City of Jacksonville

# North Carolina

# Comprehensive Annual

# Financial Report

For The Fiscal Year Ended June 30, 2006


Prepared by
**FINANCE DEPARTMENT**

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JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

# INTRODUCTORY SECTION

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* Table of Contents

* Letter of Transmittal

* Certificate of Achievement for Excellence in Financial Reporting

* City of Jacksonville - Organizational Chart

* City of Jacksonville - List of Principal Officials

# City of Jacksonville, North Carolina
# Comprehensive Annual Financial Report
# For the Fiscal Year Ended June 30, 2006

## Table of Contents


| | Exhibit Number | Page Number |
|---|---|---|
| **INTRODUCTORY SECTION** | | |
| **Letter of Transmittal** | | 1 |
| **Certificate of Achievement for Excellence in Financial Reporting** | | 15 |
| **Organizational Chart** | | 16 |
| **List of Principal Officials** | | 17 |
| **FINANCIAL SECTION** | | |
| **Report of Independent Auditors** | | 19 |
| **Management's Discussion and Analysis** | | 21 |
| **Basic Financial Statements**: | | |
| Statement of Net Assets | A | 37 |
| Statement of Activities | B | 38 |
| Balance Sheet – Governmental Funds | C | 40 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | D | 42 |
| General Fund Annually Budgeted Major Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | E | 44 |
| Proprietary Funds – Statement of Net Assets | F | 45 |
| Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets | G | 46 |
| Combined Statement of Cash Flows – All Proprietary Fund Types | H | 47 |
| Statement of Fiduciary Net Assets – Fiduciary Fund | I | 49 |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Fund | J | 50 |

| | Exhibit Number | Page Number |
|---|---|---|
| Notes to the Financial Statements | | 51 |
| **Required Supplemental Financial Data:** | | |
| Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress | K | 85 |
| Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions | L | 86 |
| **Other Supplemental Financial Data:** | | |
| Major Funds: | | |
| General Fund: | | |
| Comparative Balance Sheets | 1 | 89 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 2 | 90 |
| Capital Projects Fund: | | |
| Comparative Balance Sheets | 3 | 99 |
| Schedule of Revenues and Expenditures - Budget and Actual | 4 | 100 |
| Combining Balance Sheet | 5 | 102 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances | 6 | 106 |
| Rails to Trails Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 7 | 111 |
| City Hall Expansion Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 8 | 112 |
| Sturgeon City Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 9 | 113 |
| Citywide Landscaping Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 10 | 114 |

| | Exhibit Number | Page Number |
|---|---|---|
| Sturgeon City Park Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 11 | 115 |
| Police Remodeling Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 12 | 116 |
| NC24 Culvert Trail Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 13 | 117 |
| Marine Corps Museum Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 14 | 118 |
| Wilson Bay Initiative Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 15 | 119 |
| Downtown Redevelopment Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 16 | 120 |
| Smithfield Grant/Wilson Bay Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 17 | 121 |
| Vietnam Veterans Memorial Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 18 | 122 |
| Youth Center Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 19 | 123 |
| Fire Training Facility Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 20 | 124 |
| Traffic Signal Preemption Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 21 | 125 |
| Demolition Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 22 | 126 |

| | Exhibit Number | Page Number |
|---|---|---|
| Country Club Park Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 23 | 127 |
| Richard Ray All America Park Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 24 | 128 |
| Civic Facility Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 25 | 129 |
| Jacksonville Commons Phase II Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 26 | 130 |
| Sturgeon City Boardwalk II Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 27 | 131 |
| Woodlands Park Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 28 | 132 |
| Northeast Creek Park Phase II Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 29 | 133 |
| Wilson Bay Park Phase I Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 30 | 134 |
| Reserve Ladder Truck Replacement Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 31 | 135 |
| West Gum Branch Fire Station Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 32 | 136 |
| Indoor Facility Brynn Marr Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 33 | 137 |
| Police/Fire Facility Capital Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 34 | 138 |

| | Exhibit Number | Page Number |
|---|---|---|
| Water and Sewer Fund: | | |
| Statement of Net Assets | 35 | 140 |
| Statement of Revenues, Expenses, and Changes in Net Assets | 36 | 141 |
| Statement of Cash Flows | 37 | 142 |
| Water and Sewer Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 38 | 144 |
| Water Capital Projects Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 39 | 148 |
| Sewer Capital Projects Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 40 | 149 |
| Water and Sewer Capital Reserve Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 41 | 150 |
| Solid Waste Fund: | | |
| Statement of Net Assets | 42 | 152 |
| Statement of Revenues, Expenses, and Changes in Net Assets | 43 | 153 |
| Statement of Cash Flows | 44 | 154 |
| Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 45 | 156 |
| Non-Major Governmental Funds: | | |
| Combining Balance Sheet | 46 | 161 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 47 | 166 |
| Community Development Block Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 48 | 172 |
| CREATE Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 49 | 174 |
| Continuum of Care Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 50 | 175 |

| | Exhibit Number | Page Number |
|---|---|---|
| Economic Development Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 51 | 176 |
| Affordable Home Ownership Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 52 | 177 |
| Affordable Housing Construction Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 53 | 178 |
| Local Law Enforcement Block Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 54 | 179 |
| School Resource Officer Program Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 55 | 180 |
| Bulletproof Vest Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 56 | 181 |
| Sandy Run Mentoring Program – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 57 | 182 |
| Governor's Crime Commission Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 58 | 183 |
| Governor's Highway Safety Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 59 | 184 |
| Homeland Security Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 60 | 185 |
| Justice Assistance Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 61 | 186 |
| Federal DEA Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 62 | 187 |
| State DEA Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 63 | 188 |

| | Exhibit Number | Page Number |
|---|---|---|
| E-911 Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 64 | 189 |
| Wireless 911 Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 65 | 190 |
| City Transit System Project – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 66 | 191 |
| Transit Implementation Plan Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 67 | 192 |
| Country Club Road Widening Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 68 | 193 |
| NOAA Chaney Creek Restoration Grant Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 69 | 194 |
| NC Aquatic Weed Control Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 70 | 195 |
| Hurricane Ophelia – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 71 | 196 |
| Jacksonville Business Park Certification Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 72 | 197 |
| Streets Non-Powell Bill Capital Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 73 | 198 |
| Streets Powell Bill Capital Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 74 | 199 |
| Capital Reserve Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 75 | 200 |

| | Exhibit Number | Page Number |
|---|---|---|
| Non-Major Enterprise Funds: | | |
| Statement of Net Assets | 76 | 202 |
| Statement of Revenues, Expenses, and Changes in Net Assets | 77 | 203 |
| Statement of Cash Flows | 78 | 204 |
| Stormwater/Water Quality Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 79 | 205 |
| Stormwater/Water Quality Capital Project Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 80 | 206 |
| Non-Major Internal Service Funds: | | |
| Combining Statement of Net Assets | 81 | 208 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets | 82 | 209 |
| Combining Statement of Cash Flows | 83 | 210 |
| Fleet Maintenance Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 84 | 212 |
| City Hall Maintenance Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 85 | 213 |
| Information Technology Services Fund – Schedule of Revenues Expenses - Budget and Actual (Non-GAAP) | 86 | 214 |
| Information Technology Services Capital Project Fund – Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP) | 87 | 215 |
| Video/Media Services Fund – Schedule of Revenues Expenses - Budget and Actual (Non-GAAP) | 88 | 216 |
| Governmental Funds Capital Assets: | | |
| Capital Assets Used in the Operation of Governmental Funds – Comparative Schedules By Source | 89 | 218 |
| Capital Assets Used in the Operation of Governmental Funds – Schedule By Function and Activity | 90 | 219 |
| Capital Assets Used in the Operation of Governmental Funds – Schedule of Changes By Function and Activity | 91 | 221 |

| | Exhibit Number | Page Number |
|---|---|---|
| Additional Financial Data: | | |
| Schedule of Cash and Investment Balances | 92 | 223 |
| Schedule of Ad Valorem Taxes Receivable | 93 | 224 |
| Analysis of Current Tax Levy | 94 | 225 |

| **STATISTICAL SECTION** | Table Number | Page Number |
|---|---|---|
| Financial Trends: | | |
| Net Assets by Component | 1 | 227 |
| Changes in Net Assets | 2 | 228 |
| Fund Balances, Governmental Funds | 3 | 230 |
| Changes in Fund Balances, Governmental Funds | 4 | 231 |
| Revenue Capacity: | | |
| Assessed Value and Estimated Actual Value of Taxable Property | 5 | 232 |
| Direct and Overlapping Property Tax Rates | 6 | 233 |
| Principal Property Tax Payers | 7 | 234 |
| Property Tax Levies and Collections | 8 | 235 |
| Sales Tax Rates | 9 | 236 |
| Debt Capacity: | | |
| Ratios of Outstanding Debt by Type | 10 | 237 |
| Direct and Overlapping Governmental Activities Debt | 11 | 238 |
| Legal Debt Margin Information | 12 | 239 |
| Demographic and Economic Information: | | |
| Demographic and Economic Statistics | 13 | 240 |
| Principal Employers | 14 | 241 |

| | Table Number | Page Number |
|---|---|---|
| Operating Information: | | |
| Full-Time City Government Employees by Function/Program | 15 | 242 |
| Operating Indicators by Function/Program | 16 | 243 |
| Capital Asset Statistics by Function/Program | 17 | 244 |

**COMPLIANCE SECTION**

| | |
|---|---|
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 245 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act | 247 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act | 249 |
| Schedule of Findings and Questioned Costs | 251 |
| Corrective Action Plan | 254 |
| Summary Schedule of Prior Year Audit Findings | 255 |
| Schedule of Expenditures of Federal and State Awards | 256 |
| Notes to the Schedule of Expenditures of Federal and State Awards | 258 |

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MCAS NEW RIVER

# CITY OF JACKSONVILLE

City Manager

## LETTER OF TRANSMITTAL

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

October 31, 2006

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of City of Jacksonville for the fiscal year ended June 30, 2006. 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 CAFR is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, the government's organizational chart, and a list of principal officials. The financial section includes the basic financial statements, the combining and individual fund financial statements and schedules, Management's Discussion and Analysis, and the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, much of which is presented on a multi-year basis. Finally, the compliance section presents reports and schedules required by the Federal and State Single Audit Acts.

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, sanitation, 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 44.62 square miles and serves a population of 73,121, making Jacksonville the tenth largest City in North Carolina. Jacksonville, the county seat, is home of the Marine Corps Base, Camp Lejeune, and the Marine Corps New River Air Station. 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 is governed by the Council-Manager form of government and has been since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Councilmen and the Mayor are elected-at-large and four Councilmen are elected by district for two-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 City of Jacksonville provides a full range of services, including police and fire protection; water, sewer, and sanitation services; the construction and maintenance of highways, streets, and other infrastructure; and cultural and recreational activities.

The Council is required to adopt a final budget by no later than July 1$^{st}$. 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 2-3 percent in all occupations except manufacturing, natural resources and mining, information services, and leisure and hospitality; however, these were offset by gains in the construction, transportation and utilities, service, and professional/business industries. In fact, according to the Center for Regional Economic Competitiveness, there were 20 percent more workers in the Jacksonville Metropolitan Statistical Area in 2004 than there were in 1994. (*A Vision Plan for North Carolina's Eastern Region*, May 2006)

During the past ten years, the unemployment rate rose from an initial low of 3.3 percent (1997) to a decade high of 7.4 percent (2003), to the June 30, 2006, rate of 4.7 percent. The 4.7 percent unemployment rate was in line with the statewide rate of 4.8 percent and the national

rate of 4.6 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. Overall the value of new construction was $60.0 million. The construction of retail stores, restaurants, and office complexes decreased by $7.6 million from the previous year, and the construction of apartments and residential developments decreased by $11.0 million from fiscal year 2005.

Marine Corps Base Camp Lejeune and the New River Air Station remain the largest single employers in the area. Military connected payrolls and benefits paid exceed an estimated $8.3 billion in the State. Both installations fared well in the most recent rounds of the Base Realignment and Closing (BRAC) proceedings. During the previous year, announcements were made that 3,500 new troops would be assigned to Camp Lejeune with the addition of two infantry battalions and the relocation of headquarters of the Marine Special Operations Command. Once these units are fully staffed, they will bring an additional 2,600 troops and an estimated 3,500 dependents to the area. The new troops will receive about $9 million in gross pay, most of which will be spent in area businesses. In addition, in January 2006, a 5,500 member contingent was announced that would mostly comprise a new anti-terrorism brigade. The announcements are not part of the BRAC proceedings, but are for a realignment of Marine Corps units to fit the expected extended War on Terrorism.

A new Coast Guard training facility aboard Camp Lejeune was completed this year to support the Coast Guard's new role within the Homeland Security Department. All east coast-based Coast Guard port security personnel are expected to receive their basic training at Camp Lejeune. The number of Coast Guard staff, students and permanently assigned personnel is also expected to increase.

The Marine Corps New River Air Station is headquarters to the V22 Osprey development, and will provide training for Air Force pilots as well as Marine pilots who will fly the advanced vertical take off and landing aircraft. The aircraft resumed air training missions during this past year and new roles were announced for the V22. An area of economic development that plays to the strength of the unique training that is to be accomplished at the New River Air Station is being developed by County- and City-funded Economic Development Commission officials.

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. Camp Lejeune and the New River Air Station have ranked consistently high on the 'Best Bases to Live' rankings by the Marine Times and Military Relocation Magazine. In addition, Jacksonville ranked 14th among metro areas with a population under 250,000 as one of the "Best Cities for Relocating Families," a national annual ranking compiled by Memphis-based Primacy Relocation in collaboration with Worldwide ERC. 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, the City, in the future, will need to explore new methods of obtaining financial resources.

