978)	(169,240)	87,906

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transit System Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Other financing sources (uses):					
Transfers in--					
From General Fund	319,170	265,670	53,500	319,170	-
From Special Revenue Fund	3,027	2,812	215	3,027	-
Transfers (out)--					
To Special Revenue Fund	(3,027)	(2,812)	(215)	(3,027)	-
To General Fund	(62,024)	(5,000)	(57,022)	(62,022)	2
Total other financing sources (uses)	257,146	260,670	(3,522)	257,148	2
Net change in fund balance	\$ -	\$ 169,408	(81,500)	\$ 87,908	\$ 87,908
Fund balances:					
Beginning of year, July 1			169,408		
End of year, June 30			\$ 87,908		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Transit Implementation Plan Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
State-104F transportation grant	\$ 65,919	\$ 6,749	\$ 2,965	\$ 9,714	\$ (56,205)
FTA Section 5303 grant	36,681	57,350	21,616	78,966	42,285
State-Section 5303 grant	4,585	7,169	2,702	9,871	5,286
Investment earnings	29	28	-	28	(1)
Total revenues	<u>107,214</u>	<u>71,296</u>	<u>27,283</u>	<u>98,579</u>	<u>(8,635)</u>
Expenditures:					
Operating expenditures		<u>80,124</u>	<u>30,726</u>	<u>110,850</u>	
Total expenditures	<u>128,279</u>	<u>80,124</u>	<u>30,726</u>	<u>110,850</u>	<u>17,429</u>
Revenues (under) expenditures	<u>(21,065)</u>	<u>(8,828)</u>	<u>(3,443)</u>	<u>(12,271)</u>	<u>8,794</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>21,065</u>	<u>21,065</u>	<u>-</u>	<u>21,065</u>	<u>-</u>
Total other financing sources	<u>21,065</u>	<u>21,065</u>	<u>-</u>	<u>21,065</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,237</u>	<u>(3,443)</u>	<u>\$ 8,794</u>	<u>\$ 8,794</u>
Fund balances:					
Beginning of year, July 1			<u>12,237</u>		
End of year, June 30			<u>\$ 8,794</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NOAA Chaney Creek Restoration Grant Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NOAA grant	\$ 137,493	\$ 51,946	\$ 11,181	\$ 63,127	\$ (74,366)
Total revenues	<u>137,493</u>	<u>51,946</u>	<u>11,181</u>	<u>63,127</u>	<u>(74,366)</u>
Expenditures:					
Salaries and employee benefits		23,390	5,156	28,546	
Operating expenditures		<u>28,556</u>	<u>6,025</u>	<u>34,581</u>	
Total expenditures	<u>137,493</u>	<u>51,946</u>	<u>11,181</u>	<u>63,127</u>	<u>74,366</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NC Aquatic Weed Control Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	-	-	
Capital outlay		-	-	-	
Total expenditures	3,000	-	-	-	3,000
Revenues (under) expenditures	(3,000)	-	-	-	(3,000)
Other financing sources:					
Transfers in--					
From General Fund	3,000	3,000	-	3,000	-
Total other financing sources	3,000	3,000	-	3,000	-
Net change in fund balance	\$ -	\$ 3,000	-	\$ 3,000	\$ 3,000
Fund balances:					
Beginning of year, July 1			3,000		
End of year, June 30			\$ 3,000		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Jacksonville Business Park Certification Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Sale of fixed assets	\$ 188,200	\$ 187,214	\$ -	\$ 187,214	\$ (986)
Total revenues	188,200	187,214	-	187,214	(986)
Expenditures:					
Operating expenditures		16,547	-	16,547	
Total expenditures	18,200	16,547	-	16,547	1,653
Revenues over expenditures	170,000	170,667	-	170,667	667
Other financing (uses):					
Transfers (out)--					
To Capital Reserve Fund	(170,000)	(170,000)	-	(170,000)	-
Total other financing (uses)	(170,000)	(170,000)	-	(170,000)	-
Net change in fund balance	\$ -	\$ 667	-	\$ 667	\$ 667
Fund balances:					
Beginning of year, July 1			667		
End of year, June 30			\$ 667		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Northeast Creek Lagoons Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating Expenditures					
Total expenditures	200,000	-	10,775	10,775	189,225
Revenues (under) expenditures	(200,000)	-	(10,775)	(10,775)	(189,225)
Other financing sources:					
Transfers in--					
From Proprietary Fund	200,000	-	200,000	200,000	-
Total other financing sources	200,000	-	200,000	200,000	-
Net change in fund balance	\$ -	\$ -	189,225	\$ 189,225	\$ 189,225
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 189,225		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Dewitt Street Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	139,596	139,596	
Total expenditures	467,827	-	139,596	139,596	328,231
Revenues (under) expenditures	(467,827)	-	(139,596)	(139,596)	328,231
Other financing sources:					
Transfers in--					
From General Fund	304,000	-	304,000	304,000	-
From General Fund Powell Bill	163,827	-	163,827	163,827	-
Total other financing sources	467,827	-	467,827	467,827	-
Net change in fund balance	\$ -	\$ -	328,231	\$ 328,231	\$ 328,231
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 328,231		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Streets Powell Bill Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 1,028,196	\$ 921,974	\$ 74,764	\$ 996,738	\$ (31,458)
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	22,270	22,270	18,253	40,523	18,253
Total revenues	<u>1,371,466</u>	<u>1,265,244</u>	<u>93,017</u>	<u>1,358,261</u>	<u>(13,205)</u>
Expenditures:					
Capital outlay:					
Other improvements		13,349,604	966,787	14,316,391	
Total expenditures	<u>15,125,853</u>	<u>13,349,604</u>	<u>966,787</u>	<u>14,316,391</u>	<u>809,462</u>
Revenues (under) expenditures	<u>(13,754,387)</u>	<u>(12,084,360)</u>	<u>(873,770)</u>	<u>(12,958,130)</u>	<u>796,257</u>
Other financing sources (uses):					
Appropriated fund balance	332,285	-	-	-	(332,285)
Transfers in--					
From General Fund	10,378,475	10,378,475	-	10,378,475	-
From General Fund - Powell Bill	3,152,267	3,152,267	1,212,295	4,364,562	(1,212,295)
From Capital Reserve Fund	352,208	352,208	-	352,208	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	(463,344)	(463,344)	-	(463,344)	-
Total other financing sources	<u>13,754,387</u>	<u>13,422,102</u>	<u>1,212,295</u>	<u>14,634,397</u>	<u>880,010</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,337,742</u>	<u>338,525</u>	<u>\$ 1,676,267</u>	<u>\$ 1,676,267</u>
Fund balances:					
Beginning of year, July 1			<u>1,337,742</u>		
End of year, June 30			<u>\$ 1,676,267</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
General Capital Reserve Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 1,968,964	\$ 1,763,963	\$ 219,479	\$ 1,983,442	\$ 14,478
Investment earnings-Powell Bill	28,736	28,636	-	28,636	(100)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	189,690	183,834	5,855	189,689	(1)
Total revenues	<u>2,240,390</u>	<u>2,029,433</u>	<u>225,334</u>	<u>2,254,767</u>	<u>14,377</u>
Expenditures:					
Initiatives FY '99	549,870	-	-	-	549,870
Reserve for debt retirement	2,340,981	-	-	-	2,340,981
Reserve for recreation	125,945	-	-	-	125,945
Total expenditures	<u>3,016,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,016,796</u>
Revenues over (under) expenditures	<u>(776,406)</u>	<u>2,029,433</u>	<u>225,334</u>	<u>2,254,767</u>	<u>3,031,173</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	13,473,200	11,159,584	2,313,616	13,473,200	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	133,680	133,252	-	133,252	(428)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,040,000	1,040,000	-	1,040,000	-
Transfers (out)--					
To General Fund	(4,641,100)	(3,982,727)	(624,019)	(4,606,746)	34,354
To Capital Project Fund	(12,995,832)	(9,379,068)	(3,616,763)	(12,995,831)	1
To Proprietary Fund	(1,562,460)	(1,168,051)	(394,408)	(1,562,459)	1
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
Total other financing sources	<u>776,406</u>	<u>3,131,908</u>	<u>(2,321,574)</u>	<u>810,334</u>	<u>33,928</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,161,341</u>	<u>(2,096,240)</u>	<u>\$ 3,065,101</u>	<u>\$ 3,065,101</u>
Fund balance:					
Beginning of year, July 1			<u>5,161,341</u>		
End of year, June 30			<u>\$ 3,065,101</u>		



Non-Major Enterprise Funds

The Non-Major Enterprise Funds are used to account for operations in the City of Jacksonville that are financed through user charges.

Individual Fund Description:

Stormwater/Water Quality Fund – accounts for funds used in the construction of facilities to manage stormwater runoff and maintain stormwater drainage ditches.

Stormwater/Water Quality Capital Project Fund – accounts for funds used in the Stormwater/Water Quality Capital Project.