## LONG-TERM FINANCIAL PLANNING

The City's Fund Balance Policy recommends that 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 (22.5 percent of the budget for fiscal year 2007) and the unreserved, undesignated fund balance in the general fund (10.6 percent of the budget for fiscal year 2007) are both above 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 Plant** – The City has retained a consultant to design a water treatment facility. This facility will include: 20 wells, land acquisition, transmission mains, waste (by-product) management discharge and an initial 4 million gallons per day (MGD) Membrane Filtration Water Treatment Facility upgradeable in 1 MGD-increments to 8 MGD. The new 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. Two new production wells were completed in June 2005 and six additional wells have been drilled. The well houses for these wells are scheduled to be completed by the end of 2006. Additional wells are schedule to be advertised for bid in January 2007. The design for the water plant and raw water piping is approximately 90% compete and is scheduled to be advertised for bid in February 2007 and completed in July 2008.

- **Land Treatment Facility Expansion** - The City has retained a consultant to design an expansion of the City's Land Treatment Facility. This expansion will include: additional treatment and storage lagoons, additional pumps at the Main Pumping and Effluent Pumping Station, new irrigation areas and land acquisition for an additional 3 MGD of capacity. The expansion is mandated by the State due to the present facility having reached its 80% design capacity. The City has selected the additional land needed for the expansion and is in the process of purchasing these sites. The expansion is scheduled for completion by 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 for future growth. 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 of I/I found during four Sewer System Evaluation Surveys. Upon completion of each of the 4 phases of this project, the City will submit a certification to the State of North Carolina 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 each certification, the City will be eligible to receive additional sewer extension permits and capacity for allocation to the development community.

- **Continuing and Future Recreation and Parks Projects** – Development of Williamsburg Plantation Park and Indoor Facility; development of Carolina Forest Park; Sturgeon City Phase II Boardwalk to Thompson School; continuation of the development of Sturgeon City Park; construct an Indoor Facility in Brynn Marr; Pool versus Spray Park; Renovations to Jack Amyette Facility; Kerr Street Facility; Northwoods Facility; Renovations to Playgrounds; Renovations to Tennis and Basketball Courts; and a Master Plan for the department.

- **Rails to Trails Greenway and Hargett Street Pedestrian Crossing** – The City has awarded the construction contract for the development of the 5.2-mile, 10-foot-wide bicycle/pedestrian trail which will be located within the abandoned US 17 and Camp Lejeune Railroad rights-of-way. The Trail will begin at the Onslow Drive/US Highway 17 intersection, connect to the existing trail constructed by the City, and terminate at the Main Gate of MCB Camp Lejeune. 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. Bids were received on July 13, 2006 and City Council authorized the award of the contract on August 22, 2006. The project is projected to be completed in December 2007.

- **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 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|---|---|---|---|---|---|
| In-Town | 550 | 2,634 | 4,870 | 8,400 | 10,562 |
| Camp Johnson | 888 | 1,036 | 1,998 | 1,300 | 953 |
| ADA Trips | 0 | 46 | 2 | 16 | 60 |
| **TOTAL** | 1,438 | 3,716 | 6,870 | 9,716 | 11,575 |

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 7 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 is expected to start in the Spring 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 will be presented to City Council in November 2006 for review and consideration.

- **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 will be submitted to the Department of Coastal Management by August 30, 2006.

- **New Public Safety Complex** – Staff members are currently working together on locating sites for the new Public Safety Complex. An Internal Site Development Committee has been formed which consists of representatives from the Police, Fire, Public Services, Community Development, Planning, and ITS Departments. The task of this committee is to use the Council approved site selection criteria to identify potential sites for the new complex.

- **Elizabeth Lake** – In June 2006, the dam structure under Dewitt Street failed during a storm event causing the lake to be considered a hazard to life and property by the State of North Carolina. For this reason, the State ordered the City to remove the remaining dam structure. At this time, staff is contracting for engineering services to design the repair of the Dewitt Street roadway.

## MAJOR INITIATIVES

**FOR THE YEAR.** In addition to day-to-day operations and on-going 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.

- **City Hall Renovation** – The City is in the process of joining the current City Hall with the former First Citizens Bank building next door and renovating the existing structure to create a new City Hall with sufficient space and meeting rooms to provide for the future. The "new building" will serve as an architectural gateway to the downtown area. The renovation is projected to be completed by December 2006.

- **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 9th year of operation and the Sturgeon City Institutes have graduated more than 700 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 had over 200 employees trained in topics including Sexual Harassment Prevention, Diversity and Workplace Violence. 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 for our EAP. A portion of these funds are being used to provide informational sessions to employees on related topics such as Depression, Anxiety, Anger Management and Domestic Abuse.

- **Specialty Team Training** – In February 2006 Jacksonville Fire Department hosted a state-wide 96 hour Hazardous Materials Technician course in which 5 members attended.

  During the month of May, July, and August 2006 a state-certified instructor conducted Water Rescue and Land Search Training for the department. These classes satisfied requirements for the Water Rescue and Structural Collapse Teams.

- **Honor Guard and Chaplain Program –** On May 6, 2006 the Jacksonville Fire Department Honor Guard participated in the 1st Annual Memorial Service of the North Carolina Fallen Firefighters in Raleigh, North Carolina.

  Since its inception, the Honor Guard and Chaplain Corps have participated in parades, funerals, and various ceremonies. The Honor Guard even assisted a Jacksonville citizen who had no living family by providing pallbearers for her funeral.

- **Annual Accreditation Compliance Report –** As part of the requirements to retain International Accredited Agency status, the Fire Department 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 11, 2006. The Fire Department is currently awaiting the letter from the Commission approving the Statement of Findings by our Annual Compliance Report.

- **Georgetown Emergency Service Training Ground –** Phase III, the total enclosure of the training tower is in the process of being constructed at this time. On-duty firefighters are assisting in applying the outer shell of the building. Fire Training Supervisor Captain Swindell Taylor is coordinating the effort.

- **Community Police Partnership -** The Jacksonville Police Department continues to expand partnerships within the community:

  - The department began a web-based training environment with the assistance of Coastal Carolina Community College (CCCC), saving the City approximately $30,000.00 in overtime costs.

- Coastal Carolina Community College developed an on-line program for officers wishing to obtain their Associates Degree. In partnership with Coastal Carolina Community College, a new automated target system is being constructed at the Police Range.

- Implementation of the Problem Oriented Police Training Officer Program.

- The police department has charged 17 offenders with weapon violations under the Project Safe Neighborhood Program.

- The Police Department entered a partnership with the Alcohol Beverage Control (ABC) Board to give Jacksonville Police Department officers enforcement jurisdiction over ABC violations.

- Development of the Alcohol Tobacco Firearm's (ATF) Gang Resistance and Education Training (GREAT) Program in Onslow County Schools.

- Opening of a new police community substation.

- Working on targeted prevention issues utilizing the Motel/Hotel Crime Prevention Landlord Training Program.

- Implementation of the Citizen's Police Academy.

- Continuation of DARE Camp - over 500 participants.

- Implementation of DARE in the middle schools - over 750 participants.

- **Information Technology** – The Information Technology Services Department implemented several new software programs and hardware upgrades:

    - BlackBerry Enterprise Server/Live Communications Server: extends the benefits of Microsoft Exchange messaging applications and other enterprise tools to mobile devices.

    - E-Government: This on-going project is an effort to develop the E-Gov function online. We are currently live with Click2Gov for Building Permits, Click2gov for Utility Billing (including on-line payment of Utility Bills), Click2gov for Business Licenses(including on-line payment), and Click2gov for Purchasing. With Council continuing to fund E-Government components there will be a rapid movement to provide more and more functions and services to our citizens online.

    - AS400 Upgrades – The City Hall and Public Safety AS400 computers have now been upgraded. All applications and data have been transfer to the new systems. The City's two AS400's are the core of day to day City business. These machines handle all of the City of Jacksonville municipal functions, including Accounting, Payroll, Purchasing, Utility Billing, Permitting, Licensing, Law Enforcement, and Fire Department. The use of these systems is continually expanding in areas more directly affecting the citizen conducting business with the City.

- H.T.E. Version 3 upgrade on the City Hall AS400 and Versions 3 and 4 on the Public Safety AS400.

- Vermont Systems Rectrac – A software solution being implemented that manages every aspect of Municipal Parks and Recreation operations.

- Evidence Tracking Barcode System – A new Evidence Tracking Barcode system was put in place at the Police Department this past year. This system allows the Police Department to track evidence and property quickly and easily. They can use the barcode scanner to check property in and out of the property room and inventory their property by scanning barcode tags and bin numbers.

- Cognos Web – Delivers managed reporting over the Web using QRep Web Reporting that works with Cognos Impromptu and the QRep catalogs. Reports are created and maintained in Impromptu, then deployed over the Web for organization-wide access. QRep Web Reporting gives management and staff quick, easy access to the latest reports, directly from their web browser. This solution includes Alerts & Notifications that triggers report processing and sends alerts or reports via e-mail to decision makers.

- **Solid Waste and Recycling Educational Program** – From January 2006 to July 2006, the City of Jacksonville had been preparing to transition from backyard refuse collection to once a week curbside refuse collection. Sanitation personnel over a period of 24 weeks delivered over 11,500 refuse containers in preparation for a July 10, 2006 start date of the new collection system.

  In an excellent example of teamwork, the Community Affairs Office and Public Services Department, developed informational brochures and mail outs that were sent out to residential customers explaining the system and why the change was necessary. Along with the Implementation of once a week curbside refuse collection, it was also necessary to revise present Solid Waste Collection policies to better service the citizens of Jacksonville in a fair and equitable manner. The new collection system has been implemented and the evaluation of this system is ongoing.

  The Solid Waste Collection and Recycling Advisory Board continued its program to promote recycling throughout the community. Seven Before and After School centers were visited in an effort to educate children about the benefits of recycling and the affects recycling has on the environment. A total of 304 children participated in these educational programs and each center was given a letter of appreciation from the Mayor and a certificate of recognition.

- **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 has three years to complete the project with a deadline of June 30, 2007. 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 will consist of concession/rest room facility, paved parking lot, maintenance facility, two lighted softball fields, eight lighted tennis courts, lights for the skateboard park, landscaping, detention pond, and planning costs. The project was bid in early October with a bid opening scheduled for October 26, 2006.

## DEPARTMENT FOCUS

Each year the City selects a department to highlight for its efforts and accomplishments. For 2006, the Information Technology Services Department has been selected for review.

The mission of the Information Technology Services Department is **"to serve as a consultant to the City Council, City Manager, other departments and staff of the City of Jacksonville in the management and use of information technology."** The ITS department strives to provide the highest quality computer and communication services to other City departments and the citizens of Jacksonville. Our goal is to be North Carolina's leader in the quality of computer and communications services provided to City departments and to the citizens of Jacksonville. These tasks are accomplished by four separate divisions (a total of 11 employees) who coordinate with City staff and City Council to establish the priorities and focus needed. Following is a breakdown of the divisions, a brief synopsis of their accomplishments in fiscal year 2006, and a quick look at what they are planning for fiscal year 2007.

**Administration:** The Administrative Division provides clerical and budgeting support for the Director. In addition, the Administrative Division supports all of the other departments throughout the City. This includes budgeting IT needs, processing IT Maintenance contracts, as well as purchasing, and receiving of IT Products. Other duties include managing City telephone and cell phone billing accounts, copier accounts, and the distribution and ordering the entire City's printing supplies.

**ITS Hardware/Application Division:** This division serves a multitude of functions, including management of the City's two AS400 midrange systems, 22 PC Servers, 350 personal computers and numerous software applications.

The ITS Hardware/Application division is responsible for the configuration and maintenance of the City's two AS400 midrange computing systems. This includes; backup, system message monitoring, application and software upgrades, user account creation and maintenance, networking configuration, and management of the hardware and software support contracts. The first of these two systems is located at City Hall and houses all of the City of Jacksonville Public Administration software including Accounting, Payroll, Purchasing, Utility Billing, Permitting, and Licensing.

In addition to the Public Administration software that resides on the AS400, there are several applications that are PC server based for citizen access and that tie into the underlying AS400 HTE information. These are part of the Click2Gov suite of products that provide citizen internet "front-end" access to many of our AS400 applications. Utility Billing, Building Permits, Business License are just a few of the applications that interface with the Click2gov suite.

The second of the two AS400 systems is located in the Public Safety facility and houses all of the Public Safety HTE software. There are several PC server based applications that tie back into the Public Safety AS400 that provide Mobile Reporting for the Police Department.

Both of these AS400's were upgraded during fiscal year 05-06.

The Hardware/Applications division also has the responsibility of configuring and maintaining all of the City's servers and personal computers. At present time, we have 22 servers running Windows based operating systems and three servers running the Linux operating system. There are approximately 350 personal computers in the City's inventory which includes all

desktop machines, laptops and Police Department MDT's. These machines all run Windows client operating systems. Each of our servers, and a number of our PC's, are backed up in case of a disaster by our StorServer. The StorServer is an IBM server and high-speed tape library repository that allows for electronic and tape based backup of our vital data.

Some of the projects completed during fiscal year 05-06 include:

- Lifecycled 101 personal computers
- Mobile Police Reporting – Installed and configured 44 new Mobile Data Terminals, MDB software, Radio IP
- Installed new Evidence Tracking Barcode System
- E-Government – Installed and configured Online Payment systems for Utility Billing, Building Permits, and Business Licenses
- Vermont Systems Rectrac – Installed and configured Municipal Parks and Recreation management software
- Upgraded both of the City's AS400 midrange computers(Hardware and Software)
- Public Safety In-Car Video Cameras: Replaced 10 old tape based video cameras with digital hard drive based cameras.
- BlackBerry Enterprise Server/Live Communications Server
- Installed and configured new HR Performance Appraisal system
- Public Safety Naviline: provides a familiar web-like graphical interface for Public Safety applications delivered through the City's intranet
- 4,486 helpdesk calls were completed last year

Some of the upcoming projects for fiscal year 06-07 include:

- E-Government – WebTrac – Online registration for the Parks and Recreation Department
- E-Government – Click2gov Planning and Zoning
- Interactive Voice Response Systems for Utility Billing and Building Permits
- Exchange Server Redundancy – To provide fail-over and redundancy for our email server
- Storage Area Network – a data/storage management solution

**Network and Security Division:** The Network and Security Division is responsible for insuring a stable network infrastructure with sophisticated security and integrity to provide the City with the highest quality of computer and communication services. This infrastructure, which is constantly evolving, currently consists of 20 locations with a fiber backbone to City Hall and two lower bandwidth frame-relay locations. Across all of these sites, we have approximately 22 Cisco networking switches, 12 routers, and 10 wireless access points providing wireless client connectivity.