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Net Assets
June 30, 2007
With Comparative Totals for June 30, 2006

	Stormwater/Water Quality Fund Totals	
	June 30, 2007	June 30, 2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 675,580	\$ 159,610
Accounts receivable (net)	123,093	-
Interfund receivable	14,489	524
Total Current Assets	<u>813,162</u>	<u>160,134</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	170,029	-
Capital assets (net)	272,773	72,220
Total Capital Assets	<u>442,802</u>	<u>72,220</u>
Total Assets	<u>1,255,964</u>	<u>232,354</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	20,150	40,341
Installment purchases payable-current	52,427	-
Interfund payable	16,058	453
Compensated absences - current	3,755	-
Total Current Liabilities	<u>92,390</u>	<u>40,794</u>
Noncurrent Liabilities:		
Compensated absences payable	29,678	4,554
Installment purchases payable-noncurrent	203,131	-
Total Noncurrent Liabilities	<u>232,809</u>	<u>4,554</u>
Total Liabilities	<u>325,199</u>	<u>45,348</u>
Net Assets		
Invested in capital assets, net of related debt	187,244	72,220
Unrestricted	743,521	114,786
Total Net Assets	<u>\$ 930,765</u>	<u>\$ 187,006</u>

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Stormwater/Water Quality Fund Totals	
	June 30, 2007	June 30, 2006
Operating revenues:		
Total operating revenues	\$ 1,990,356	\$ -
Operating expenses:		
Public Works	1,215,289	379,432
Depreciation	67,905	7,268
Total operating expenses	1,283,194	386,700
Operating income	707,162	(386,700)
Nonoperating revenues (expenses):		
Miscellaneous credit refund	-	-
Investment earnings	18,236	-
Gain on sale of fixed assets	1,300	-
Interest on long-term debt	(2,939)	-
Total nonoperating revenues	16,597	-
Income (loss) before transfers	723,759	(386,700)
Operating transfers		
Transfers in	20,000	364,262
Transfers (out)	-	(132,979)
Total transfers	20,000	231,283
Change in Net Assets	743,759	(155,417)
Net assets:		
Beginning of year, July 1	187,006	342,423
End of year, June 30	\$ 930,765	\$ 187,006

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2007
 With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Stormwater/Water Quality Totals	
	June 30,	June 30,
	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 1,855,416	\$ -
Cash paid for goods and services	(427,811)	(310,942)
Cash paid to employees	(766,943)	(95,248)
Net cash provided (used) by operating activities	<u>660,662</u>	<u>(406,190)</u>
Cash flows from noncapital financing activities:		
Transfers in	20,000	364,262
Transfers (out)	-	(132,979)
Advances from other funds	15,605	117
Advances to other funds	(13,965)	-
Net cash provided by noncapital financing activities	<u>21,640</u>	<u>231,400</u>
Cash flows from capital and related financing activities:		
Principal debt transferred to Video/Media	-	(95,257)
Principal paid on long term debt	(17,905)	-
Interest paid on long term debt	(2,939)	-
Debt issued	273,463	-
Purchase of capital assets	(268,458)	(64,613)
Sale of fixed assets	1,300	14,583
Net cash (used) by capital and related financing activities	<u>(14,539)</u>	<u>(145,287)</u>
Cash flows from investing activities:		
Interest earned on investments	18,236	-
Net cash provided by investing activities	<u>18,236</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	685,999	(320,077)
Cash and cash equivalents, July 1	159,610	479,687
Cash and cash equivalents, June 30	<u>\$ 845,609</u>	<u>\$ 159,610</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating gain (loss)	<u>\$ 707,162</u>	<u>\$ (386,700)</u>
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	67,905	7,268
Bad debt expense	11,847	-
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	28,879	1,467
(Increase) decrease in accounts receivable	(134,940)	-
Increase (decrease) in accounts payable	(20,191)	(28,225)
Total adjustments	<u>(46,500)</u>	<u>(19,490)</u>
Net cash provided (used) by operating activities	<u>\$ 660,662</u>	<u>\$ (406,190)</u>

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Operating revenues:				
Commercial fees	1,445,036	\$ 1,338,542	\$ (106,494)	\$ -
Residential fees	443,124	651,814	208,690	-
Total operating revenues	<u>1,888,160</u>	<u>1,990,356</u>	<u>102,196</u>	<u>-</u>
Nonoperating revenues:				
Interest earned on investments	6,323	18,236	11,913	-
Gain on sale of fixed assets	-	1,300	1,300	-
Total nonoperating revenues	<u>6,323</u>	<u>19,536</u>	<u>13,213</u>	<u>-</u>
Total revenues	<u>1,894,483</u>	<u>2,009,892</u>	<u>115,409</u>	<u>-</u>
Expenses:				
Stormwater/Water Quality				
Salaries and employee benefits		795,822		141,318
Supplies		36,895		19,352
Insurance		8,867		900
Maintenance and repair		27,286		3,994
Contracted services		69,839		124,832
Contracted services-internal service		93,238		56,191
Bad debt expense		11,847		
Other expenses		171,495		32,845
Total	<u>1,788,192</u>	<u>1,215,289</u>	<u>572,903</u>	<u>379,432</u>
Budgetary appropriations:				
Interest paid	24,880	2,939	21,941	-
Debt principal	69,708	17,905	51,803	-
(Increase) in compensated absences payable	-	(28,879)	28,879	(1,467)
Debt issued	(273,463)	(273,463)	-	-
Transfers (in)--				
From General Fund	(20,000)	(20,000)	-	(243,262)
From Proprietary Fund	-	-	-	(55,000)
Transfers out--				
To General Fund	-	-	-	132,979
Capital outlay	351,376	268,458	82,918	64,613
Appropriated Retained Earnings	(46,210)	-	(46,210)	-
Total budgetary appropriations	<u>106,291</u>	<u>(33,040)</u>	<u>139,331</u>	<u>(102,137)</u>
Total expenses	<u>\$ 1,894,483</u>	<u>\$ 1,182,249</u>	<u>\$ 712,234</u>	<u>\$ 277,295</u>

Continued on next page.

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

Schedule 72,
continued.

For the Fiscal Year Ended June 30, 2007
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,009,892	\$ -
Total expenses		<u>1,182,249</u>	<u>277,295</u>
Excess of revenues over (under) expenses		827,643	(277,295)
Budgetary appropriations (above):			
Transfer from General Fund (Schedule 73)		-	66,000
Payment of debt principal		17,905	-
Debt issued		(273,463)	-
(Increase) in compensated absences payable		(28,879)	(1,467)
Capital outlay		<u>268,458</u>	<u>64,613</u>
Total budgetary appropriations		(15,979)	129,146
Depreciation		<u>(67,905)</u>	<u>(7,268)</u>
Change in Net Assets (Statement 71)		<u>\$ 743,759</u>	<u>\$ (155,417)</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Stormwater/Water Quality Capital Project Fund
Schedule of Revenues, Expenses and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:					
Capital outlay:					
Other improvements		-	-	-	
Total expenses	526,000	-	59,965	59,965	466,035
Revenues (under) expenses	(526,000)	-	(59,965)	(59,965)	466,035
Other financing sources:					
Debt Issued	460,000	-	-	-	(460,000)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
Total other financing sources	526,000	66,000	-	66,000	(460,000)
Excess of revenues and other sources over (under) expenses	\$ -	\$ 66,000	\$ (59,965)	\$ 6,035	\$ 6,035



Internal Service Funds

The Internal Service Funds are used to account for services provided to other user departments.

Individual Fund Descriptions:

Fleet Maintenance Internal Service Fund – accounts for fleet management operations provided to City departments.

City Hall Maintenance Internal Service Fund – accounts for building maintenance operations provided to City departments.

Information Technology Services Internal Service Fund – accounts for data processing operations provided to City departments.

Information Technology Services Capital Project Fund – accounts for funds used in obtaining new hardware and software for data processing.

Video/Media Services Internal Service Fund – accounts for video and media operations provided to City departments and Onslow County.

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Net Assets
June 30, 2007
With Comparative Totals for June 30, 2006

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Totals	
					June 30, 2007	June 30, 2006
Assets						
Current Assets:						
Cash and cash equivalents	\$ 110	\$ 189,040	\$ 953,576	\$ 247,932	\$ 1,390,658	\$ 1,071,178
Accounts receivable (net)	-	668	-	2,500	3,168	8,400
Interfund receivables	245,888	906	9,069	1,811	257,674	203,318
Inventories	58,379	-	-	-	58,379	47,604
Prepaid items	-	-	3,156	-	3,156	444
Total Current Assets	304,377	190,614	965,801	252,243	1,713,035	1,330,944
Noncurrent Assets:						
Restricted cash and cash equivalents	-	-	-	31,608	31,608	64,326
Capital Assets:						
Capital assets (net)	117,586	-	476,085	66,999	660,670	769,581
Total Assets	421,963	190,614	1,441,886	350,850	2,405,313	2,164,851
Liabilities						
Current Liabilities:						
Accounts payable and accrued liabilities	24,808	14,595	60,223	7,451	107,077	47,726
Interfund payable	28,400	-	226	449	29,075	312
Current portion of long-term debt	15,266	-	180,667	26,469	222,402	320,556
Total Current Liabilities	68,474	14,595	241,116	34,369	358,554	368,594
Noncurrent Liabilities:						
Compensated absences payable	13,094	1,321	57,841	7,426	79,682	62,052
Noncurrent portion of long-term debt	21,014	-	57,892	22,042	100,948	288,754
Total Noncurrent Liabilities	34,108	1,321	115,733	29,468	180,630	350,806
Total Liabilities	102,582	15,916	356,849	63,837	539,184	719,400
Net Assets						
Invested in capital assets, net of related debt	81,306	-	237,526	18,488	337,320	224,597
Unrestricted	238,075	174,698	847,511	268,525	1,528,809	1,220,854
Total Net Assets	\$ 319,381	\$ 174,698	\$ 1,085,037	\$ 287,013	\$ 1,866,129	\$ 1,445,451

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2007	June 30, 2006
Operating revenues:						
Charges to other funds	\$ 1,364,566	\$ 112,759	\$ 2,157,208	\$ 342,317	\$ 3,976,850	\$ 3,727,151
Miscellaneous revenue	734	-	4,423	30,000	35,157	21,655
Total operating revenues	<u>1,365,300</u>	<u>112,759</u>	<u>2,161,631</u>	<u>372,317</u>	<u>4,012,007</u>	<u>3,748,806</u>
Operating expenses:						
Operations	1,361,168	168,413	1,585,240	251,910	3,366,731	3,036,031
Depreciation	19,569	-	388,850	41,766	450,185	540,040
Total operating expenses	<u>1,380,737</u>	<u>168,413</u>	<u>1,974,090</u>	<u>293,676</u>	<u>3,816,916</u>	<u>3,576,071</u>
Operating income (loss)	<u>(15,437)</u>	<u>(55,654)</u>	<u>187,541</u>	<u>78,641</u>	<u>195,091</u>	<u>172,735</u>
Nonoperating revenues (expenses):						
Investment earnings	3,796	11,912	36,354	10,228	62,290	17,446
Gain on sale of capital assets	1,320	-	6,290	-	7,610	8,376
Interest on long-term debt	(1,262)	-	(10,576)	(1,205)	(13,043)	(20,187)
Total nonoperating revenues	<u>3,854</u>	<u>11,912</u>	<u>32,068</u>	<u>9,023</u>	<u>56,857</u>	<u>5,635</u>
Income (loss) before transfers	<u>(11,583)</u>	<u>(43,742)</u>	<u>219,609</u>	<u>87,664</u>	<u>251,948</u>	<u>178,370</u>
Operating transfers:						
Transfers in	15,000	-	148,730	5,000	168,730	174,918
Transfers (out)	-	-	-	-	-	(396)
Total transfers	<u>15,000</u>	<u>-</u>	<u>148,730</u>	<u>5,000</u>	<u>168,730</u>	<u>174,522</u>
Net income (loss)	3,417	(43,742)	368,339	92,664	420,678	352,892
Net assets:						
Beginning of year, July 1	<u>315,964</u>	<u>218,440</u>	<u>716,698</u>	<u>194,349</u>	<u>1,445,451</u>	<u>1,092,559</u>
End of year, June 30	<u>\$ 319,381</u>	<u>\$ 174,698</u>	<u>\$ 1,085,037</u>	<u>\$ 287,013</u>	<u>\$ 1,866,129</u>	<u>\$ 1,445,451</u>

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2007	June 30, 2006
Cash flows from operating activities:						
Cash receipts from interfund services provided	\$ 1,365,300	\$ 112,091	\$ 2,161,631	\$ 378,217	\$ 4,017,239	\$ 3,745,843
Cash payments for interfund services (used)	(1,368,730)	(159,739)	(1,532,447)	(242,322)	(3,303,238)	(3,050,089)
Net cash provided by operating activities	(3,430)	(47,648)	629,184	135,895	714,001	695,754
Cash flows from noncapital financing activities:						
Transfers in	15,000	-	148,730	5,000	168,730	174,918
Transfers (out)	-	-	-	-	-	(396)
Advances from other funds	28,400	-	(86)	(1,549)	26,765	30,883
Advances (to) other funds	(45,214)	(644)	(6,949)	449	(52,358)	(263)
Net cash provided (used) by noncapital financing activities	(1,814)	(644)	141,695	3,900	143,137	205,142
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(17,192)	-	(262,238)	(45,329)	(324,759)	(484,575)
Interest paid on long-term debt	(1,262)	-	(10,576)	(1,205)	(13,043)	(20,187)
Debt issued	-	-	-	38,800	38,800	381,700
Purchase of capital assets	-	-	(323,816)	(17,458)	(341,274)	(444,853)
Net transfer of assets from Stormwater	-	-	-	-	-	(14,583)
Principal transferred from Stormwater	-	-	-	-	-	95,257
Proceeds from sale of assets	1,320	-	6,290	-	7,610	8,376
Net cash (used) for capital and related financing activities	(17,134)	-	(590,340)	(25,192)	(632,666)	(478,865)
Cash flows from investing activities:						
Interest earned on investments	3,796	11,912	36,354	10,228	62,290	17,446
Net cash provided by investing activities	3,796	11,912	36,354	10,228	62,290	17,446
Net increase (decrease) in cash and cash equivalents	(18,582)	(36,380)	216,893	124,831	286,762	439,477
Cash and cash equivalents, July 1	18,692	225,420	736,683	154,709	1,135,504	696,027
Cash and cash equivalents, June 30	\$ 110	\$ 189,040	\$ 953,576	\$ 279,540	\$ 1,422,266	\$ 1,135,504

Continued on next page.

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

Statement 76,
continued.

	<u>Fleet Maintenance</u>	<u>City Hall Maintenance</u>	<u>Information Technology Services</u>	<u>Video/ Media Services</u>	<u>Totals</u>	
					<u>June 30, 2007</u>	<u>June 30, 2006</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (15,437)	\$ (55,654)	\$ 187,541	\$ 78,641	\$ 195,091	\$ 172,735
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	19,569	-	388,850	41,766	450,185	540,040
Change in assets and liabilities:						
Increase (decrease) in accrued vacation pay	898	457	11,132	5,143	17,630	2,195
(Increase) decrease in prepaid expenses	444	-	(3,156)	-	(2,712)	(444)
Increase (decrease) in accounts payable	1,871	8,217	44,817	4,445	59,350	(14,839)
(Increase) decrease in inventories	(10,775)	-	-	-	(10,775)	3,276
(Increase) decrease accounts receivable	-	(668)	-	5,900	5,232	(7,209)
Total adjustments	<u>12,007</u>	<u>8,006</u>	<u>441,643</u>	<u>57,254</u>	<u>518,910</u>	<u>523,019</u>
Net cash provided by operating activities	<u>\$ (3,430)</u>	<u>\$ (47,648)</u>	<u>\$ 629,184</u>	<u>\$ 135,895</u>	<u>\$ 714,001</u>	<u>\$ 695,754</u>

City of Jacksonville, North Carolina
Fleet Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 2,500	\$ 3,796	\$ 1,296	\$ 608
Charges for services	1,521,803	1,364,566	(157,237)	1,311,915
Sales of capital assets	2,000	1,320	(680)	2,299
Other operating revenues	-	734	734	754
	<u>1,526,303</u>	<u>1,370,416</u>	<u>(155,887)</u>	<u>1,315,576</u>
Expenses:				
Salaries and employee benefits		346,855		337,215
Fuel		2,518		2,582
Utilities		18,367		20,718
Maintenance and repair		843,483		826,814
Other departmental expenses		149,945		129,439
	<u>1,421,069</u>	<u>1,361,168</u>	<u>59,901</u>	<u>1,316,768</u>
Budgetary appropriations:				
Interest paid	1,275	1,262	13	1,387
Debt principal	17,192	17,192	-	16,894
Debt issued	-	-	-	(17,800)
Increase (decrease) in inventory	-	10,775	(10,775)	(3,275)
Increase (decrease) in prepaid expense	-	(444)	444	444
(Increase) decrease in compensated absences payable	-	(898)	898	(1,071)
Capital outlay	-	-	-	7,090
Transfers	(15,000)	(15,000)	-	-
Appropriated retained earnings	101,767	-	101,767	-
	<u>105,234</u>	<u>12,887</u>	<u>92,347</u>	<u>3,669</u>
Total expenses	<u>\$ 1,526,303</u>	<u>\$ 1,374,055</u>	<u>\$ 152,248</u>	<u>\$ 1,320,437</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 1,370,416		\$ 1,315,576
Total expenses		<u>1,374,055</u>		<u>1,320,437</u>
Excess of revenues over (under) expenses		<u>(3,639)</u>		<u>(4,861)</u>
Budgetary appropriations (above):				
Payment of debt principal		17,192		16,894
Debt issued		-		(17,800)
Increase (decrease) in inventory		10,775		(3,275)
Increase (decrease) in prepaid expense		(444)		444
(Increase) decrease in compensated absences payable		(898)		(1,071)
Capital outlay		-		7,090
		<u>26,625</u>		<u>2,282</u>
Total budgetary appropriations		<u>26,625</u>		<u>2,282</u>
Depreciation (Statement 75)		<u>(19,569)</u>		<u>(20,349)</u>
Net income (loss) (Statement 75)		<u>\$ 3,417</u>		<u>\$ (22,928)</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
City Hall Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 6,660	\$ 11,912	\$ 5,252	\$ 7,537
Charges for services	112,759	112,759	-	121,818
Total revenues	<u>119,419</u>	<u>124,671</u>	<u>5,252</u>	<u>129,355</u>
Expenses:				
Salaries and employee benefits		39,675		37,609
Utilities		74,432		46,462
Maintenance and repair		7,396		2,621
Other departmental expenses		46,910		29,123
Total	<u>172,776</u>	<u>168,413</u>	<u>4,363</u>	<u>115,815</u>
Budgetary appropriations:				
(Increase) decrease in compensated absences payable	-	(457)	457	363
Appropriated retained earnings	(53,357)	-	(53,357)	-
Total budgetary appropriations	<u>(53,357)</u>	<u>(457)</u>	<u>(52,900)</u>	<u>363</u>
Total expenses	<u>\$ 119,419</u>	<u>\$ 167,956</u>	<u>\$ (48,537)</u>	<u>\$ 116,178</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 124,671		\$ 129,355
Total expenses		<u>167,956</u>		<u>116,178</u>
Excess of revenues over expenses		<u>(43,285)</u>		<u>13,177</u>
Budgetary appropriations (above):				
(Increase) decrease in compensated absences payable		<u>(457)</u>		<u>363</u>
Total budgetary appropriations		<u>(457)</u>		<u>363</u>
Net income (loss) (Statement 75)		<u>\$ (43,742)</u>		<u>\$ 13,540</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 10,000	\$ 36,354	\$ 26,354	\$ 9,301
Charges for services	2,157,208	2,157,208	-	2,183,983
Sales of capital assets	6,000	6,290	290	6,077
Other operating revenues	-	4,423	4,423	-
Total revenues	<u>2,173,208</u>	<u>2,204,275</u>	<u>31,067</u>	<u>2,199,361</u>
Expenses:				
Salaries and employee benefits		677,887		629,622
Fuel		350		454
Maintenance and repair		23,005		19,131
Contracted services		98,137		51,653
Other departmental expenses		785,861		815,731
Total	<u>1,980,061</u>	<u>1,585,240</u>	<u>394,821</u>	<u>1,516,591</u>
Budgetary appropriations:				
Interest paid	16,904	10,576	6,328	17,097
Debt principal	311,526	262,238	49,288	427,465
Debt issued	(185,300)	-	(185,300)	(183,900)
Transfers in --				
From General Fund	(5,000)	(5,000)	-	396
(Increase) decrease in compensated absences payable	-	(11,132)	11,132	796
Increase (decrease) in prepaid expense	-	3,156	(3,156)	-
Capital outlay	174,868	174,229	639	154,879
Appropriated retained earnings	(119,851)	-	(119,851)	-
Total budgetary appropriations	<u>193,147</u>	<u>434,067</u>	<u>(240,920)</u>	<u>416,733</u>
Total expenses	<u>\$ 2,173,208</u>	<u>\$ 2,019,307</u>	<u>\$ 153,901</u>	<u>\$ 1,933,324</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 2,204,275		\$ 2,199,361
Total expenses		<u>2,019,307</u>		<u>1,933,324</u>
Excess of revenues over expenses		<u>184,968</u>		<u>266,037</u>
Budgetary appropriations (above):				
Payment of debt principal		262,238		427,465
Debt issued		-		(183,900)
(Increase) decrease in compensated absences payable		(11,132)		796
Increase (decrease) in prepaid expense		3,156		-
Transfer from General Fund (See Schedule 80)		143,730		-
Capital outlay		<u>174,229</u>		<u>154,879</u>
Total budgetary appropriations		<u>572,221</u>		<u>399,240</u>
Depreciation (Statement 75)		<u>(388,850)</u>		<u>(497,346)</u>
Net income (Statement 75)		<u>\$ 368,339</u>		<u>\$ 167,931</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Capital Project Fund
Schedule of Revenues, Expenses and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 8,971	\$ 5,548	\$ 3,535	\$ 9,083	\$ 112
Total revenues	<u>8,971</u>	<u>5,548</u>	<u>3,535</u>	<u>9,083</u>	<u>112</u>
Expenses:					
Capital outlay:					
Capital acquisition DP0201	768,774	746,995	19,010	766,005	2,769
AS400 Life Cycle DP0601	180,787	167,613	-	167,613	13,174
Interactive Voice Response	146,950	-	130,577	130,577	16,373
Total expenses	<u>1,096,511</u>	<u>914,608</u>	<u>149,587</u>	<u>1,064,195</u>	<u>32,316</u>
Revenues (under) expenses	<u>(1,087,540)</u>	<u>(909,060)</u>	<u>(146,052)</u>	<u>(1,055,112)</u>	<u>32,428</u>
Other financing sources:					
Debt issued	833,810	833,810	-	833,810	-
Transfers in--					
From ITS Fund	110,000	110,000	-	110,000	-
From General Fund	143,730	-	143,730	143,730	-
Total other financing sources	<u>1,087,540</u>	<u>943,810</u>	<u>143,730</u>	<u>1,087,540</u>	<u>-</u>
Excess of revenues and other sources over (under) expenses	<u>\$ -</u>	<u>\$ 34,750</u>	<u>\$ (2,322)</u>	<u>\$ 32,428</u>	<u>\$ 32,428</u>