The Network division is also responsible for the Voice over IP telephone communications system covering the entire city. This system consists of approximately 235 telephone handsets, two Call processing servers, one Unified messaging server, point-to-point video conferencing, and several PC based software telephones.

ITS provides a layered network security system to protect the network infrastructure. This system includes a Firewall router and Intrusion Prevention. Wireless security standards are in place to protect our wireless networking infrastructure from intrusion. For remote users, a VPN concentrator provides secure and private access to our internal network from the Internet. Each machine on the network also has local security provided by Group Policies, Symantec Antivirus, Spam Filters, and Adware/Spyware blocking tools.

Video on-demand technology from Vbrick was also implemented. This allows real time or live stream of recordings such as City Council meetings and workshops to the desktop over our network. This allows City employees to participate in events such as training without leaving their desk. This is more convenient, time saving and cost saving.

The upcoming major projects for the Network division for FY 06/07 are a Citywide wireless hot zones network to facilitate wireless access to City employees, additional security measures such as Email encryption, cardholder security information, and Cisco security monitor, analysis and response system. Network hardware upgrades will also be implemented as part of the network lifecycle process.

**Geographic Information Systems (GIS):** The GIS division of ITS is responsible for collecting, maintaining, integrating, and distributing all datasets with geographic components within the City. This includes everything from items specifically created or obtained for map display (i.e. shapefiles, cad files, ortho images) to data stored within databases with much broader uses (i.e. HTE Public Safety information, HTE land application information).

The collection and maintenance of the many datasets used for GIS purposes is accomplished in various ways. Data is exchanged between the City, County, Federal, State, and various vendors. It is also generated and collected directly by City staff. Geo-referencing existing documents (i.e. “as-builts”) and the process of “heads-up” digitizing aid greatly in the creation of GIS data. The GIS division also utilizes and customizes software such as ArcPad to expedite, standardize, improve, and ease field data collection processes. Training on customized GPS devices is also provided by this division to other departments. These devices, along with post-processing procedures (done in the office), can locate physical assets accurately to within one foot. This allows for the creation of new datasets, as well as the maintenance of existing ones, in a more efficient manner.

Various programs are maintained by the GIS division and provided to City staff and citizens to promote the distribution of the aforementioned data. This allows for spatial display, searching, and reporting of many components previously only available in a purely textual environment. Utilizing these programs aids both City staff and citizens to access more information in faster, easier manners than ever before. The police use the LG Crimes program to determine high crime areas, crime patterns, and how best to respond to various issues. The E-911 dispatchers can more quickly and accurately provide assistance thanks to the integrated mapping system (LG Dispatch) that displays current caller locations on a map of the city. This program will soon include information for the locations of on-duty officers, further improving response times for 911 calls. Other GIS-based programs utilized include ArcReader, LGweb, LG Public Web (the Online Mapping site available on the City’s main website), LG Viewer, ArcMap, and many others.

In the past year, the GIS division has implemented a number of improvements to their existing infrastructure and programs. An Online Mapping site was created and made available to the public. LG Dispatch was upgraded to automatically display locations for both land-line and cellular callers. Many additional training sessions were held for City staff to allow more users to actively utilize new and existing GIS programs (i.e. LG Viewer, LG Web, etc.). A clean-up project was development and implemented to make working with existing GIS data more efficient. All sewer lines and Fire Hydrants in the City were GPS and put into a data base.

The upcoming major projects include the implementation of ArcSDE, AVL, and addressing. ArcSDE is a server-based program that stores the various GIS datasets in a single database instead of separate files, and should facilitate further improvements in the distribution and

accuracy of the data. The AVL (Automatic Vehicle Locator) system for the police department will allow for the tracking of all available cars to aid in emergency dispatching. Addressing within the city is currently being investigated to assure the best possible information is available for emergency situations and all other City functions (permitting, zoning, etc.).

## 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, 2006. 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, 2006, 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 4.25 percent for US Treasury bills in 2006. For the year ended June 30, 2006, the City realized investment earnings of $1,191,125, for an average yield of 4.77 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, 2005. This was the fourteenth 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

Debra H. Mack
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Jacksonville, North Carolina

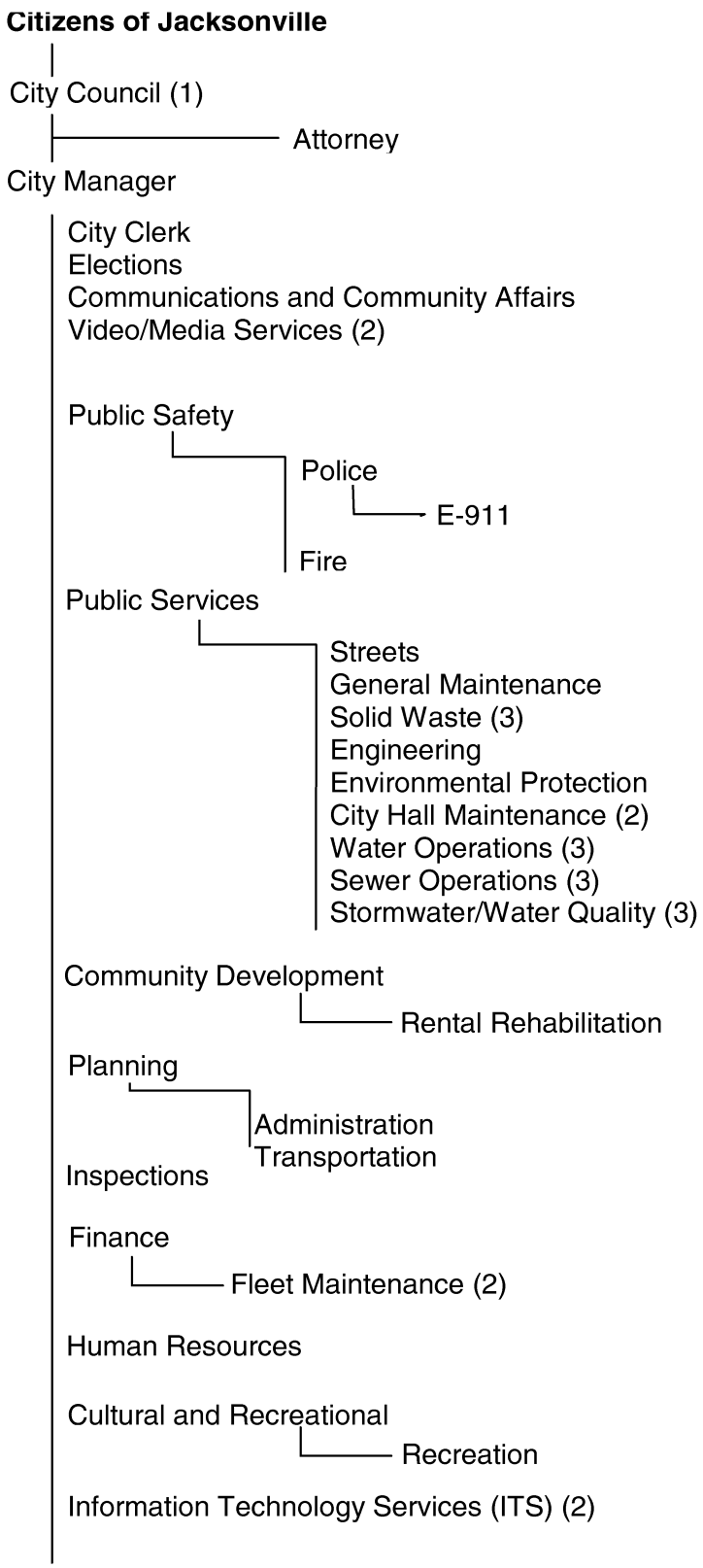
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.

President

Executive Director

# City of Jacksonville Organizational Chart




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

**City of Jacksonville**
**List of Principal Officials**
**June 30, 2006**

| Title | Name |
|---|---|
| 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 |
| Attorney | John T. Carter |
| City Clerk | Carmen K. Miracle |
| Finance Director/Special Projects Administrator | Debra H. Mack |
| Fire Chief | Richard McIntyre |
| Human Resources Director | (vacant) |
| Information Technology Services | Earl Bunting |
| Police Chief | Mike Yaniero |
| Public Services Director | Grant Sparks |
| Recreation Director | Michael Carter |

JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

# 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

JACKSONVILLE N.C.
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Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

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, 2006, 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, 2006, and 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 August 29, 2006 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 21 through 35 and 85 through 86 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
August 29, 2006

**City of Jacksonville, North Carolina**
**Comprehensive Annual Financial Report**
**For the Fiscal Year Ended June 30, 2006**

## 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, 2006. 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

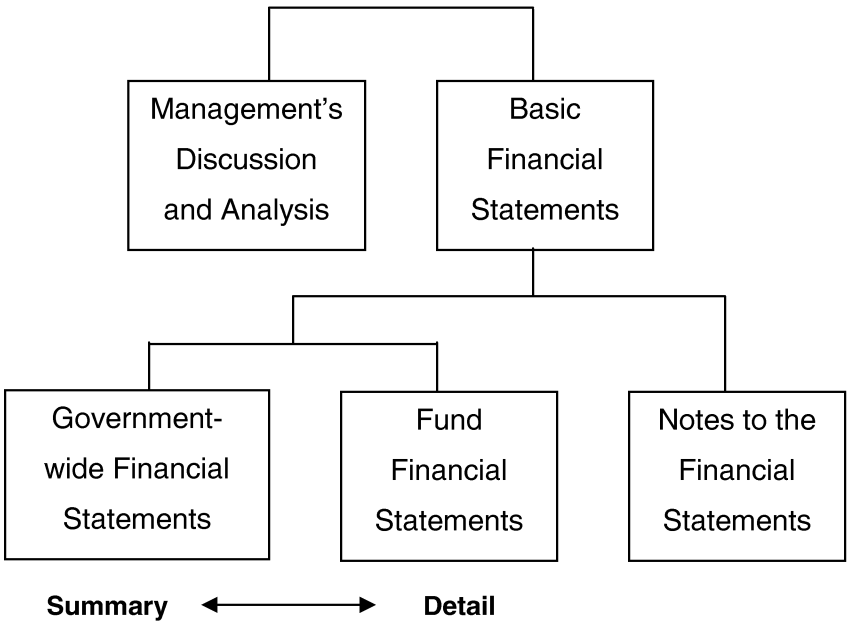
- The overall financial position of the City improved in 2006 as evidenced by an increase in total net assets of $4.2 million from the governmental activities.
- The assets of the City exceeded its liabilities at the close of the fiscal year by $103.4 million (net assets). Of this amount, $27.1 million (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 $27.1 million, an increase of $1.3 million in comparison with the prior year. Approximately 13.3 percent of this total amount or $3.6 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 $3.6 million, or 10.6 percent, of the budget for fiscal year 2007. This exceeded the City Council's goal of 10 percent by the end of fiscal year 2006.
- The City's total long-term debt decreased by $2.3 million (5.4%) 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.

**Required Components of Annual Financial Report**




## 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 and environmental protection. 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 and storm water/water quality system are included here.

The government-wide financial statements are on 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 on 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 on 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 on 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 51 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 $103.4 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2006 and 2005 is presented on the following page:

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | $ 33.60 | $ 31.98 | $ 5.66 | $ 14.61 | $ 39.26 | $ 46.59 |
| Capital assets | 32.76 | 31.69 | 78.22 | 69.80 | 110.98 | 101.49 |
| Total assets | 66.36 | 63.67 | 83.88 | 84.41 | 150.24 | 148.08 |
| Current and other liabilities | 3.66 | 3.97 | 2.68 | 2.15 | 6.34 | 6.12 |
| Noncurrent liabilities | 9.58 | 10.78 | 30.92 | 31.94 | 40.50 | 42.72 |
| Total liabilities | 13.24 | 14.75 | 33.60 | 34.09 | 46.84 | 48.84 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 25.15 | 23.21 | 48.92 | 41.91 | 74.07 | 65.12 |
| Restricted | 2.20 | 2.27 | - | - | 2.20 | 2.27 |
| Unrestricted | 25.77 | 23.44 | 1.36 | 8.41 | 27.13 | 31.85 |
| Total net assets | $ 53.12 | $ 48.92 | $ 50.28 | $ 50.32 | $ 103.4 | $ 99.24 |

Government-wide net assets increased by $4.2 million for the fiscal year ended June 30, 2006. The largest portion (71.7%) 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 $27.1 million (26.2%) 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 $4.2 million, or 8.6 percent, to $53.1 million. However, $27.3 million of these net assets either are restricted as to the purposes for which they can be used for or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of $25.8 million increased $2.3 million from the previous year. The increase resulted from increases of ongoing revenues that exceed the increases in ongoing expenses.

The net assets of the business-type activities had a slight decrease of ($.04 million), or .08 percent, to $50.3 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 $1.4 million decreased $7.1 million from the previous year. The decrease was mainly due to paying cash of $7.7 million for water and sewer capital project expenses during 2006. Subsequent to June 30, 2006 debt was issued and the water and sewer fund was reimbursed from those proceeds.