City of Jacksonville, North Carolina
Video/Media Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment Earnings	\$ -	\$ 10,228	\$ 10,228	\$ -
Charges for services	342,317	342,317	-	109,435
Other operating revenues	30,000	30,000	-	20,901
Total revenues	<u>372,317</u>	<u>382,545</u>	<u>10,228</u>	<u>130,336</u>
Expenses:				
Salaries and employee benefits		126,833		64,876
Maintenance and Repair		1,346		-
Contracted services		44,168		2,684
Other departmental expenses		79,563		19,297
Total	<u>275,703</u>	<u>251,910</u>	<u>23,793</u>	<u>86,857</u>
Budgetary appropriations:				
Interest paid	2,111	1,205	906	1,703
Debt principal	50,402	45,329	5,073	40,216
Debt Issued	(38,800)	(38,800)	-	-
Transfers (in)--				
From General Fund	(5,000)	(5,000)	-	(174,918)
(Increase) decrease in compensated absences payable	-	(5,143)	5,143	2,283
Capital outlay	37,528	17,458	20,070	99,068
Appropriated retained earnings	50,373	-	50,373	-
Total budgetary appropriations	<u>96,614</u>	<u>15,049</u>	<u>81,565</u>	<u>(31,648)</u>
Total expenses	<u>\$ 372,317</u>	<u>\$ 266,959</u>	<u>\$ 105,358</u>	<u>\$ 55,209</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 382,545		\$ 130,336
Total expenses		<u>266,959</u>		<u>55,209</u>
Excess of revenues over expenses		<u>115,586</u>		<u>75,127</u>
Budgetary appropriations (above):				
Payment of debt principal		45,329		40,216
Debt Issued		(38,800)		-
Increase in compensated absences payable		(5,143)		2,283
Capital outlay		17,458		99,068
Total budgetary appropriations		<u>18,844</u>		<u>141,567</u>
Depreciation (Statement 75)		<u>(41,766)</u>		<u>(22,345)</u>
Net income (Statement 75)		<u>\$ 92,664</u>		<u>\$ 194,349</u>

Note: Prepared on the budgetary basis, which is modified accrual.

Governmental Funds Capital Assets

The Governmental Funds Capital Assets account for capital assets used in the operation of Governmental Funds, other than those accounted for in the Proprietary Funds.

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental funds capital assets:		
Land	\$ 1,952,366	\$ 2,019,330
Buildings	17,418,152	16,336,369
Equipment	5,244,958	4,762,292
Heavy equipment	561,677	554,597
Vehicles	6,882,635	6,856,594
Infrastructure	27,674,176	21,156,929
Improvements other than buildings	7,370,232	3,676,752
Construction in progress	<u>4,214,483</u>	<u>3,589,029</u>
Total governmental funds capital assets	<u>\$ 71,318,679</u>	<u>\$ 58,951,892</u>
Investment in governmental funds capital assets		
General Fund	\$ 37,357,279	\$ 38,274,262
Major Capital Project Fund	24,221,553	16,945,410
Non-Major Governmental Funds	2,755,618	2,158,855
Donations, court awards, etc.	<u>6,984,229</u>	<u>1,573,365</u>
Total investment in governmental funds capital assets	<u>\$ 71,318,679</u>	<u>\$ 58,951,892</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2007

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Heavy Equipment</u>	<u>Vehicles</u>
General government:					
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	-	-	-	-	-
Personnel	-	-	-	-	-
City Clerk	-	-	-	-	-
Finance	-	-	27,161	-	-
Planning	-	-	73,107	-	51,809
Transportation	-	-	-	-	-
Other-Unclassified	1,244,887	8,531,301	125,769	-	-
Total general government	<u>1,244,887</u>	<u>8,531,301</u>	<u>226,037</u>	<u>-</u>	<u>51,809</u>
Public works:					
Inspections	-	-	24,889	-	152,827
Public works	-	-	-	-	19,929
Engineering	-	-	-	-	14,361
Maintenance	38,503	10,689	159,733	50,566	356,769
Steets Powell Bill	67,500	100,209	48,610	389,820	132,191
Street Non-Powell Bill	-	-	249,936	33,067	451,139
Total public works	<u>106,003</u>	<u>110,898</u>	<u>483,168</u>	<u>473,453</u>	<u>1,127,216</u>
Public safety:					
Police	-	581,982	3,759,753	5,995	2,699,382
Animal control	-	22,173	-	-	-
Fire	27,000	2,134,776	480,169	18,111	2,558,299
Total public safety	<u>27,000</u>	<u>2,738,931</u>	<u>4,239,922</u>	<u>24,106</u>	<u>5,257,681</u>
Cultural and recreational:					
Recreation	574,476	5,954,979	295,831	64,118	216,234
Economic development:					
Economic development	-	82,043	-	-	229,695
Construction in progress					
Total governmental funds capital assets	<u>\$ 1,952,366</u>	<u>\$ 17,418,152</u>	<u>\$ 5,244,958</u>	<u>\$ 561,677</u>	<u>\$ 6,882,635</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

<u>Infrastructure</u>	<u>Improvements other than Buildings</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	27,161
-	-	-	124,916
-	-	-	-
-	144,047	-	10,046,004
-	144,047	-	10,198,081
-	-	-	177,716
5,410,864	-	-	5,430,793
-	-	-	14,361
-	-	-	616,260
19,949,578	-	-	20,687,908
397,460	-	-	1,131,602
25,757,902	-	-	28,058,640
-	13,485	-	7,060,597
-	-	-	22,173
-	-	-	5,218,355
-	13,485	-	12,301,125
1,916,274	7,212,700	-	16,234,612
-	-	-	311,738
-	-	4,214,483	4,214,483
\$ 27,674,176	\$ 7,370,232	\$ 4,214,483	\$ 71,318,679

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2007

	Capital Assets 2006	Additions	Deductions	Transfers	Capital Assets 2007
General Government:					
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	-	-	-	-	-
Personnel	-	-	-	-	-
City Clerk	-	-	-	-	-
Finance	28,425	12,114	13,378	-	27,161
Planning	124,916	-	-	-	124,916
Transportation	-	-	-	-	-
Other-Unclassified	9,058,002	1,085,886	97,884	-	10,046,004
Total General Government	9,211,343	1,098,000	111,262	-	10,198,081
Public Works:					
Inspections	161,851	15,865	-	-	177,716
Public Works	19,929	5,410,864	-	-	5,430,793
Engineering	14,361	-	-	-	14,361
Maintenance	461,033	161,222	5,995	-	616,260
Streets	19,832,043	1,106,383	250,518	-	20,687,908
Streets Non-Powell Bill	1,537,892	40,922	447,212	-	1,131,602
Total Public Works	22,027,109	6,735,256	703,725	-	28,058,640
Public Safety:					
Police	6,634,241	823,337	396,981	-	7,060,597
Animal Control	22,173	-	-	-	22,173
Fire	4,853,225	797,065	431,935	-	5,218,355
Total Public Safety	11,509,639	1,620,402	828,916	-	12,301,125
Cultural and Recreational:					
Recreation	12,519,879	3,769,574	54,841	-	16,234,612
Economic Development:					
Economic Development	94,893	216,845	-	-	311,738
Construction in progress	3,589,029	625,454	-	-	4,214,483
Total governmental funds capital assets	\$ 58,951,892	\$ 14,065,531	\$ 1,698,744	\$ -	\$ 71,318,679

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.



Additional Financial Data

This section contains the following:

Additional information on property taxes, interfund transfers, and cash and investments.

- * Schedule of Cash and Investment Balances
- * Schedule of Ad Valorem Taxes Receivable
- * Analysis of Current Tax Levy

City of Jacksonville, North Carolina
Schedule of Cash and Investment Balances
June 30, 2007

	Amounts Presented on Statements	Cost Value	Fair Value
Cash:			
On hand	\$ 7,570	\$ 7,570	\$ 7,570
In time deposits			
Certificates of deposit	189,747	189,747	189,747 (a)
NOW, SuperNOW, and money market	<u>8,699,176</u>	<u>8,699,176</u>	<u>8,699,176</u>
Total cash	<u>8,896,493</u>	<u>8,896,493</u>	<u>8,896,493</u>
Other Investments:			
North Carolina Capital Management Trust	14,160,780	14,160,780	14,160,780
U.S. Government Agencies (GNMA)	863	863	735
[Registered in the City's name and held by the City's agent in the City's name]			
U.S. Government Agencies (FHLB & FNMA)	11,201,603	11,201,603	11,170,364
[Registered in the City's name and held by the City's agent in the City's name]			
Commercial Paper	3,146,823	3,146,823	3,180,000
[Held by the City's Agent in the City's name]			
Total other investments	<u>28,510,069</u>	<u>28,510,069</u>	<u>28,511,879</u>
Total cash and investments	<u>\$ 37,406,562</u>	<u>\$ 37,406,562</u>	<u>\$ 37,408,372</u>
Distribution by Classification:			
Major General:			
Unrestricted		\$ 11,916,616	
Restricted		<u>582,408</u>	\$ 12,499,024
Major Capital Projects			
Unrestricted		5,585,695	
Restricted		<u>2,643,732</u>	8,229,427
Major Water and Sewer:			
Unrestricted		2,907,911	
Restricted		<u>2,567,392</u>	5,475,303
Major Solid Waste:			
Unrestricted		1,370,435	
Restricted		<u>318,301</u>	1,688,736
Non-Major Governmental:			
Unrestricted		4,437,802	
Restricted		<u>2,428,009</u>	6,865,811
Non-Major Enterprise			
Unrestricted		675,580	
Restricted		<u>170,029</u>	845,609
Internal Service:			
Unrestricted		1,390,658	
Restricted		<u>31,608</u>	1,422,266
Trust			<u>380,386</u>
Total			<u>\$ 37,406,562</u>

(a) Note: \$150,000 Certificate of Deposit is a compensating balance requirement and is non-interest bearing.