**Changes in net assets.** The following table presents the City's changes in net assets for the fiscal years ended June 30, 2006 and 2005:

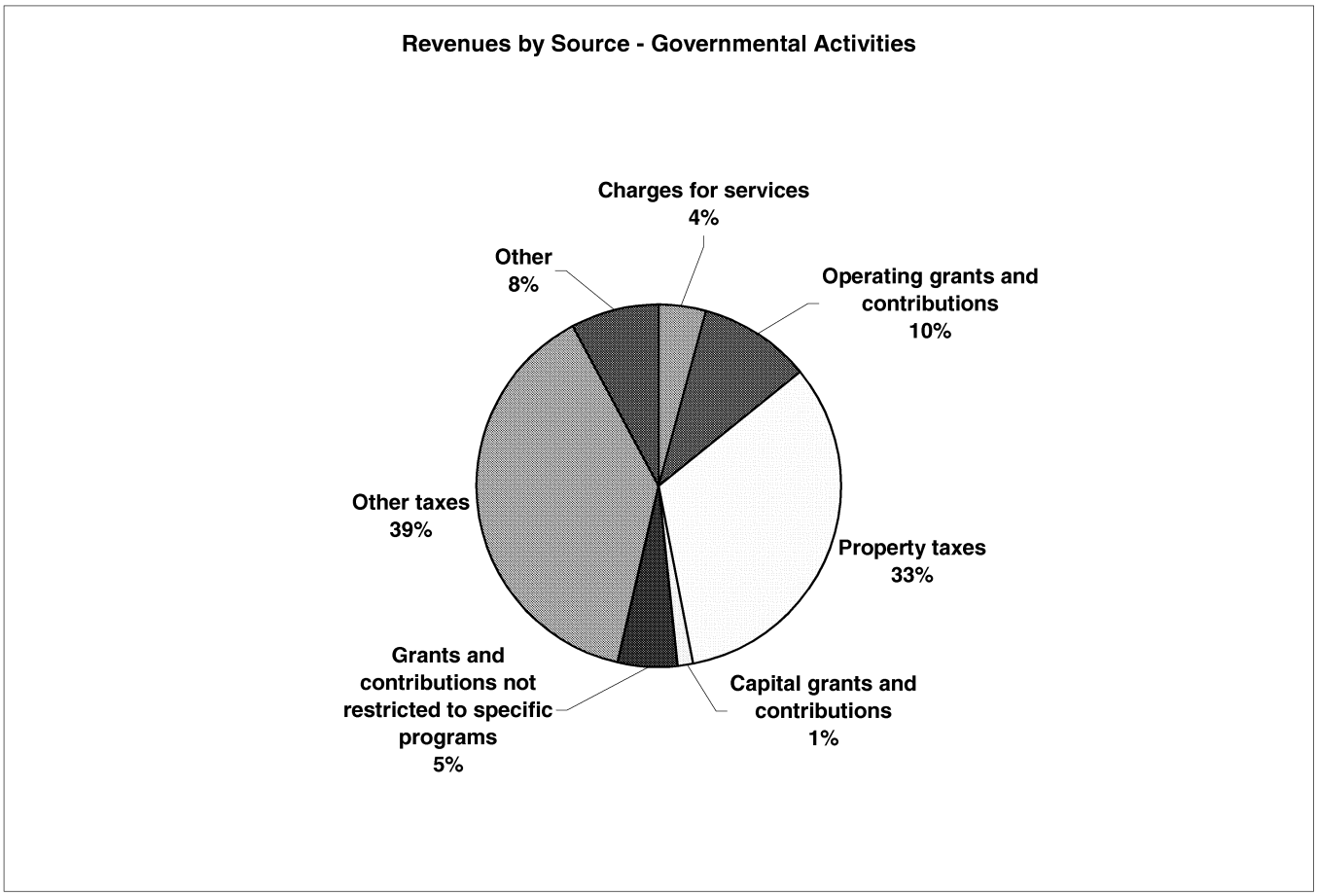
**City of Jacksonville's Changes in Net Assets**
**(in Millions)**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 1.57 | $ 1.54 | $ 14.56 | $ 13.50 | $ 16.13 | $ 15.04 |
| Operating grants and contributions | 3.67 | 2.79 | - | - | 3.67 | 2.79 |
| Capital grants and contributions | 0.46 | .28 | 0.71 | 0.84 | 1.17 | 1.12 |
| General revenues: | | | | | | |
| Property taxes | 12.26 | 11.56 | - | - | 12.26 | 11.56 |
| Other taxes | 14.30 | 13.12 | - | - | 14.30 | 13.12 |
| Grants and contributions not restricted to specific programs | 2.01 | 1.92 | - | - | 2.01 | 1.92 |
| Other | 2.92 | 3.68 | 0.46 | 0.39 | 3.38 | 4.07 |
| Total revenues | 37.19 | 34.89 | 15.73 | 14.73 | 52.92 | 49.62 |
| Expenses: | | | | | | |
| General government | 6.48 | 6.04 | - | - | 6.48 | 6.04 |
| Public works | 5.54 | 5.11 | - | - | 5.54 | 5.11 |
| Public safety | 13.81 | 13.27 | - | - | 13.81 | 13.27 |
| Economic and physical development | 1.64 | 0.51 | - | - | 1.64 | 0.51 |
| Environmental protection | - | 1.89 | - | - | - | 1.89 |
| Cultural and recreational | 2.75 | 2.71 | - | - | 2.75 | 2.71 |
| Interest on long-term debt | 0.31 | 0.35 | - | - | 0.31 | 0.35 |
| Water and sewer | - | - | 12.98 | 11.63 | 12.98 | 11.63 |
| Solid waste | - | - | 4.87 | 2.18 | 4.87 | 2.18 |
| Stormwater/Water Quality | - | - | 0.38 | 0.23 | 0.38 | 0.23 |
| Total expenses | 30.53 | 29.88 | 18.23 | 14.04 | 48.76 | 43.92 |
| Increase (decrease) in net assets before transfers | 6.66 | 5.01 | (2.50) | 0.69 | 4.16 | 5.70 |
| Transfers | (2.46) | (1.32) | 2.46 | 1.32 | - | - |
| Change in net assets | 4.20 | 3.69 | (0.04) | 2.01 | 4.16 | 5.70 |
| Net assets, July 1 | 48.92 | 45.23 | 50.32 | 48.31 | 99.24 | 93.54 |
| Net assets, June 30 | $ 53.12 | $ 48.92 | $ 50.28 | $ 50.32 | $ 103.40 | $ 99.24 |

Total government-wide revenues of $52.9 million were primarily derived from charges for services (30%), other taxes (27%) and property taxes (23%). These sources of revenues increased 7.5 percent from the prior year. All other revenue categories in the aggregate increased 3.3 percent from the prior year mainly due to the increase in operating grants and contributions.

The total expenses of all programs were $48.8 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 28% and 27% of total expenses, respectively. Both programs increased expenses over the prior year due to increased activities with the City, such as homeland security and the maintenance and repair of water and sewer infrastructure.

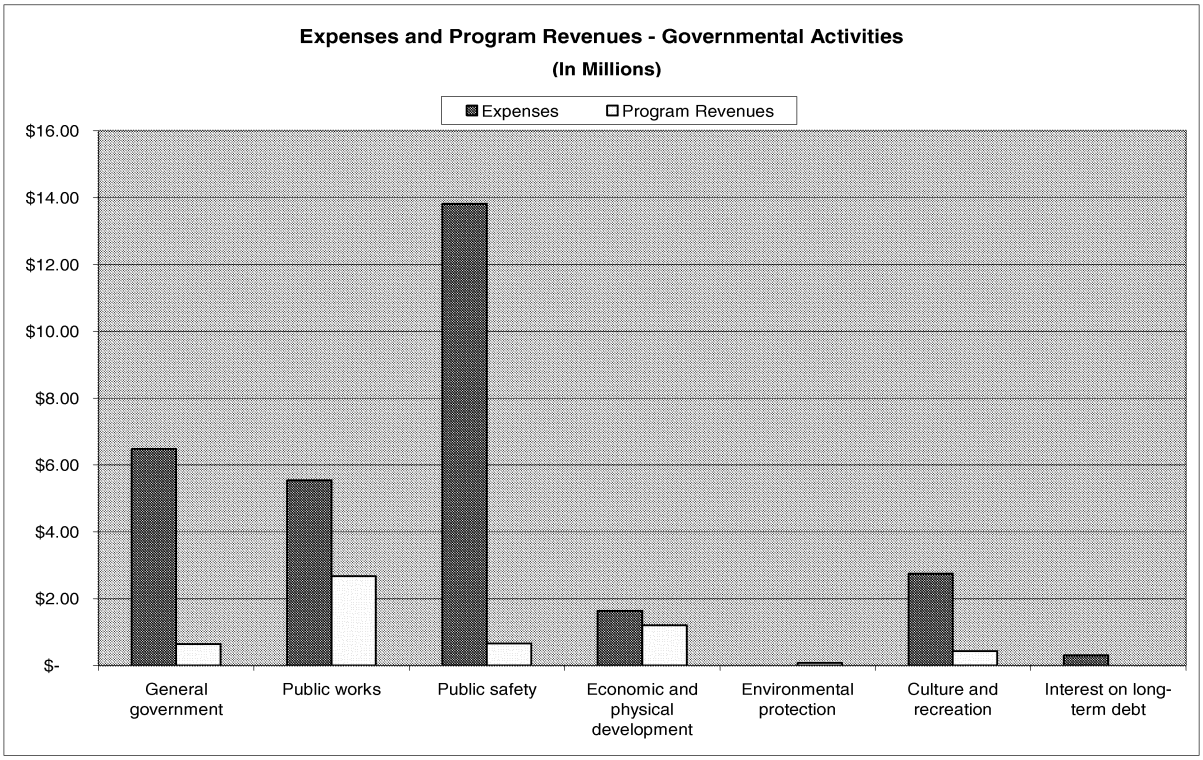
**Governmental Activities**




Property and other taxes (72%) continue to be the major source of revenues for governmental activities. Even though the property tax rate remained unchanged, property tax revenues increased $.7 million or 6.0 percent.

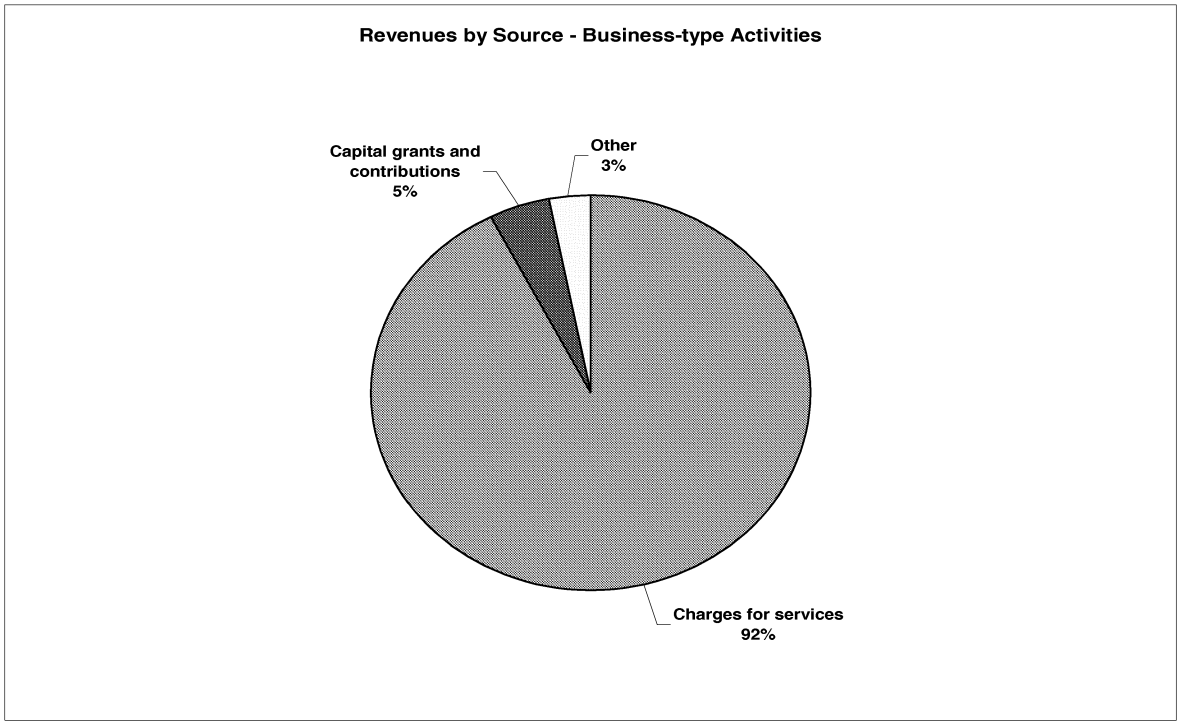
Governmental expenses of $30.5 million cover a range of services with the largest continuing to be public safety for 45% in the current year. Public safety expenses increased 4.1% over the prior year due mainly to increases in employee compensation and benefits.

The chart on the next page 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.