City of Jacksonville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2007

Fiscal Year	Uncollected Balance June 30, 2006	Additions	Collections and Credits	Uncollected Balance June 30, 2007
2006-07	\$ -	\$ 13,527,026	\$ 13,142,197	\$ 384,829
2005-06	581,469	-	248,691	332,778
2004-05	224,945	-	19,184	205,761
2003-04	88,671	-	6,740	81,931
2002-03	87,272	-	6,366	80,906
2001-02	77,805	-	3,842	73,963
2000-01	65,892	-	2,247	63,645
1999-00	68,476	-	1,356	67,120
1998-99	56,687	-	916	55,771
1997-98	45,283	-	523	44,760
1996-97	28,905	-	28,905	-
	<u>\$ 1,325,405</u>	<u>\$ 13,527,026</u>	<u>\$ 13,460,967</u>	<u>\$ 1,391,464</u>
Less allowance for uncollected ad valorem taxes receivable				<u>198,808</u>
Ad valorem taxes receivable - net				<u>\$ 1,192,656</u>
Reconcilement with revenues:				
Taxes - ad valorem - general fund		\$ 13,384,931		
Penalties and interest		<u>69,369</u>	\$ 13,454,300	
Reconciling items:				
Discoveries and abatements - net			28,071	
Taxes written off			28,595	
Refunds			8,308	
Interest collected			<u>(58,307)</u>	
Total collections and credits per above			<u>\$ 13,460,967</u>	

City of Jacksonville, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2007

	<u>City-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 2,387,323,175	0.5316	\$ 12,691,010	\$ 11,861,686	\$ 829,324
Registered motor vehicles taxed at prior year's rate	80,268,468	0.59	473,584	-	473,584
Penalties	-		15,452	15,452	-
	<u>2,467,591,643</u>		<u>13,180,046</u>	<u>11,877,138</u>	<u>1,302,908</u>
Discoveries:					
Current year taxes	75,838,036	0.5316	403,155	380,808	22,347
Prior year taxes	-		65,405	59,681	5,724
Total	<u>75,838,036</u>		<u>468,560</u>	<u>440,489</u>	<u>28,071</u>
Abatements	<u>(22,858,684)</u>		<u>(121,580)</u>	<u>(99,152)</u>	<u>(22,428)</u>
Total Property Valuation	<u>\$ 2,520,570,995</u>				
Net Levy			13,527,026	12,218,475	1,308,551
Less uncollected tax at June 30, 2007 (Schedule 86)			<u>(384,829)</u>	<u>(135,076)</u>	<u>(249,753)</u>
Current year's taxes collected			<u>\$ 13,142,197</u>	<u>\$ 12,083,399</u>	<u>\$ 1,058,798</u>
Percent current year collected			<u>97.16%</u>	<u>98.89%</u>	<u>80.91%</u>

Statistical Section

Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the City.

Contents

Financial Trends (Tables 1-4)

These tables contain trend information to help the reader understand how the City's financial performance has changed over time.

Revenue Capacity (Tables 5-9)

These tables contain information to help the reader assess the City's ability to generate revenue.

Debt Capacity (Tables 10-12)

Information is presented to help the reader assess the City's ability to sustain the current levels of debt as well as its ability to issue additional debt in the future.

Demographic and Economic Information (Tables 13-14)

These tables offer trends in demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 15-17)

These tables contain information about the City's service levels and capital assets, to include infrastructure, to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Table 1

City of Jacksonville, North Carolina
Net Assets by Component
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 16,427,325	\$ 15,912,944	\$ 23,213,667	\$ 25,150,834	\$ 36,483,370
Restricted	4,573,546	2,502,145	2,273,770	2,197,646	2,439,679
Unrestricted	21,550,113	26,817,769	23,434,735	25,768,740	25,048,407
Total governmental activities net assets	<u>\$ 42,550,984</u>	<u>\$ 45,232,858</u>	<u>\$ 48,922,172</u>	<u>\$ 53,117,220</u>	<u>\$ 63,971,456</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 38,166,483	\$ 39,690,632	\$ 41,903,685	\$ 48,924,397	\$ 48,250,136
Unrestricted	8,125,218	8,622,958	8,413,512	1,357,170	4,797,748
Total business-type activities net assets	<u>\$ 46,291,701</u>	<u>\$ 48,313,590</u>	<u>\$ 50,317,197</u>	<u>\$ 50,281,567</u>	<u>\$ 53,047,884</u>
Primary government					
Invested in capital assets, net of related debt	\$ 54,593,808	\$ 55,603,576	\$ 65,117,352	\$ 74,075,231	\$ 84,733,506
Restricted	4,573,546	2,502,145	2,273,770	2,197,646	2,439,679
Unrestricted	29,675,331	35,440,727	31,848,247	27,125,910	29,846,155
Total primary government net assets	<u>\$ 88,842,685</u>	<u>\$ 93,546,448</u>	<u>\$ 99,239,369</u>	<u>\$ 103,398,787</u>	<u>\$ 117,019,340</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 2

City of Jacksonville, North Carolina
Changes in Net Assets
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities:					
Expenses					
General government	\$ 4,730,840	\$ 5,602,600	\$ 6,035,971	\$ 6,477,418	\$ 6,347,845
Public works	5,109,369	4,840,332	5,113,799	5,536,593	5,197,251
Public safety	12,097,573	12,422,979	13,273,334	13,814,184	14,844,953
Economic and physical development	1,527,230	844,064	511,075	1,638,189	309,052
Environmental protection	2,201,681	2,349,732	1,886,369	1,434	5,200
Cultural and recreational	2,375,623	2,461,843	2,708,993	2,750,376	3,080,676
Interest on long-term debt	422,513	450,266	348,277	307,290	252,897
Total expenses	<u>28,464,829</u>	<u>28,971,816</u>	<u>29,877,818</u>	<u>30,525,484</u>	<u>30,037,874</u>
Program Revenues					
Charges for services:					
General government	59,648	514,483	558,842	640,309	705,226
Public works	371,541	511,145	645,046	571,493	795,696
Public safety	290,451	50,249	62,684	64,820	85,997
Environmental protection	47,499	56,368	-	-	-
Cultural and recreational	207,644	232,775	269,760	289,996	328,895
Operating grants and contributions	4,259,247	3,696,896	2,789,477	3,675,947	2,763,818
Capital grants and contributions	424,171	-	284,282	465,512	1,386,287
Total program revenues	<u>5,660,201</u>	<u>5,061,916</u>	<u>4,610,091</u>	<u>5,708,077</u>	<u>6,065,919</u>
Total Governmental Activities Net Program Expense	<u>(22,804,628)</u>	<u>(23,909,900)</u>	<u>(25,267,727)</u>	<u>(24,817,407)</u>	<u>(23,971,955)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
Property taxes	10,573,646	11,039,380	11,558,873	12,257,692	13,541,986
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336	13,185,671
E-911 surcharge	433,023	351,933	380,125	367,294	420,799
Franchise tax	316,994	243,492	298,129	422,752	310,819
Gross receipts tax on short-term vehicle leases	72,801	83,085	78,488	98,316	104,109
Unrestricted grants and contributions	3,553,126	2,022,642	1,923,562	2,009,963	2,621,639
Investment earnings	406,151	308,172	594,463	844,477	1,264,390
Miscellaneous	417,465	1,571,161	3,079,850	2,076,432	6,124,025
Transfers	397,460	(107,872)	(1,316,668)	(2,461,530)	(2,747,247)
Total general revenues and other changes in net assets	<u>24,887,426</u>	<u>26,591,774</u>	<u>28,952,074</u>	<u>29,022,732</u>	<u>34,826,191</u>
Total Governmental Activities Change in Net Assets	<u>\$ 2,082,798</u>	<u>\$ 2,681,874</u>	<u>\$ 3,684,347</u>	<u>\$ 4,205,325</u>	<u>\$ 10,854,236</u>

Continued on next page.

City of Jacksonville, North Carolina
Changes in Net Assets
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type Activities:					
Expenses					
Water and Sewer	\$ 9,731,734	\$ 10,231,168	\$ 11,631,347	\$ 12,976,043	\$ 13,643,327
Solid Waste Disposal	1,445,894	1,495,813	2,179,578	4,867,176	4,255,197
Stormwater/Water Quality	-	100,993	227,645	386,700	1,286,133
Total expenses	<u>11,177,628</u>	<u>11,827,974</u>	<u>14,038,570</u>	<u>18,229,919</u>	<u>19,184,657</u>
Revenues					
Charges for services:					
Water and Sewer	8,207,616	9,402,791	11,441,475	12,167,702	13,331,854
Solid Waste Disposal	1,545,526	1,568,188	2,054,850	2,391,135	2,338,256
Stormwater/Water Quality	-	-	-	-	1,990,356
Capital grants and contributions	94,932	2,607,471	843,689	714,338	1,055,081
Total revenues	<u>9,848,074</u>	<u>13,578,450</u>	<u>14,340,014</u>	<u>15,273,175</u>	<u>18,715,547</u>
Total Business-type Activities Net Program Expense	<u>(1,329,554)</u>	<u>1,750,476</u>	<u>301,444</u>	<u>(2,956,744)</u>	<u>(469,110)</u>
Other Changes in Net Assets					
Unrestricted grants and contributions	834,441	-	-	-	-
Investment earnings	191,040	163,541	234,690	355,453	360,044
Miscellaneous	1,696	-	150,805	104,131	128,136
Transfers	<u>(397,460)</u>	<u>107,872</u>	<u>1,316,668</u>	<u>2,461,530</u>	<u>2,747,247</u>
Total Business-type Activities Change in Net Assets	<u>\$ (699,837)</u>	<u>\$ 2,021,889</u>	<u>\$ 2,003,607</u>	<u>\$ (35,630)</u>	<u>\$ 2,766,317</u>
Total Primary Government Change in Net Assets	<u>\$ 1,382,961</u>	<u>\$ 4,703,763</u>	<u>\$ 5,687,954</u>	<u>\$ 4,169,695</u>	<u>\$ 13,620,553</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 3