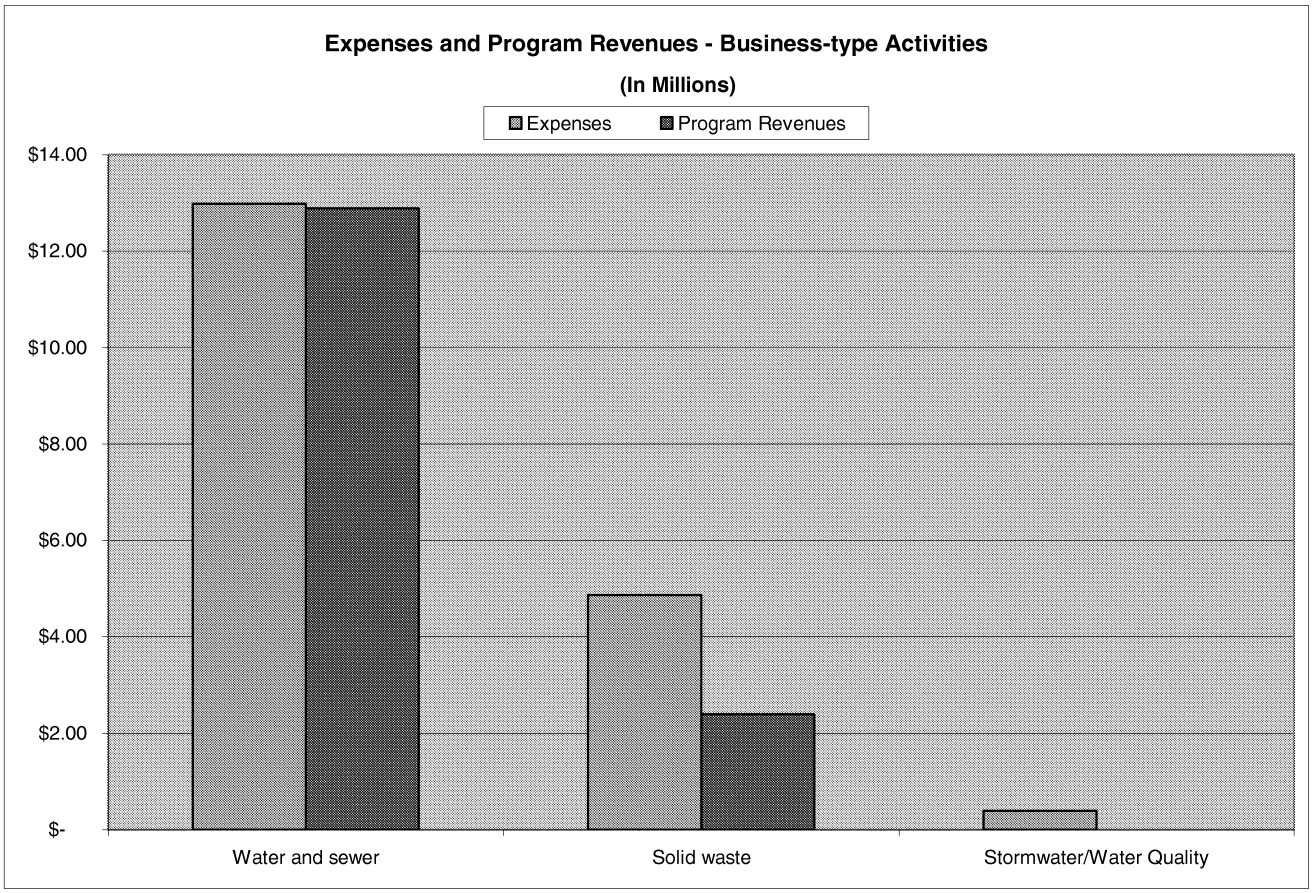

The total cost of governmental services of $30.5 million was supported by $1.6 million in fees, fines and charges from those who directly benefited from the programs. The increase in fees, fines and charges of 1.9% from the prior year related mainly to increased enforcement for privilege licenses. Another $3.7 million was provided by other governments and organizations for specific programs. This increased 31.5% due to the Community Development Program drawing down federal grant funds while in the previous year it used program income.

## Business-type Activities



Revenues from the business-type activities were $15.7 million, an increase of 6.8% from the prior year. The largest increase (7.9%) was in charges for services and resulted mainly from an increase in the water user fees to fund the construction of the new water plant.

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




The largest increase in expenses came from the Solid Waste Fund (123.4%). This was mainly due to transferring Environmental Protection from the Governmental Activities to the Solid Waste Fund in the Business-type Activities to consolidate this activity in one fund per the recommendations of a recently completed efficiency study of the entire operations. The efficiency study also recommended new user rates and fees for our entire sanitation, yard waste and white goods services; however the City Council did not implement all those recommendations. This resulted in a loss of $2.4 million of which $1.9 million was covered by a transfer from the General Fund and $.5 million in unrestricted net assets.

The Storm Water/Water Quality Fund continued to show a loss in 2006 of $.4 million. The loss was covered by a transfer from the general fund of $.3 million and $.1 million in unrestricted net assets. The City completed a user fee study to cover this mandated service during the fiscal year. The new user fee was adopted by the City Council at the close of 2006 to be effective in the next fiscal year.

The Water and Sewer Fund had a loss of $.4 million which was mainly due to the increased costs for fuel and electric utilities of the water and sewer system.

## 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, 2006, the governmental funds reported a combined fund balance of $ 27.1 million, an increase of $1.3 million or 4.8% over last year. This amount consists of the following:

| | | | |
|---|---|---|---|
| (a) | $ 4.0 million reserved or designated for major capital projects | | |
| | Major Capital Projects | $ 4,035,994 | |
| (b) | $ 9.1 million reserved or designated for specific programs, | | |
| | Non-major governmental: | | |
| | Special Revenue | $ 643,011 | |
| | Capital Reserve | 5,149,649 | |
| | Grantor | 617,774 | |
| | Drug Enforcement | 363,768 | |
| | Powell Bill | 1,871,237 | (less major capital included above) |
| | Installment purchase | 204,989 | |
| | Compensating balance | 150,000 | |
| | U.S. Agencies | 73,976 | |
| | Reserved inventories | 8,858 | |
| | Reserved for prepaids | 8,103 | |
| | | $ 9,091,365 | |
| (c) | $10.3 million reserved and designated , and | | |
| | State Statute General Fund | $ 5,167,197 | |
| | Designated Subsequent Year's Expenditure General Fund | 4,049,222 | |
| | Encumbrances General Fund | 874,942 | |
| | Encumbrances non-major governmental: | | |
| | Special Revenue | 256,553 | |
| | | $ 10,347,914 | |
| (d) | $ 3.6 million unreserved, undesignated. | | |
| | General Fund | $ 3,604,285 | |

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 $3.6 million, while total fund balance reached $14.7 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 - 2007. Unreserved, undesignated fund balance represents 10.6 percent of 2007 total general fund expenditures, while total fund balance represents 43.2 percent of that same amount.

The fund balance of the general fund increased by $.6 million during the current fiscal year. The key factor in this growth was an increase in additional sales tax distribution of $1.2 million.

The major capital projects fund has a total fund balance of $4.0 million, all of which is reserved for future capital projects. The net increase of $.3 million mainly came from the receipt of debt issued to reimburse prior expenditures.

The non-major funds have a total fund balance of $8.4 million, all of which is reserved for specific programs and streets-related capital projects. The net increase of $.4 million came from the receipt of program income in the Special Revenue Fund from home sales.

**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 $1.2 million in the Water and Sewer fund, $.1 million in the Solid Waste fund and $.1 million in the non-major enterprise fund (Storm Water/Water Quality fund). The total change in net assets for the funds was $.61 million, ($.49 million) and ($.16 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 $.2 million increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- General Government increases of $.4 million resulted mainly from an Economic Development Incentives Agreement for the retention and expansion of jobs within the City.
- Public Works increases of $.2 million resulted mainly from the encumbrance rollover budget from the prior year for professional services for outside contracted engineering work, outstanding purchases in the Streets and Maintenance Divisions and one-time payments 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 $.2 million resulted mainly from the distribution of one-time payments for employees authorized by City Council originally budgeted in general government and after approval of the budget is then distributed to the other functions in the general fund.
- Debt service decrease ($.6 million) between the original budget and final budgeted amounts was the result of not issuing debt in 2006 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 $2.0 million transfer to the Capital Reserve fund. The City Council adopted a fund balance policy that requires the undesignated fund balance excess over 10% of the current year's expenditures to be set aside in the Capital Reserve fund for future capital projects. This budget amendment is presented for adoption once the audit for each fiscal year is completed.

General Fund Revenues exceeded budget amounts by 5.8% while the City's total expenditures for the year were 13.5% less than the budget. General Fund revenues and other sources were more than expenditures and other uses by $ .6 million contributing to an increase in fund balance. The $1.8 million additional revenue above the final budgeted amount was mainly due to:

- Property tax collections, sales tax (other taxes and licenses), and investment earnings were $.2 million, $1.6 million, and $.2 million greater than expected, respectively.
- Utility franchise tax (unrestricted intergovernmental revenues) and federal – 104F transportation grant (restricted intergovernmental revenues) were ($.3 million) and ($.3 million) less than expected, respectively.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, the City had $111.0 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 $9.5 million, or 9.35%, over last year. The summary of capital assets at June 30, 2006 and 2005 is presented on the following page:

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | $ 2.02 | $ 2.02 | $ 0 .17 | $ 0.17 | $ 2.19 | $ 2.19 |
| Buildings | 9.42 | 9.13 | 40.44 | 42.94 | 49.86 | 52.07 |
| Improvements other than buildings | 2.76 | 2.93 | 23.29 | 22.34 | 26.05 | 25.27 |
| Equipment | 1.65 | 1.62 | 2.34 | 1.71 | 3.99 | 3.33 |
| Heavy equipment | 0.04 | 0.05 | 0.12 | 0.08 | 0.16 | 0.13 |
| Vehicles | 0.98 | 1.67 | 0.66 | 0.26 | 1.64 | 1.93 |
| Infrastructure | 12.30 | 11.32 | - | - | 12.30 | 11.32 |
| Construction in progress | 3.59 | 2.95 | 11.20 | 2.30 | 14.79 | 5.25 |
| Total | $ 32.76 | $ 31.69 | $ 78.22 | $ 69.80 | $ 110.98 | $ 101.49 |

This year's major capital asset additions included:

- Donated water and sewer systems - $ .7 million
- Donated streets - $1.2 million
- Water distribution systems - $2.1 million
- Construction in progress – Water Distribution - $2.4 million
- Wastewater treatment and sewage collection - $1.6 million
- Construction in progress – Sewer collection - $6.5 million
- Governmental building and infrastructure - $2.3 million

At June 30, 2006, authorized and unexpended capital projects totaled $56.13 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 $ 25.55 million
- Water and Sewer $ 30.48 million
- Stormwater $ .07 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, 2006, the City had $39.31 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was a decrease of $2.26 million, or 5.4%, over last year. Details by type of debt are presented on the following page:

**City of Jacksonville**
**Outstanding Debt**
**(in Millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Installment Purchases | $ 8.58 | $ 9.75 | $ 16.64 | $ 16.26 | $ 25.22 | $ 26.01 |
| Loans | - | - | 14.09 | 15.56 | 14.09 | 15.56 |
| Total | $ 8.58 | $ 9.75 | $ 30.73 | $ 31.82 | $ 39.31 | $ 41.57 |

New debt for 2006 resulted from installment purchases and loans for:

| | | |
|---|---|---|
| Major Capital Projects | $ | 700,000 |
| Water/Sewer Improvements | | 2,950,600 |
| Vehicles & Equipment | | |
| General Fund | | 765,372 |
| Solid Waste | | 760,006 |
| Water/Sewer | | 2,509,301 |
| Fleet equipment | | 17,800 |
| ITS equipment | | 363,900 |
| | $ | 8,066,979 |

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, 2006, was $294.7 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 2006, 25 nonresidential and 385 residential units were constructed with a value of $60.0 million compared to $78.5 million for 2005.
- Retail sales during 2006 were $.9 billion compared to $1.13 billion for 2005, a 20 percent decrease. However, the sales and use tax collections during 2006 were $38.7 million compared to $37.0 million in 2005, a 4.6 percent increase.
- The June 2006 unemployment rate was 4.7 percent compared to 4.8 percent for the state and 4.6 percent for the nation.

Property tax receipts remain stable despite the City's property tax rate being two cents lower than it was in 1990. 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, the increased costs for unfunded mandates, such as homeland security and storm water management, continue to place pressures on the City's existing revenue base.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to $3.6 million. This $3.6 million is the balance remaining after the $4.0 million the City appropriated

for spending in the 2007 fiscal year budget. $2.3 million of the $4.0 million appropriated will be transferred to the Capital Reserve Fund for future capital projects.

The General Fund initial budget for 2007 increased 6.6% from $38.1 million to $40.6 million. The projected increase in revenues is mainly due to $1.3 million in sales tax and $1.7 million in property tax revenue. The increase in property tax revenue is mainly due to the 3.84 cent tax increase for the funding of the future Public Safety Complex.

The following are highlights for the 2007 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 an incremental volumetric rate increase to encourage water conservation. This translates into the average water and sewer customer (5,000 gallons per month) will pay the same in 2007; 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.

JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

# 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.

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CAMP LEJEUNE
MCAS NEW RIVER

**City of Jacksonville, North Carolina** **Exhibit A**

**Statement of Net Assets**

June 30, 2006

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **Assets** | | | |
| Cash and cash equivalents | $ 21,415,603 | $ 3,009,434 | $ 24,425,037 |
| Restricted cash and cash equivalents | 3,774,118 | 905,806 | 4,679,924 |
| Receivables: | | | |
| Taxes (net) | 1,135,235 | - | 1,135,235 |
| Accrued interest on taxes (net) | 166,362 | - | 166,362 |
| Accounts receivable (net) | 4,904,467 | 1,436,726 | 6,341,193 |
| Notes receivable | 1,424,912 | - | 1,424,912 |
| Inventories | 56,462 | 963,926 | 1,020,388 |
| Prepaid items | 8,547 | 60,424 | 68,971 |
| Internal balances | 715,680 | (715,680) | - |
| Capital Assets: | | | |
| Land | 2,022,088 | 170,725 | 2,192,813 |
| Buildings and other structures | 16,575,742 | 70,507,262 | 87,083,004 |
| Improvements other than buildings | 3,676,752 | 48,816,779 | 52,493,531 |
| Equipment | 8,421,630 | 3,620,118 | 12,041,748 |
| Heavy Equipment | 572,764 | 504,962 | 1,077,726 |
| Vehicles | 6,949,632 | 2,597,393 | 9,547,025 |
| Infrastructure | 21,156,929 | - | 21,156,929 |
| Construction in progress | 3,589,029 | 11,208,617 | 14,797,646 |
| Less accumulated depreciation | (30,207,469) | (59,207,567) | (89,415,036) |
| Total Assets | 66,358,483 | 83,878,925 | 150,237,408 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 3,382,282 | 2,136,157 | 5,518,439 |
| Due to Fiduciary Fund | 11,902 | - | 11,902 |
| Customer deposits | 163,179 | 416,994 | 580,173 |
| Unearned revenue | 106,646 | 127,837 | 234,483 |
| Noncurrent Liabilities: | | | |
| Due within one year | 2,331,405 | 4,001,199 | 6,332,604 |
| Due in more than one year | 7,245,849 | 26,915,171 | 34,161,020 |
| Total Liabilities | 13,241,263 | 33,597,358 | 46,838,621 |
| **Net Assets** | | | |
| Invested in capital assets, net of related debt | 25,150,834 | 48,924,397 | 74,075,231 |
| Restricted: | | | |
| Public Works | 1,950,536 | - | 1,950,536 |
| Public Safety | 247,110 | - | 247,110 |
| Unrestricted | 25,768,740 | 1,357,170 | 27,125,910 |
| Total Net Assets | $ 53,117,220 | $ 50,281,567 | $ 103,398,787 |

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, 2006

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Governmental Activities: | | | | |
| General government | $ 6,477,418 | $ 640,309 | $ 4,340 | $ - |
| Public works | 5,536,593 | 571,493 | 2,096,635 | - |
| Public safety | 13,814,184 | 64,820 | 285,838 | 312,060 |
| Economic and physical development | 1,638,189 | - | 1,205,977 | - |
| Environmental protection | 1,434 | - | 80,420 | - |
| Cultural and recreational | 2,750,376 | 289,996 | 2,737 | 153,452 |
| Interest on long-term debt | 307,290 | - | - | - |
| Total governmental activities | 30,525,484 | 1,566,618 | 3,675,947 | 465,512 |
| Business-type Activities: | | | | |
| Water and Sewer | 12,976,043 | 12,167,702 | - | 714,338 |
| Solid Waste | 4,867,176 | 2,391,135 | - | - |
| Stormwater/Water Quality | 386,700 | - | - | - |
| Total business-type activities | 18,229,919 | 14,558,837 | - | 714,338 |
| Total primary government | $ 48,755,403 | $ 16,125,455 | $ 3,675,947 | $ 1,179,850 |

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 |
| $ (5,832,769) | $ - | $ (5,832,769) |
| (2,868,465) | - | (2,868,465) |
| (13,151,466) | - | (13,151,466) |
| (432,212) | - | (432,212) |
| 78,986 | - | 78,986 |
| (2,304,191) | - | (2,304,191) |
| (307,290) | - | (307,290) |
| (24,817,407) | - | (24,817,407) |
| - | (94,003) | (94,003) |
| - | (2,476,041) | (2,476,041) |
| - | (386,700) | (386,700) |
| - | (2,956,744) | (2,956,744) |
| (24,817,407) | (2,956,744) | (27,774,151) |
| 12,257,692 | - | 12,257,692 |
| 13,407,336 | - | 13,407,336 |
| 367,294 | - | 367,294 |
| 422,752 | - | 422,752 |
| 98,316 | - | 98,316 |
| 2,009,963 | - | 2,009,963 |
| 844,477 | 355,453 | 1,199,930 |
| 2,076,432 | 104,131 | 2,180,563 |
| (2,461,530) | 2,461,530 | - |
| 29,022,732 | 2,921,114 | 31,943,846 |
| 4,205,325 | (35,630) | 4,169,695 |
| 48,911,895 | 50,317,197 | 99,229,092 |
| $ 53,117,220 | $ 50,281,567 | $ 103,398,787 |

**City of Jacksonville, North Carolina** **Exhibit C**
**Balance Sheet - Governmental Funds**
June 30, 2006

| | Major | | | |
|---|---|---|---|---|
| | General | Capital Projects | Total Non-Major Funds | Total |
| **Assets** | | | | |
| Cash and cash equivalents | $ 10,816,003 | $ 3,658,042 | $ 5,870,380 | $ 20,344,425 |
| Restricted cash and cash equivalents | 1,060,656 | 703,802 | 1,945,334 | 3,709,792 |
| Taxes receivable (net) | 1,135,235 | - | - | 1,135,235 |
| Accounts receivable (net) | 4,493,222 | 61,468 | 341,377 | 4,896,067 |
| Interfund receivable | 797,200 | - | - | 797,200 |
| Inventories | 8,858 | - | - | 8,858 |
| Prepaid items | 8,103 | - | - | 8,103 |
| Notes receivable | - | - | 1,424,912 | 1,424,912 |
| Total assets | $ 18,319,277 | $ 4,423,312 | $ 9,582,003 | $ 32,324,592 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 1,907,602 | $ 371,318 | $ 1,055,637 | $ 3,334,557 |
| Due to other funds | 11,902 | - | - | 11,902 |
| Interfund payable | 136,069 | 16,000 | 132,457 | 284,526 |
| Compensated absences payable | 67,451 | - | - | 67,451 |
| Customer deposits | 163,179 | - | - | 163,179 |
| Deferred revenues | 1,258,460 | - | 18,313 | 1,276,773 |
| Unearned revenues | 106,646 | - | - | 106,646 |
| Total liabilities | 3,651,309 | 387,318 | 1,206,407 | 5,245,034 |
| Fund balances: | | | | |
| Reserved by state statute | 5,167,197 | - | - | 5,167,197 |
| Reserved by grantor | - | - | 617,774 | 617,774 |
| Reserved for compensating balance | 150,000 | - | - | 150,000 |
| Reserved for encumbrances | 874,942 | 1,736,396 | 256,553 | 2,867,891 |
| Reserved for inventories | 8,858 | - | - | 8,858 |
| Reserved for installment purchase | 204,989 | - | - | 204,989 |
| Reserved for Powell Bill | 533,495 | 3,491 | 1,337,742 | 1,874,728 |
| Reserved for prepaid items | 8,103 | - | - | 8,103 |
| Reserved for drug enforcement | 4,593 | - | 359,175 | 363,768 |
| Reserved for US agencies | 62,284 | - | 11,692 | 73,976 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures: | | | | |
| General Fund | 4,049,222 | - | - | 4,049,222 |
| Special Revenue | - | - | 643,011 | 643,011 |
| Capital Projects | - | 2,296,107 | | 2,296,107 |
| Capital Reserve | - | - | 5,149,649 | 5,149,649 |
| Unreserved, undesignated reported in: | | | | |
| General Fund | 3,604,285 | - | - | 3,604,285 |
| Total fund balances | 14,667,968 | 4,035,994 | 8,375,596 | 27,079,558 |
| Total liabilities and fund balances | $ 18,319,277 | $ 4,423,312 | $ 9,582,003 | $ 32,324,592 |

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, 2006

**Exhibit C,** continued.

| | |
|---|---|
| Total fund balances for governmental funds | $ 27,079,558 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 32,757,097 |
| Adjustment for assets attributable to internal service funds | (769,581) |
| Other long-term assets are not available to pay for current-period expenditures and therefore are: | |
| Deferred Revenue | 1,276,773 |
| Accrued interest on Property Taxes - Statement of Net Assets | 166,362 |
| 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 | 1,445,451 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds | (9,577,253) |
| Adjustment for internal service funds installment purchases and noncurrent portion of vacation pay | 671,362 |
| Adjustment for current portion of vacation pay | 67,451 |
| Total net assets of governmental activities | $ 53,117,220 |

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

**City of Jacksonville, North Carolina** **Exhibit D**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

For the Fiscal Year Ended June 30, 2006

| | Major | | Total Non-Major Funds | Total |
|---|---|---|---|---|
| | General | Capital Projects | | |
| **Revenues:** | | | | |
| Ad valorem taxes | $ 12,036,716 | $ - | $ - | $ 12,036,716 |
| Other taxes and licenses | 14,477,403 | - | - | 14,477,403 |
| Unrestricted intergovernmental revenues | 2,009,407 | - | - | 2,009,407 |
| Restricted intergovernmental revenues | 2,035,456 | 128,273 | 2,345,024 | 4,508,753 |
| Permits and fees | 640,504 | - | - | 640,504 |
| Sales and services | 334,488 | - | - | 334,488 |
| Investment earnings | 499,599 | 87,525 | 214,624 | 801,748 |
| Miscellaneous | 144,036 | 2,040 | 631,955 | 778,031 |
| Total revenues | 32,177,609 | 217,838 | 3,191,603 | 35,587,050 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 6,113,743 | - | - | 6,113,743 |
| Public works | 4,301,775 | 4,000 | 700,008 | 5,005,783 |
| Public safety | 12,427,340 | 35,263 | 665,525 | 13,128,128 |
| Cultural and recreational | 2,279,269 | 1,434 | - | 2,280,703 |
| Economic and physical development | - | - | 1,492,097 | 1,492,097 |
| Capital outlay | - | 1,645,571 | 1,061,656 | 2,707,227 |
| Debt service: | | | | |
| Principal retirement | 2,198,886 | - | 135,251 | 2,334,137 |
| Interest and fees | 269,258 | - | 38,032 | 307,290 |
| Total expenditures | 27,590,271 | 1,686,268 | 4,092,569 | 33,369,108 |
| Revenues over (under) expenditures | 4,587,338 | (1,468,430) | (900,966) | 2,217,942 |
| **Other financing sources (uses):** | | | | |
| Debt issued | 765,372 | 700,000 | - | 1,465,372 |
| Sales of capital assets | 194,110 | - | - | 194,110 |
| Transfers in | 1,104,633 | 1,088,772 | 3,521,689 | 5,715,094 |
| Transfers (out) | (6,059,177) | (34,441) | (2,257,528) | (8,351,146) |
| Total other financing sources (uses) | (3,995,062) | 1,754,331 | 1,264,161 | (976,570) |
| Net change in fund balances | 592,276 | 285,901 | 363,195 | 1,241,372 |
| **Fund balances:** | | | | |
| Beginning of year, July 1 | 14,075,692 | 3,750,093 | 8,012,401 | 25,838,186 |
| End of year, June 30 | $ 14,667,968 | $ 4,035,994 | $ 8,375,596 | $ 27,079,558 |

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

Continued on next page.

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 1,241,372 |
| 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 | 4,796,195 |
| Adjustment for increases attributable to Internal Service Funds | (462,353) |
| Depreciation Expense | (3,365,413) |
| Adjustment for expense attributable to Internal Service Funds | 540,040 |
| 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 | (165,371) |
| Proceeds from the Sale of Capital Assets | (194,110) |
| 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 | 556 |
| Increase in Deferred Property Tax revenue | 200,693 |
| Increase in Accrued Interest on Taxes | 20,283 |
| Increase in Investment Interest | 42,729 |
| 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 | (2,359,680) |
| Adjustment for additions attributable to Internal Service Funds | 479,153 |
| Retirements of Long-Term Liabilities | 3,562,914 |
| Adjustment for retirements attributable to Internal Service Funds | (484,575) |
| 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 | 352,892 |
| Changes in net assets of governmental activities | $ 4,205,325 |

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

**City of Jacksonville, North Carolina** **Exhibit E**

**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, 2006

| | Budget - Original | Budget - Final | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Ad valorem taxes | $ 11,623,248 | $ 11,623,248 | $ 12,036,716 | $ 413,468 |
| Other taxes and licenses | 13,069,403 | 13,069,403 | 14,477,403 | 1,408,000 |
| Unrestricted intergovernmental revenues | 2,010,405 | 2,010,405 | 2,009,407 | (998) |
| Restricted intergovernmental revenues | 2,220,358 | 2,170,828 | 2,035,456 | (135,372) |
| Permits and fees | 655,340 | 655,340 | 640,504 | (14,836) |
| Sales and services | 412,695 | 412,695 | 334,488 | (78,207) |
| Investment earnings | 320,000 | 320,000 | 499,599 | 179,599 |
| Miscellaneous | 120,895 | 145,265 | 144,036 | (1,229) |
| Total revenues | 30,432,344 | 30,407,184 | 32,177,609 | 1,770,425 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 7,390,874 | 7,786,753 | 6,113,743 | 1,673,010 |
| Public works | 4,761,100 | 4,931,281 | 4,301,775 | 629,506 |
| Public safety | 13,038,506 | 13,262,154 | 12,427,340 | 834,814 |
| Cultural and recreational | 2,586,388 | 2,595,104 | 2,279,269 | 315,835 |
| Debt service: | | | | |
| Principal retirement | 3,190,950 | 2,611,781 | 2,198,886 | 412,895 |
| Interest and fees | 766,673 | 726,724 | 269,258 | 457,466 |
| Total expenditures | 31,734,491 | 31,913,797 | 27,590,271 | 4,323,526 |
| Revenues over (under) expenditures | (1,302,147) | (1,506,613) | 4,587,338 | 6,093,951 |
| **Other financing sources (uses):** | | | | |
| Debt issued | 767,222 | 765,372 | 765,372 | - |
| Appropriated fund balance | 2,825,059 | 4,821,646 | - | (4,821,646) |
| Sales of general capital assets | 230,000 | 230,000 | 194,110 | (35,890) |
| Transfers in | 1,645,385 | 1,901,075 | 1,104,633 | (796,442) |
| Transfers (out) | (4,165,519) | (6,211,480) | (6,059,177) | 152,303 |
| Total other financing sources (uses) | 1,302,147 | 1,506,613 | (3,995,062) | (5,501,675) |
| Excess of revenues and other sources over expenditures and other uses | $ - | $ - | 592,276 | $ 592,276 |
| **Fund balances:** | | | | |
| Beginning of year, July 1 | | | 14,075,692 | |
| End of year, June 30 | | | $ 14,667,968 | |