City of Jacksonville, North Carolina
Fund Balances, Governmental Funds
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 5,722,643	\$ 7,250,330	\$ 5,987,978	\$ 7,014,461	\$ 5,364,625
Unreserved	6,341,239	6,006,352	8,087,714	7,653,507	9,413,893
Total general fund	<u>\$ 12,063,882</u>	<u>\$ 13,256,682</u>	<u>\$ 14,075,692</u>	<u>\$ 14,667,968</u>	<u>\$ 14,778,518</u>
All Other Governmental Funds					
Reserved	\$ 5,102,140	\$ 6,258,214	\$ 4,614,185	\$ 4,322,823	\$ 5,129,317
Unreserved, reported in:					
Capital reserve fund	7,824,674	7,578,191	4,854,928	5,149,649	3,058,622
Capital projects funds	4,846,848	1,901,572	1,967,547	2,296,107	4,169,992
Special revenue funds	234,741	382,770	325,834	643,011	1,172,986
Total all other governmental funds	<u>\$ 18,008,403</u>	<u>\$ 16,120,747</u>	<u>\$ 11,762,494</u>	<u>\$ 12,411,590</u>	<u>\$ 13,530,917</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 4

City of Jacksonville, North Carolina
Changes in Fund Balances, Governmental Funds
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues:					
Ad valorem taxes	\$ 10,548,669	\$ 10,975,631	\$ 11,436,903	\$ 12,036,716	\$ 13,454,300
CATV franchise tax	316,994	351,933	380,125	422,752	310,820
Privilege licenses	433,023	441,964	471,796	548,999	620,597
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336	13,185,671
Gross receipt on short term vehicle tax	72,801	83,085	78,488	98,316	104,109
Unrestricted intergovernmental revenues	2,097,237	2,261,182	1,925,113	2,009,407	2,620,232
Restricted intergovernmental revenues	4,664,964	3,948,670	3,273,205	4,508,753	4,554,837
Permits and fees	414,310	556,963	674,892	640,504	842,646
Sales and services	285,607	322,571	328,873	334,488	398,611
Investment earnings	393,430	290,558	603,360	801,748	1,266,126
Miscellaneous	413,923	966,217	822,192	778,031	804,397
Total revenues	28,357,718	31,278,555	32,350,199	35,587,050	38,162,346
Expenditures:					
General government	4,637,283	5,161,564	5,758,657	6,098,696	5,680,777
Public works	3,600,430	4,094,246	4,252,762	4,855,707	5,217,787
Public safety	10,717,917	11,267,042	12,159,602	12,911,973	13,935,604
Environmental protection	2,038,075	2,212,569	1,635,529	-	-
Cultural and recreational	1,716,071	1,955,361	2,145,325	2,178,718	2,430,589
Economic and physical development	1,522,149	840,173	506,973	1,492,097	515,734
Capital outlay	4,109,591	5,222,724	6,669,256	3,190,490	7,695,294
Non-capitalized expenditures	-	-	-	-	9,312
Debt service:					
Principal retirement	2,075,658	2,427,681	2,533,964	2,334,137	2,061,532
Interest and fees	393,086	450,266	348,277	307,290	283,915
Total expenditures	30,810,260	33,631,626	36,010,345	33,369,108	37,830,544
Excess of revenues over (under) expenditures	(2,452,542)	(2,353,071)	(3,660,146)	2,217,942	331,802
Other financing sources (uses):					
Debt issued	6,228,263	1,512,804	1,381,252	1,465,372	3,626,081
Sales of capital assets	326,082	252,713	54,722	194,110	187,970
Transfers in	4,075,694	5,571,373	5,699,596	5,715,094	9,871,949
Transfers (out)	(3,678,235)	(5,678,675)	(7,014,667)	(8,351,146)	(12,787,925)
Total other financing sources (uses)	6,951,804	1,658,215	120,903	(976,570)	898,075
Net change in fund balances	\$ 4,499,262	\$ (694,856)	\$ (3,539,243)	\$ 1,241,372	\$ 1,229,877
Debt service as a percentage of noncapital expenditures	10.2%	11.3%	10.9%	9.6%	8.4%

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 5

City of Jacksonville, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate Per \$100
	Residential Property	Commercial Property	Motor Vehicles	Other			
1998	\$ 591,638,457	\$ 362,617,119	\$ 159,970,731	\$ 120,122,015	\$ 3,364,730	\$ 1,230,983,592	\$ 0.553
1999	628,169,757	353,345,489	163,031,846	128,502,224	3,535,447	1,269,513,869	0.623
2000	629,513,995	385,831,159	177,455,428	132,269,457	3,416,980	1,321,653,059	0.623
2001	818,802,311	523,496,560	181,669,464	168,114,632	3,956,410	1,688,126,557	0.590
2002	863,378,134	529,167,243	195,018,122	180,078,672	4,115,883	1,763,526,288	0.590
2003	910,958,129	512,413,947	194,432,457	178,429,500	6,222,756	1,790,011,277	0.590
2004	936,667,645	550,106,394	197,633,131	184,821,035	7,475,104	1,861,753,101	0.590
2005	984,260,984	553,646,804	203,439,744	203,060,465	7,492,126	1,936,915,871	0.590
2006	1,081,307,838	508,850,748	232,245,868	218,816,080	7,159,337	2,034,061,197	0.590
2007	1,348,557,124	723,939,542	236,690,225	221,312,627	9,928,523	2,520,570,995	0.5316

Source: Onslow County Tax Administrator/Collector

Notes: Property in Onslow County is reassessed once every eight years on average; however, the most recent revaluation in 2005 was conducted only five years after the previous one. The county assesses property at 100 percent of actual value. Tax rates are per \$100 of assessed value.

Table 6

City of Jacksonville, North Carolina
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	Council-Directed Capital Projects Initiative	Total Direct Rate	Onslow County	Total
1998	\$ 0.553	\$ -	\$ 0.553	\$ 0.694	\$ 1.247
1999	0.583	0.04	0.623	0.694	1.317
2000	0.583	0.04	0.623	0.694	1.317
2001	0.550	0.04	0.590	0.630	1.220
2002	0.550	0.04	0.590	0.690	1.280
2003	0.550	0.04	0.590	0.680	1.270
2004	0.550	0.04	0.590	0.670	1.260
2005	0.550	0.04	0.590	0.670	1.260
2006	0.550	0.04	0.590	0.670	1.260
2007	0.4532	0.0784	0.5316	0.503	1.035

Sources: City Finance Office and Onslow County Tax Administrator/Collector

Notes:

1. In FY1999, Council approved a seven-cent property tax increase. Four cents of the increase was to be used for the Capital Improvement Program (CIP), through which funds would be set aside for future quality of life initiatives.
2. In FY2001, the property tax rate was decreased by 3.3 cents in response to the County's property revaluation in tax year 2000, which resulted in a 21% increase in property values.
3. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation, which resulted in a 17% increase in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 3.84 cents to pay for 1/2 year of debt service for the planned Public Safety Building.

Table 7

**City of Jacksonville, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Crown America Acquisition LP	\$ 36,967,910	1	1.47 %	\$ -		- %
Carolina Telephone & Telegraph	25,813,207	2	1.02	17,094,723	2	1.49
Jones-Onslow EMC	19,197,705	3	0.76	7,310,549	9	0.64
Progress Energy	16,204,833	4	0.64	8,089,875	6	0.71
Marine Federal Credit Union	14,713,150	5	0.58	-		-
Jacksonville Commons LLC	13,659,132	6	0.54	-		-
United Dominion Realty Trust	12,875,554	7	0.51	10,855,746	3	0.95
New River Associates	12,347,078	8	0.49	8,089,382	7	0.71
Bailey & Associates, Inc	11,960,862	9	0.47	9,260,758	5	0.81
Cross Pointe Developers	11,805,406	10	0.47	-		-
Beckley Jacksonville, Ltd	-		-	19,469,356	1	1.70
North Hills, Inc	-		-	10,342,576	4	0.90
John Eagan	-		-	7,357,020	8	0.64
Popkin Bros. Enterprises Inc	-		-	6,075,795	10	0.53
Total	\$ 175,544,837		6.95 %	\$ 103,945,780		9.07 %

Source: Onslow County Tax Administrator/Collector

Table 8

City of Jacksonville, North Carolina
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	6,861,287	6,662,127	97.10 %	154,400	\$ 6,816,527	99.35 %
1999	7,948,057	7,713,064	97.04	179,221	7,892,285	99.30
2000	8,289,972	8,027,020	96.83	195,831	8,222,851	99.19
2001	10,148,926	9,847,945	97.03	237,336	10,085,281	99.37
2002	10,448,606	10,087,516	96.54	287,127	10,374,643	99.29
2003	10,615,036	10,256,566	96.62	277,564	10,534,130	99.24
2004	11,066,894	10,664,781	96.37	320,182	10,984,963	99.26
2005	11,599,071	11,100,980	95.71	292,331	11,393,311	98.23
2006	12,283,606	11,702,137	95.27	248,691	11,950,828	97.29
2007	13,527,026	13,142,197	97.16	-	13,142,197	97.16

Source: Onslow County Tax Administrator/Collector

City of Jacksonville, North Carolina
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Onslow County^a</u>
1998	2.00 %
1999	2.00
2000	2.00
2001	2.00
2002	2.00
2003	2.50 ^b
2004	2.50
2005	2.50
2006	2.50
2007	2.50

Sources: City Finance Office and Onslow County Finance Office

Notes: The County sales tax rate may be changed only with the approval of the state legislature.

^a The City does not levy a separate sales tax from the County; therefore, it is not considered to be own-source revenue.

^b The County sales tax rate increased to 2.50% effective January 1, 2003.