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

**City of Jacksonville, North Carolina** **Exhibit F**
**Proprietary Funds**
**Statement of Net Assets**
June 30, 2006

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Fund | Solid Waste Funds | Non-Major Enterprise Funds | Total | Internal Service Funds |
| **Assets** | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | $ 1,974,606 | $ 875,218 | $ 159,610 | $ 3,009,434 | $ 1,071,178 |
| Accounts receivable (net) | 1,304,985 | 131,741 | - | 1,436,726 | 8,400 |
| Inventories | 963,926 | - | - | 963,926 | 47,604 |
| Interfund receivables | 11,935 | 9,240 | 524 | 21,699 | 203,318 |
| Prepaid Items | 60,424 | - | - | 60,424 | 444 |
| Total Current Assets | 4,315,876 | 1,016,199 | 160,134 | 5,492,209 | 1,330,944 |
| Noncurrent Assets: | | | | | |
| Restricted cash and cash equivalents | 905,806 | - | - | 905,806 | 64,326 |
| Land and other non-depreciable assets | 11,379,342 | - | - | 11,379,342 | 2,758 |
| Other capital assets, net of depreciation | 66,400,486 | 366,241 | 72,220 | 66,838,947 | 766,823 |
| Total Noncurrent Assets | 78,685,634 | 366,241 | 72,220 | 79,124,095 | 833,907 |
| Total Assets | 83,001,510 | 1,382,440 | 232,354 | 84,616,304 | 2,164,851 |
| **Liabilities** | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 1,815,888 | 279,928 | 40,341 | 2,136,157 | 47,726 |
| Compensated absences payable - current | 4,660 | 411 | - | 5,071 | - |
| Interfund payable | 680,340 | 56,586 | 453 | 737,379 | 312 |
| Installment purchases payable - current | 2,293,675 | 239,204 | - | 2,532,879 | 320,556 |
| Loans payable - current | 1,463,249 | - | - | 1,463,249 | - |
| Total Current Liabilities | 6,257,812 | 576,129 | 40,794 | 6,874,735 | 368,594 |
| Noncurrent Liabilities: | | | | | |
| Compensated absences payable - noncurren | 116,881 | 53,197 | 4,554 | 174,632 | 62,052 |
| Unearned revenue | 127,837 | - | - | 127,837 | - |
| Customer deposits | 416,994 | - | - | 416,994 | - |
| Installment purchases payable - noncurrent | 13,508,695 | 601,732 | - | 14,110,427 | 288,754 |
| Loans payable - noncurrent | 12,630,112 | - | - | 12,630,112 | - |
| Total Noncurrent Liabilities | 26,800,519 | 654,929 | 4,554 | 27,460,002 | 350,806 |
| Total Liabilities | 33,058,331 | 1,231,058 | 45,348 | 34,334,737 | 719,400 |
| **Net Assets** | | | | | |
| Invested in capital assets, net of related debt | 48,789,903 | 62,274 | 72,220 | 48,924,397 | 224,597 |
| Unrestricted | 1,153,276 | 89,108 | 114,786 | 1,357,170 | 1,220,854 |
| Total Net Assets | $ 49,943,179 | $ 151,382 | $ 187,006 | $ 50,281,567 | $ 1,445,451 |

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

**City of Jacksonville, North Carolina** **Exhibit G**
**Proprietary Funds**
**Statement of Revenues, Expenses and Changes in Fund Net Assets**
For the Fiscal Year Ended June 30, 2006

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Fund | Solid Waste Fund | Non-Major Enterprise Funds | Total | Internal Service Funds |
| **Operating revenues:** | | | | | |
| Charges for services | $ 12,167,702 | $ 2,391,135 | $ - | $ 14,558,837 | $ 3,727,151 |
| Miscellaneous | - | - | - | - | 21,655 |
| Total operating revenues | 12,167,702 | 2,391,135 | - | 14,558,837 | 3,748,806 |
| **Operating expenses:** | | | | | |
| Solid Waste Fund | - | 4,709,197 | - | 4,709,197 | - |
| Water Quality | - | - | 379,432 | 379,432 | - |
| Water/Sewer Operations | 4,607,496 | - | - | 4,607,496 | - |
| Water Supply | 539,984 | - | - | 539,984 | - |
| Wastewater Treatment | 1,286,508 | - | - | 1,286,508 | - |
| Non-capitalized expenses - projects | 81,729 | - | - | 81,729 | - |
| Fleet Maintenance Operations | - | - | - | - | 1,316,768 |
| City Hall Maintenance Operations | - | - | - | - | 115,815 |
| Information Technology Services | - | - | - | - | 1,516,591 |
| Video/Media Services | - | - | - | - | 86,857 |
| Depreciation | 5,295,495 | 137,116 | 7,268 | 5,439,879 | 540,040 |
| Total operating expenses | 11,811,212 | 4,846,313 | 386,700 | 17,044,225 | 3,576,071 |
| Operating income (loss) | 356,490 | (2,455,178) | (386,700) | (2,485,388) | 172,735 |
| **Nonoperating revenues (expenses):** | | | | | |
| Investment earnings | 316,384 | 39,069 | - | 355,453 | 17,446 |
| Assessments collected | 449 | - | - | 449 | - |
| Interest collected on assessments | 117 | - | - | 117 | - |
| Gain on sale of capital assets | 42,148 | - | - | 42,148 | 8,376 |
| Internal Transfer of Assets | - | 61,417 | - | 61,417 | - |
| Interest on long-term debt | (1,164,831) | (20,863) | - | (1,185,694) | (20,187) |
| Total nonoperating revenues (expenses) | (805,733) | 79,623 | - | (726,110) | 5,635 |
| Income (loss) before capital contributions and transfers | (449,243) | (2,375,555) | (386,700) | (3,211,498) | 178,370 |
| **Capital contributions:** | | | | | |
| Developer contributions | 714,338 | - | - | 714,338 | - |
| Total capital contributions | 714,338 | - | - | 714,338 | - |
| Income (loss) before transfers | 265,095 | (2,375,555) | (386,700) | (2,497,160) | 178,370 |
| **Transfers:** | | | | | |
| Transfers in | 405,659 | 1,893,967 | 364,262 | 2,663,888 | 174,918 |
| Transfers (out) | (61,507) | (7,872) | (132,979) | (202,358) | (396) |
| Total transfers | 344,152 | 1,886,095 | 231,283 | 2,461,530 | 174,522 |
| Change in Net Assets | 609,247 | (489,460) | (155,417) | (35,630) | 352,892 |
| **Net Assets:** | | | | | |
| Beginning of year, July 1 | 49,333,932 | 640,842 | 342,423 | 50,317,197 | 1,092,559 |
| End of year, June 30 | $ 49,943,179 | $ 151,382 | $ 187,006 | $ 50,281,567 | $ 1,445,451 |

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

**City of Jacksonville, North Carolina** **Exhibit H**
**Combined Statement of Cash Flows**
**All Proprietary Fund Types**
For the Fiscal Year Ended June 30, 2006

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Fund | Solid Waste Fund | Non-Major Enterprise Funds | Total | Internal Service Funds |
| **Cash flows from operating activities:** | | | | | |
| Cash received from customers | $ 12,229,641 | $ 2,430,885 | $ - | $ 14,660,526 | $ - |
| Cash receipts from interfund services provided (used) | - | - | - | - | 3,745,843 |
| Cash payments for interfund services provided (used) | - | - | - | - | (3,050,089) |
| Cash paid for goods and services | (3,157,580) | (3,256,196) | (310,942) | (6,724,718) | - |
| Cash paid to employees | (3,145,448) | (1,294,318) | (95,248) | (4,535,014) | - |
| Customer deposits | 20,411 | - | - | 20,411 | - |
| Net cash provided (used) by operating activities | 5,947,024 | (2,119,629) | (406,190) | 3,421,205 | 695,754 |
| **Cash flows from noncapital financing activities:** | | | | | |
| Transfers in | 405,659 | 1,893,967 | 364,262 | 2,663,888 | 174,918 |
| Transfers (out) | (61,507) | (7,872) | (132,979) | (202,358) | (396) |
| Advances from other funds | 661,868 | 48,055 | 117 | 710,040 | 30,883 |
| Advances (to) other funds | - | - | - | - | (263) |
| Net cash provided by noncapital related financing activities | 1,006,020 | 1,934,150 | 231,400 | 3,171,570 | 205,142 |
| **Cash flows from capital and related financing activities:** | | | | | |
| Principal paid on long-term debt | (7,289,041) | (217,131) | - | (7,506,172) | (484,575) |
| Interest paid on long-term debt | (1,164,831) | (20,863) | - | (1,185,694) | (20,187) |
| Debt issued | 5,459,901 | 760,006 | - | 6,219,907 | 381,700 |
| Purchase of capital assets | (12,594,277) | (143,877) | (64,613) | (12,802,767) | (444,853) |
| Proceeds from sale of capital assets | 42,148 | - | - | 42,148 | 8,376 |
| Assessments collected | 449 | - | - | 449 | - |
| Interest collected on assessments | 117 | - | - | 117 | - |
| Internal Asset Transfers in (out) | - | - | 14,583 | 14,583 | (14,583) |
| Outstanding principal transferred in (out) | - | - | (95,257) | (95,257) | 95,257 |
| Net cash provided (used) by capital and related financing activities | (15,545,534) | 378,135 | (145,287) | (15,312,686) | (478,865) |
| **Cash flows from investing activities:** | | | | | |
| Interest earned on investment | 316,384 | 39,069 | - | 355,453 | 17,446 |
| Net cash provided by investing activities | 316,384 | 39,069 | - | 355,453 | 17,446 |
| Net increase (decrease) in cash and cash equivalents | (8,276,106) | 231,725 | (320,077) | (8,364,458) | 439,477 |
| Cash and cash equivalents, July 1 | 11,156,518 | 643,493 | 479,687 | 12,279,698 | 696,027 |
| Cash and cash equivalents, June 30 | $ 2,880,412 | $ 875,218 | $ 159,610 | $ 3,915,240 | $ 1,135,504 |

| **Reconciliation to Exhibit F—** | Enterprise Funds | Internal Service Funds |
|---|---|---|
| Cash and cash equivalents | $3,009,434 | $ 1,071,178 |
| Restricted cash and cash equivalents | 905,806 | 64,326 |
| | $3,915,240 | $ 1,135,504 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Combined Statement of Cash Flows**
**All Proprietary Fund Types**
For the Fiscal Year Ended June 30, 2006

**Exhibit H,** continued.

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | **Water and Sewer Fund** | **Solid Waste Fund** | **Non-Major Enterprise Funds** | **Total** | **Internal Service Funds** |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:** | | | | | |
| Operating income (loss) | $ 356,490 | $(2,455,178) | $ (386,700) | $ (2,485,388) | $ 172,735 |
| **Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:** | | | | | |
| Depreciation | 5,295,495 | 137,116 | 7,268 | 5,439,879 | 540,040 |
| Bad debt expense | 38,598 | 1,671 | - | 40,269 | - |
| Change in assets and liabilities: | | | | | |
| Increase (decrease) in accrued vacation pay/payro | 4,140 | 53,608 | 1,467 | 59,215 | 2,195 |
| (Increase) decrease in prepaid expenses | (60,424) | - | - | (60,424) | (444) |
| Increase (decrease) in accounts payable | 432,651 | 103,420 | (28,225) | 507,846 | (14,839) |
| (Increase) decrease in accounts receivable | 60,586 | 39,734 | - | 100,320 | (7,209) |
| (Increase) decrease in inventories | (202,276) | - | - | (202,276) | 3,276 |
| Increase (decrease) in deferred revenues | 1,353 | - | - | 1,353 | - |
| Increase (decrease) in customer deposits | 20,411 | - | - | 20,411 | - |
| Total adjustments | 5,590,534 | 335,549 | (19,490) | 5,906,593 | 523,019 |
| Net cash provided (used) by operating activities | $ 5,947,024 | $(2,119,629) | $ (406,190) | $ 3,421,205 | $ 695,754 |
| **Noncash investing, capital, and financing activities:** | | | | | |
| Capital contributed by developers | $ 714,338 | $ 359,479 | $ - | $ 1,073,817 | $ - |

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

**City of Jacksonville, North Carolina** **Exhibit I**

**Statement of Fiduciary Net Assets**

**Fiduciary Fund**

June 30, 2006

| | Special Separation Allowance Pension Trust |
|---|---|
| **Assets** | |
| Cash | $ 56,956 |
| Investments at face value - | |
| Commercial paper | 340,855 |
| Interfund receivable | 11,902 |
| Total Assets | 409,713 |
| **Liabilities** | |
| Accounts payable | 3,552 |
| Total Liabilities | 3,552 |
| **Net Assets** | |
| Assets held in trust for pension benefits | 406,161 |
| Total Net Assets | $ 406,161 |

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

**City of Jacksonville, North Carolina** **Exhibit J**
**Statement of Changes in Fiduciary Net Assets**
**Fiduciary Fund**
For the Fiscal Year Ended June 30, 2006

| | Special Separation Allowance Pension Trust Fund |
|---|---|
| **Additions:** | |
| Employer contributions | $ 148,014 |
| Interest | 16,476 |
| Total additions | 164,490 |
| **Deductions:** | |
| Benefits | 169,446 |
| Total deductions | 169,446 |
| Net decrease | (4,956) |
| **Net assets reserved for employees' pension benefit:** | |
| Beginning of year | 411,117 |
| End of year | $ 406,161 |

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

## 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 Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

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 28 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, Sturgeon City, Citywide Landscaping, 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, Woodlands Park, Northeast Creek Park Phase II, Wilson Bay Park Phase I, 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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. 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 restricited 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 | $ 1,954,027 |
| E-911 Revenue | 47,168 |
| Wireless 911 Revenue | 121,889 |
| Drug Enforcement Assets | 363,829 |
| Unexpended Debt Proceeds | 969,626 |
| Compensating Balance | 150,000 |
| Customer Deposits | 163,179 |
| Other | 4,400 |
| | $ 3,774,118 |
| Business-Type Activities: | |
| Unexpended Debt Proceeds | $ 905,806 |

## 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, 2005.

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 2006-2007 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, 2006, the City's deposits had a carrying amount of $4,790,676, which includes a $150,000 compensating balance, and a bank balance of $5,137,277. Of the bank balance, $300,000 was covered by federal depository insurance, and $4,837,277 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer).