City of Jacksonville, North Carolina
Ratios of Outstanding Debt by Type
 Last Five Fiscal Years ^a

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ -	0%	\$ -
2004	-	0%	-
2005	-	0%	-
2006	-	0%	-
2007	-	0%	-

Fiscal Year	Other Governmental Activities Debt		Business-type Activities			Percentage of Personal Income ^b	Debt Per Capita
	Installment Purchase Loans	Sanitary Sewer Revolving Loan	Installment Purchase Loans	Other Loans	Total Primary Government		
2003	\$ 12,095,659	\$ 17,085,490	\$ 10,760,114	\$ 297,620	\$ 40,238,883	1.12% %	\$ 589
2004	11,161,778	15,903,262	16,085,346	226,190	43,376,576	1.12%	595
2005	9,750,333	15,401,849	16,263,518	154,762	41,570,462	0.96%	565
2006	8,575,888	14,010,028	16,643,306	83,333	39,312,555	N/A	538
2007	9,854,478	12,630,112	22,597,001	-	45,081,591	N/A	606

Notes:

NA - Data for that year is not available

The City has no outstanding general obligation bonds. Details regarding the City's outstanding debt can be found in the notes to the financial statements (Note 9).

^a Data is not available prior to FY2003.

^b See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

City of Jacksonville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Onslow County General Obligation Debt	\$ 70,555,000	23.95%	\$ 16,895,374
Other Debt			
Onslow County Certificates of Participation	14,775,000	23.95%	3,538,079
Onslow County Installment Purchase Loans	15,353,643	23.95%	<u>3,676,643</u>
Subtotal, overlapping debt			24,110,095
City direct debt			<u>10,748,214</u>
Total direct and overlapping debt			<u><u>\$ 34,858,309</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/Assessor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jacksonville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Onslow County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Onslow County's installment purchase, loan, and other debt. The percentage of overlapping debt is based on the June 30, 2006, assessed valuation of the County of Onslow (\$10,525,892,537) as compared to the June 30, 2006, assessed valuation of the City of Jacksonville (\$2,520,570,995).

City of Jacksonville, North Carolina
Legal Debt Margin Information
 Last Five Fiscal Years ^a

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 2,520,570,995
Debt limit (8% of assessed value)	201,645,680
Debt applicable to limit:	
Installment purchase	10,748,213
Total net debt applicable to limit	10,748,213
Legal debt margin	\$ 190,897,467

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$ 143,200,902	\$ 148,940,248	\$ 154,953,270	\$ 162,724,896	\$ 201,645,680
Total net debt applicable to limit	12,095,656	11,161,778	9,845,590	10,419,924	10,748,213
Legal debt margin	\$ 131,105,246	\$ 137,778,470	\$ 145,107,680	\$ 152,304,972	\$ 190,897,467
Total net debt applicable to the limit as a percentage of debt limit	8.4%	7.5%	6.4%	6.4%	5.3%

Note: Under state finance law, the City's outstanding general obligation debt may not exceed eight percent (8%) of total assessed property value. The City has no outstanding general obligation bond debt. Solid Waste/Sanitation debt is included in the installment purchases total above since the Solid Waste/Sanitation debt is serviced by the General Fund.

^a Data for previous years is not available.

City of Jacksonville, North Carolina
Demographic and Economic Statistics
 Last Ten Calendar Years

Fiscal Year	(1) Population^a	(2) Personal Income^a (in thousands)	(2) Per Capita Personal Income^a	(1) Median Age^a	(3) School Enrollment^b	(4) Unemployment Rate Percentage^c
1998	73,800 (5)	3,151,787	20,904	25.42 (7)	24,492	3.6 %
1999	74,141	3,293,434	22,011	25.25 (7)	25,313	3.7
2000	73,988	3,437,230	22,900	25.19 (7)	25,453	4.8
2001	66,715 (6)	3,607,640	24,362	22.40 (6)	24,867	5.4
2002	66,176	3,580,321	23,910	24.70	25,656	7.0
2003	68,357	3,874,134	25,579	23.96	26,236	7.4
2004	72,873	4,344,447	28,104	23.75	26,529	6.1
2005	73,531	4,922,357	32,705	23.98	27,213	6.1
2006	73,121	NA	NA	25.20 (6)	22,283	4.7
2007	74,433	NA	NA	NA	22,787	5.1

Sources:

- (1) NC Office of State Planning - State Demographer
 - (2) US Department of Commerce, Bureau of Economic Analysis
 - (3) Onslow County Board of Education
 - (4) US Dept of Labor, Bureau of Labor Statistics
 - (5) Revised by the NC Office of State Planning for a decrease in Marine Corps Base Camp Lejeune barracks
 - (6) US Census Bureau
 - (7) State Library of North Carolina - Woods and Poole Annual County Profile
- NA - Data not available

Notes:

^a Population, personal income, and median age information is based on surveys conducted during the last quarter of the calendar year. Population includes portions of Marine Corps Base Camp Lejeune that were annexed in 1990. Personal income and per capita personal income figures are for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

^b FY2006 and later school enrollment is based on a census of membership at the end of the school year. Previous years' numbers were the actual enrollment during the school year; students who transferred schools during the academic year would have been counted more than once. The apparent drop in enrollment from FY2005 to FY2006 is caused by the more accurate method of counting enrollment in FY2006, and does not reflect a drop in the number of students in the Onslow County school system.

^c Unemployment rate information is as of June 30th. The State and local rates reflect revised inputs, reestimation, and new Statewide controls through 2006.

**City of Jacksonville, North Carolina
Principal Employers, Current Year ^a**

Employer	2007		
	Employees	Rank	Percentage of Total City Employment
Department of Defense (military) ^d	45,685	1	43.83 %
Department of Defense (civilian employees) ^c	5,392	2	5.17
Onslow County Board of Education	3,800	3	3.65
Onslow Memorial Hospital	1,100	4	1.06
Onslow County Government	1,071	5	1.03
Wal-Mart Associates, Inc.	595	6	0.57
Convergys Marketing	520	7	0.50
Camp Lejeune Dependent Schools	501	8	0.48
City of Jacksonville	471	9	0.45
Food Lion, LLC	447	10	0.43
Total	59,582		57.16 %

Sources: Onslow County Finance Office (based on data received directly from employers), and the NC Employment Security Commission website. Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

Notes:

^a Data is not available prior to FY 2006.

^b The number of active duty military is being included to show the potential impact the Marine Corps Base and Air Station have on the local economy.

^c Includes civilian employees at the Marine Corps Base Camp Lejeune, New River Air Station, and Camp Johnson.

Table 15

City of Jacksonville, North Carolina
Full-Time City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government:										
Mayor and Council (Note 1)	7	7	7	7	7	7	7	7	7	7
City Manager	5.5	6.5	6.5	6	6	6	5	5	5	5
Community Programs	0	0	0	0	0	0	0	0	0	1
Legal	0	0	0	0	0	1	1	1	1	1
Human Resources	2	2	5	5	3	3	5	5	5	5
City Clerk	2	2	2	2	1	1	2	2	3	3
Finance	19	19	17	17	20	20	19	19	20	21
Planning	6	6	7	7	5	5	6.3	6.5	6.5	8.3
Transportation	2	3	2	2	2	2	1.5	1.5	2.5	2.6
Public Safety:										
Police	129	130	130	130	130	128	130	130	131	132
Animal Control	3	1	0	0	0	0	0	0	0	0
Fire	69	71	72	72	72	72	75	75	75	75
Building Inspections	9	9	10	10	11	11	11.2	12	12	12.2
Public Works:										
Administration	2	2	2	2	1.5	1.1	1.1	1.1	1.1	1.6
Engineering	2	3	3	3	4	4	4.5	4.5	4.5	3.5
Bldg & Grounds Maint	18	18	20	20	13	13	13	13	13	13
Streets	32	32	31	31	31	31	31	30	30	22
Recreation and Parks	11	11	11	12	20	19	19	20	20	22
Water/Sewer Operations:										
Administration	2	2	2	2	2.5	2.9	2.9	2.9	2.9	3.4
Engineering	6	6	6	6	4	4	4.5	4.5	7.5	8.2
Metering	7	7	7	7	7	7	7	7	7	7
Utilities Maintenance	12	12	12	12	20	20	20	21	22	22
Water Supply	7	8	8	8	6	6	6	6	6	6
Wastewater	17	17	17	18	12	12	12	12	12	12
Stormwater/Water Quality	0	0	0	0	0	0	2	2	2	3
Streets/Stormwater Drainage	0	0	0	0	0	0	0	0	0	15
Sanitation/Solid Waste Disposal	38	41	41	41	41	41	41	41	41	41
Fleet Maintenance	7	7	7	7	7	7	8	8	8	8
City Hall Maintenance	1	1	1	1	1	1	1	1	1	1
Info Technology Services	5	5	5	6	8	9	9	10	10	10.1
Video/Media Services	0	0	0	0	0	0	0	1	2	2
Community Development	4.5	4.5	4.5	4	4	4	4	4	4	4
E-911 (Note 2)	0	0	0	0	0	0	0	0	0	0.1
TOTAL	425	433	436	438	439	438	449	453	462	471

Source: Finance Department

Note 1: Although the Mayor and Council Members are included on the list as full-time employees, they are not included in the total number of employees.

Note 2: E-911 funds 10% of a GIS Specialist position, with the remaining 90% charged to Planning (10%), ITS (10%), and Utilities Engineering (70%).

Note 3: Several positions are split between departments or funds, which accounts for the decimal numbers in various departments.

Table 16

City of Jacksonville, North Carolina
Operating Indicators by Function/Program
 Last Seven Fiscal Years ^a

Function/Program	2001	2002	2003	2004	2005	2006	2007
General government							
Building permits issued (Note 1)	609	774	615	865	810	996	924
Number of residential units (Note 2)	508	363	275	369	404	385	318
Number of commercial units (Note 2)	15	24	29	50	25	25	29
Building inspections conducted (Note 1)	12,325	14,816	16,358	18,345	21,110	21,297	17,947
Business privilege licenses issued	3,324	3,319	3,344	3,523	3,694	4,321	4,049
Business privilege license collections (Note 3)	\$ 383,584	\$ 411,789	\$ 426,563	\$ 444,496	\$ 476,033	\$ 539,458	\$ 607,299
Zoning inspections conducted (Note 4)	NA	1,693	1,097	1,910	2,139	2,122	2,749
Police							
Physical arrests (Note 5)	2,013	2,170	2,076	2,211	2,320	2,409	2,461
Traffic citations	11,373	8,175	4,993	10,356	10,074	12,399	14,114
Calls for service	70,482	70,020	69,536	78,215	78,874	85,414	96,214
Priority 1 response time (minutes/seconds)	6:25	6:49	6:30	6:42	6:40	7:31	6:47
Fire							
Emergency responses	1,934	1,854	2,097	2,375	2,319	2,260	2,283
Fires extinguished	195	205	205	195	178	184	229
Fire inspections conducted	668	995	843	1,081	1,227	1,093	1,361
Public Works							
Potholes repaired	1,467	1,778	2,064	2,269	1,148	3,154	2,243
Total street miles swept	4,250.8	4,669.9	3,553.7	8,189.4	5,450.0	2,301.5	2,729.6
Recreation and Parks							
Youth baseball/softball registrations	NA	NA	NA	741	858	923	934
Senior citizen program registrations	NA	NA	NA	454	593	457	540
Water							
Avg daily consumption (thousands of gallons)	3,805	3,854	3,956	4,027	4,484	4,825	4,810
Number of utility accounts	12,683	12,683	14,085	14,456	14,709	14,813	15,478
Wastewater							
Avg daily sewer treatment (thousands of gallons)	4,942	4,488	5,141	5,411	5,044	5,242	5,498
Solid Waste Disposal							
Refuse collected (tons per week)	621.99	596.96	629.31	661.61	664.16	675.62	669.20
Yard waste collected (tons per week)	40.58	65.16	76.53	88.56	112.11	111.21	95.89
Recyclables collected (tons per fiscal year)	696.65	712.95	749.24	763.04	821.75	887.59	1,124.00
Stormwater							
Drainage ditches maintained (miles)	25.6	60.2	NA	NA	NA	41.1	59.0
Transportation							
LOOP ridership (monthly average) (Note 6)	NA	120	310	573	810	965	1,306

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA - Data not available

Note 1: The number of building permits issued includes only those issued for structures (single- and multi-family homes, mobile homes, commercial buildings, additions, and schools), and Certificate of Occupancy permits. It does not include swimming pools, signs, demolitions, and electrical, mechanical, and plumbing permits; however, these categories are included in the total for building inspections conducted.

Note 2: The number of residential and commercial units does not correspond to the building permits issued because 1) building permits includes additions/alterations and Certificates of Occupancy, and 2) only one permit is issued for multi-family (apartment) buildings with multiple units.

Note 3: The significant gain from FY2006 to FY2007 is due to changing business license fees to a gross receipts basis.

Note 4: FY2001-06 are reported by calendar year. Beginning with FY2007, number will be reported by fiscal year to be consistent with other categories.

Note 5: Arrest data from the prior year's report reflected the number of charges rather than the number of physical arrests. The data has been corrected in this year's report to show the actual number of individual arrests.

Note 6: The LOOP is the local transit system which uses a 9- to 12- person van that runs along a fixed, circular route. It was initiated as a transportation demonstration project funded in part through grants from the NC Department of Transportation.

Table 17

City of Jacksonville, North Carolina
Capital Asset Statistics by Function/Program
 Last Seven Fiscal Years ^a

Function/Program	2001	2002	2003	2004	2005	2006	2007
General government							
Land/Buildings (dollars)	12,154,286	12,144,272	12,268,323	12,360,798	17,435,277	18,355,699	19,370,518
Police							
Stations	1	1	1	1	1	1	1
Police vehicles (Note 1)	122	141	145	121	137	123	118
Fire							
Stations	4	4	4	4	4	4	4
Fire Engines	9	9	9	9	9	9	9
Public Works							
Streets (miles) (Note 2)	165.64	166.37	166.37	167.16	168.99	170.41	173.73
Sidewalks (miles)	30.56	31.57	31.57	33.21	35.91	41.01	43.65
Streetlights	2,218	2,234	2,234	2,246	2,263	2,294	2,339
Recreation and Parks							
Parks (Note 3)	16	16	20	20	20	23	23
Acreage	228.0	228.0	262.4	262.4	262.4	294.2	292.57
Playgrounds	13	13	15	15	15	15	15
Athletic fields	16	18	20	20	25	25	25
Recreation centers	4	4	4	4	4	4	4
Water							
Water mains (miles)	201.00	202.63	204.50	205.45	207.80	209.48	273.59
Pump stations	38	38	38	38	39	39	39
Fire hydrants	1,697	1,818	1,857	1,917	1,967	1,989	2,057
Storage capacity (mil gallons) (Note 4)	2.8	2.8	2.8	2.8	2.8	3.9	3.9
Wastewater							
Sanitary sewers (miles)	198.42	200.48	201.83	202.56	204.57	206.5	247.1
Storm drainage ditches (miles)	NA	NA	NA	NA	NA	100.0	100.0
Treatment capacity (mgd)	6.0	6.0	6.0	6.0	6.0	6	6.3
Solid Waste Disposal							
Sanitation trucks	12	12	12	12	12	12	11
Other sanitation vehicles (Note 5)	7	7	7	7	7	7	7

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA indicates data is not available.

(1) The FY2002, FY2003, and FY2005 numbers of police vehicles include surplus vehicles not yet sold.

(2) Street mileage includes those streets within the City limits that are maintained by the NC Department of Transportation (32.03 miles)

(3) Recreation parks and acreage for FY 2006 include 3 proposed parks totaling 31.85 acres. The existing 20 parks comprise 262.4 acres. Adjustment in FY2007 is due to obtaining more accurate GIS data.

(4) For FY2007, normal capacity is 6.0 million gallons; however, the City is operating under a Special Order of Consent from NCDENR which allows 6.3 million gallons capacity pending expansion of the Land Application Facility for wastewater treatment.

(5) Other sanitation vehicles include two boom trucks, three dial-a-trucks, and two pickup trucks.



COMPLIANCE SECTION

The Compliance Section contains various schedules and Auditor opinions reflecting Federal, State and Local matching participation in various projects and programs of the City. The Single Audit Amendments Act of 1996 established audit requirements for State and Local governments that receive Federal assistance. The audit requirements were established to insure that audits are conducted on an organization wide basis, rather than on a grant-by-grant basis.

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jacksonville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not to for the purpose of expressing an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jacksonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the members of the City Council, management, federal and State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
December 11, 2007

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Federal Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management, federal awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
December 11, 2007

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable
to Each Major State Program and on Internal Control
Over Compliance in Accordance With Applicable Sections
of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. City of Jacksonville's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management, State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
December 11, 2007

City of Jacksonville, North Carolina

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007**

Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Noncompliance material to financial statements noted

_____ yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X No

City of Jacksonville, North Carolina

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007**

Identification of major federal programs:

CFDA #	Program Name
66.468	Drinking Water State Revolving Fund
20.205	Highway Planning and Construction

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X Yes no

State Awards

Internal control over major State program:

- Material weakness(es) identified? Yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X none reported

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes X no

Identification of major State programs:

NC Object #	Program Name
N/A	NonState System Street Aid Allocation

City of Jacksonville, North Carolina

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007**

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. State Award Findings and Questioned Costs

None

City of Jacksonville, North Carolina

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2007**

Section 2. Financial Statement Findings

No corrective action plan is required in the current year.

Section 3. Federal Award Findings and Questioned Costs

No corrective action plan is required in the current year.

Section 4. State Award Findings and Questioned Costs

No corrective action plan is required in the current year.

City of Jacksonville, North Carolina

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2007**

There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
FEDERAL AWARDS					
US Department of Housing & Urban Development					
Direct Program:					
Community Development Entitlement	14.218	B-99MC370014	\$ 421,304	\$ -	\$ -
US Department of Justice					
Direct Program:					
Justice Assistance Grant	16.738	2005-DJ-BX-0070	12,340	-	389
Pass through: Onslow County Board of Education					
School Resource Officer	16.592		205,032	-	152,664
Total US Department of Justice			217,372	-	153,053
US Department of Transportation					
Direct Program:					
Section 5307 Grant	20.507		163,005	-	33,387
Pass through: NC Department of Transportation					
104-F Transportation Grant	20.205	(M)	59,588	-	14,898
Rails to Trails - Transportation Enhancement Grant	20.205	(M)	403,579	-	-
Rails to Trails - Bike Pedestrian Grant	20.205	(M)	400,000	-	-
Governor's Highway Safety Program	20.605		47	-	-
Governor's Highway Safety Program	20.605		59,458	-	19,819
Total US Department of Transportation			1,085,677	-	68,104
US Department of Homeland Security					
Pass through: NC Department of Crime Control and Public Safety					
Governor's Crime Commission	97.067		170,463	-	-
US Environmental Protection Agency					
Pass through: NC Department of Environment and Natural Resources					
Public Water Supply Division					
Drinking Water State Revolving Fund	66.468	(M)	1,197,049	299,263	-
US Department of Commerce					
National Oceanic and Atmospheric Administration					
Office of Finance and Administration					
Direct Program					
Chaney Creek Watershed	11.463		11,181	-	-

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards (Continued)
For the Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
STATE GRANTS (all direct):					
NC Department of Health and Human Services					
Division of Youth Services					
Juvenile Transportation Grant		N/A	-	2,175	2,175
Total NC Department of Human Resources			-	2,175	2,175
NC Department of Justice					
Environmental Division					
Smithfield Grant		N/A	-	167,465	-
Total NC Department of Justice			-	167,465	-
NC Department of Transportation					
Nonstate System Street Aid Allocation		(M)	-	2,182,430	-
State Maintenance Assistance Program		N/A	-	48,532	67,304
Section 5305 Grant		N/A	-	24,318	2,702
Total NC Department of Transportation			-	2,255,280	70,006
NC Department of Environment and Natural Resources					
Division of Parks and Recreation					
Part F Grant		N/A	-	169,545	228,865
NC Coastal Management Program					
Land Use Plan Phase I		N/A	-	20,090	-
Land Use Plan Phase II		N/A	-	10,441	18,651
Public Beach and Coastal Access		N/A	-	13,541	3,347
Total NC Department of Environment and Natural Resources			-	213,617	250,863
Total federal expenditures			<u>\$ 2,650,978</u>		
Total State expenditures				<u>\$ 2,824,782</u>	
Total local expenditures					<u>\$ 544,201</u>

City of Jacksonville, North Carolina

**Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2007**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Jacksonville, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Outstanding Loans

The City of Jacksonville has outstanding loan balances from federal and State funding sources that are not required to be presented within the Schedule of Expenditures of Federal and State Awards because there are no continuing requirements beyond repayment of the loan balances in accordance with loan agreement provisions.