### Investments

At June 30, 2006, 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 | $ 12,623,388 | $ 12,549,309 | $ 3,969,620 | $ 8,578,601 | $ 1,088 |
| Commercial Paper | 3,026,160 | 3,026,160 | 3,026,160 | - | - |
| NC Capital Management Trust-Cash Portfolio | 9,054,978 | 9,054,978 | N/A | N/A | N/A |
| Total | $ 24,704,526 | $ 24,630,447 | $ 6,995,780 | $ 8,578,601 | $ 1,088 |

*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, 2006. 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 Manhattan Asset Funding Commercial Paper, Federal Home Loan Bank Securities, and Federal National Mortgage Association. These investments are 12.3%, 37.0% and 14.0%, 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:

| Activities | Gross Receivables | Allowance | Net Receivables |
|---|---|---|---|
| Governmental | | | |
| General | | | |
| Taxes receivable | $ 1,325,406 | $ 190,171 | $ 1,135,235 |
| Accrued interest on taxes | 332,724 | 166,362 | 166,362 |
| Accounts receivable | 5,261,058 | 767,836 | 4,493,222 |
| Capital Reserve | 31,244 | - | 31,244 |
| Major Capital Projects | 61,468 | - | 61,468 |
| Special Revenue | 310,133 | - | 310,133 |
| Internal Service Fund | 8,400 | - | 8,400 |
| Total Governmental Activities | 7,330,433 | 1,124,369 | 6,206,064 |
| Business-Type | | | |
| Water/Sewer | 1,599,217 | 294,232 | 1,304,985 |
| Solid Waste | 154,147 | 22,406 | 131,741 |
| Total Business-Type Activities | 1,753,364 | 316,638 | 1,436,726 |
| | $ 9,083,797 | $ 1,441,007 | $ 7,642,790 |

The allowance for doubtful accounts in the General Fund accounts receivable arises from the probable uncollectibility of a claim against a former employee. The statute of limitations expired and the City filed a judgment; however, the perpetrator claims to own no property and have a limited income. Therefore, the probability of recovering any of the funds is remote.

## Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

### Primary Government

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 2,022,088 | $ - | $ - | $ 2,022,088 |
| Construction in progress | 2,952,610 | 636,419 | - | 3,589,029 |
| Total capital assets not being depreciated | 4,974,698 | 636,419 | - | 5,611,117 |
| Capital assets being depreciated: | | | | |
| Buildings | 15,655,320 | 961,406 | (40,984) | 16,575,742 |
| Improvements other than buildings | 3,655,996 | 20,756 | - | 3,676,752 |
| Equipment | 7,447,867 | 994,196 | (20,433) | 8,421,630 |
| Heavy equipment | 602,568 | 5,826 | (35,630) | 572,764 |
| Vehicles | 8,720,529 | 339,783 | (2,110,680) | 6,949,632 |
| Infrastructure | 19,319,120 | 1,837,809 | - | 21,156,929 |
| Total capital assets being depreciated | 55,401,400 | 4,159,776 | (2,207,727) | 57,353,449 |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,527,520) | (659,326) | 31,762 | (7,155,084) |
| Improvements other than buildings | (730,171) | (191,392) | - | (921,563) |
| Equipment | (5,828,960) | (960,138) | 20,432 | (6,768,666) |
| Heavy equipment | (553,484) | (15,835) | 35,630 | (533,689) |
| Vehicles | (7,051,295) | (679,637) | 1,760,424 | (5,970,508) |
| Infrastructure | (7,995,956) | (862,003) | - | (8,857,959) |
| Total accumulated depreciation | (28,687,386) | $ (3,368,331) | $ 1,848,248 | (30,207,469) |
| Total capital assets being depreciated, net | 26,714,014 | | | 27,145,980 |
| Governmental activity capital assets, net | $ 31,688,712 | | | $ 32,757,097 |

**Reconciliation of Governmental Activities Increases:**

| | |
|---|---|
| Total capital assets not being depreciated | $ 636,419 |
| Total capital assets being depreciated | 4,159,776 |
| | $ 4,796,195 |
| General Fund | $ 483,263 |
| Non-Major Governmental | 1,061,656 |
| Major Capital | 1,611,571 |
| Internal Service | 462,353 |
| Donated infrastructure | 1,177,352 |
| | $ 4,796,195 |

## Capital Assets (continued)

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 170,725 | $ - | $ - | $ 170,725 |
| Construction in progress | 2,297,821 | 8,910,796 | - | 11,208,617 |
| Total capital assets not being depreciated | 2,468,546 | 8,910,796 | - | 11,379,342 |
| Capital assets being depreciated: | | | | |
| Buildings | 69,798,739 | 708,523 | - | 70,507,262 |
| Improvements other than buildings | 46,367,639 | 2,449,140 | - | 48,816,779 |
| Equipment | 2,472,419 | 1,165,199 | (17,500) | 3,620,118 |
| Heavy Equipment | 437,901 | 74,261 | (7,200) | 504,962 |
| Vehicles | 799,551 | 1,797,842 | - | 2,597,393 |
| Total capital assets being depreciated | 119,876,249 | 6,194,965 | (24,700) | 126,046,514 |
| Less accumulated depreciation for: | | | | |
| Buildings | (26,862,886) | (3,206,567) | - | (30,069,453) |
| Improvements other than buildings | (24,029,717) | (1,499,759) | - | (25,529,476) |
| Equipment | (761,381) | (525,101) | 2,917 | (1,283,565) |
| Heavy Equipment | (353,901) | (37,223) | 7,200 | (383,924) |
| Vehicles | (540,742) | (1,400,407) | - | (1,941,149) |
| Total accumulated depreciation | (52,548,627) | $ (6,669,057) | $ 10,117 | (59,207,567) |
| Total capital assets being depreciated, net | 67,327,622 | | | 66,838,947 |
| Business-type activities capital assets, net | $ 69,796,168 | | | $ 78,218,289 |

**Reconciliation of Business-Type Activities Increases:**

| | |
|---|---|
| Total capital assets not being depreciated | $ 8,910,796 |
| Total capital assets being depreciated | 6,194,965 |
| | $ 15,105,761 |
| Water and Sewer Fund | $ 242,241 |
| Water Capital Projects | 4,441,364 |
| Sewer Capital Projects | 7,910,672 |
| Solid Waste Fund | 1,732,533 |
| Stormwater/Water Quality Fund | 64,613 |
| Donated infrastructure | 714,338 |
| | $ 15,105,761 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 286,286 |
| Public Works | 996,500 |
| Public Safety | 1,489,273 |
| Cultural and Recreational | 589,252 |
| Economic Development | 4,102 |
| Total depreciation expense - governmental activities | $ 3,365,413 |
| | |
| Business-type activities: | |
| Water and Sewer Fund | $ 5,295,495 |
| Solid Waste Fund | 137,116 |
| Non-Major Enterprise Funds | 7,268 |
| Total depreciation expense - business-type activities | $ 5,439,879 |

### Construction Commitments

As of June 30, 2006, the City has active construction projects. The City's commitments with contractors at June 30, 2006, are as follows:

| Project | Spent to Date | Remaining Commitment |
|---|---|---|
| Water and Sewer Improvements | $ 2,306,360 | $ 983,456 |
| City Hall Renovation/Youth Center | 4,394,913 | 812,744 |
| **Total** | $ 6,701,273 | $ 1,796,200 |

## 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, 2006, 2005, and 2004 were $766,042, $712,890, and $689,753, 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, 2005, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 14 |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | 108 |
| Total | 122 |

**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 $148,014, or 3.6% 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, 2004 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 5.9% to 9.8% 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, 2005 was 25 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 | $ 147,999 |
| Interest on net pension obligation | 1 |
| Adjustment to annual required contribution | 14 |
| Annual pension cost | 148,014 |
| Contributions made | (148,014) |
| Decrease in net pension obligation | - |
| Net pension obligation beginning of year | - |
| Net pension obligation end of year | $ - |

**Three-Year Trend Information**

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 6/30/04 | $ 120,551 | 100% | $ - |
| 6/30/05 | $ 136,127 | 100% | $ - |
| 6/30/06 | $ 147,999 | 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, 2006 were $276,213, which consisted of $201,427 from the City and $74,786 from the law enforcement officers.

## Note 6. 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 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 $110,000, meaning that the City would incur an additional expense of approximately $490,000 beginning in fiscal year 2008, the year in which GASB 45 becomes effective for the City.

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 State administered 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, 2006, the City made contributions to the State for death benefits of $18,923. 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 $255,635 reported in the General Fund at June 30, 2006 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, 1996 were as follows:

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 1996-1997 | $ - | $ 1,215,353 | $ 1,142,493 | $ 72,860 |
| 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 |

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, 2006, 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.

## 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, 2006, the City had a legal debt margin of $294,689,256.

### 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, 2006, are comprised of the following individual contracts:

## Serviced by the General Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $1,377,509 installment agreement – for vehicles and equipment with SunTrust Leasing dated November 14, 2001; remaining balance payable in 3 monthly payments of $9,855 including interest at 3.16%. | $ 29,411 |
| $2,066,000 installment agreement – for park projects with BB&T dated December 12, 2001; remaining balance payable in 5 monthly payments of $34,433 principal plus interest at 3.59%. | 172,167 |
| $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 45 monthly payments of principal of $9,240 plus interest at 4.41%. | 415,792 |
| $1,065,493 installment agreement – for the refinancing of a fire station with Bank of America dated December 28, 2001; remaining balance payable in 33 monthly payments of $12,247 principal plus interest at 4.41%. | 404,153 |
| $5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 137 equal principal payments of $27,778 not including interest at 3.95%. | 3,805,556 |
| $1,161,022 installment agreement – for vehicles and equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 16 monthly payment of $5,593 including interest at 2.49%. | 87,868 |
| $636,350 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 28 monthly payments of $9,927 including interest at 2.48%. | 269,791 |
| $654,895 installment agreement – for vehicles and equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $18,754 including interest at 2.18%. | 93,258 |
| $146,808 installment agreement – for improvements for the youth center with RBC Centura dated August 12, 2004; remaining balance payable in 37 equal principal payments of $2,447 not including interest at 3.15%. | 90,532 |
| $904,044 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 16 monthly payments of $25,941 including interest at 2.24%. | 408,536 |

(Continued on next page)

## Serviced by the General Fund (continued):

| | Principal Balance June 30, 2006 |
|---|---|
| $330,400 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 39 monthly payments of $5,956 including interest at 2.58%. | $ 222,579 |
| $313,171 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 51 monthly payments of $5,755 including interest at 3.40%. | 272,935 |
| $452,201 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 28 monthly payments of $13,186 including interest at 3.36%. | 354,615 |
| $700,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable payable in 58 monthly payments of $12,979 including interest at 3.78%. | 687,021 |
| Total | $ 7,314,214 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $1,059,180 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 1,807,832 | $ 239,464 | $ 2,047,296 |
| 2008 | 1,284,489 | 188,425 | 1,472,914 |
| 2009 | 953,094 | 146,321 | 1,099,415 |
| 2010 | 651,841 | 116,106 | 767,947 |
| 2011 | 478,069 | 93,946 | 572,015 |
| 2012-2016 | 1,666,666 | 260,914 | 1,927,580 |
| 2017-2021 | 472,223 | 14,004 | 486,227 |
| Total | $ 7,314,214 | $ 1,059,180 | $ 8,373,394 |

## Serviced by the Water and Sewer Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $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 126 monthly payments of $6,787 including interest at 4.6%. | $ 677,255 |
| $88,282 installment agreement – for vehicles and equipment with SunTrust Leasing dated November 14, 2001; remaining balance payable in 3 monthly payments of $1,351 including interest at 3.16%. | 4,031 |
| $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 59 monthly payments of $59,196 including interest at 4.50%. | 3,079,978 |

(Continued on next page)

## Serviced by the Water and Sewer Fund (continued):

| | Principal Balance June 30, 2006 |
|---|---|
| $188,800 installment agreement – for vehicles and equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 16 monthly payments of $3,236 including interest at 2.49%. | $ 50,846 |
| $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 21 monthly payments of $10,734 including interest at 2.28%. | 220,817 |
| $4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 146 monthly payments of $23,838 not including interest at 3.235%. | 3,480,312 |
| $683,500 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 28 monthly payments of $12,292 including interest at 2.48%. | 334,070 |
| $19,050 installment agreement – for equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $546 including interest at 2.18%. | 2,716 |
| $1,660,132 installment agreement – for an elevated water storage tank with RBC Centura dated May 14, 2004; remaining balance payable in 154 monthly payments of $9,223 not including interest at 3.27%. | 1,420,335 |
| $864,690 installment agreement – for water and sewer line replacements with RBC Centura dated August 12, 2004; remaining balance payable in 97 equal principal payments of $7,206 not including interest at 3.44%. | 698,958 |
| $13,300 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 16 monthly payments of $382 including interest at 2.24%. | 6,010 |
| $174,599 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 39 monthly payments of $3,147 including interest at 2.58%. | 117,621 |
| $698,408 installment agreement – for automated meter reading and pump monitoring equipment with RBC Centura dated June 8, 2005; remaining balance payable in 46 monthly payments of $12,736 including interest at 3.07%. | 552,023 |
| $875,776 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 51 monthly payments of $16,094 including interest at 3.40%. | 763,256 |
| $33,525 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 28 monthly payments of $978 including interest at 3.36%. | 26,290 |

(Continued on next page)

## Serviced by the Water and Sewer Fund (continued):

| | Principal Balance June 30, 2006 |
|---|---|
| $2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable payable in 113 monthly payments of $29,187 including interest at 3.57%. | $ 2,797,518 |
| $1,600,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable payable in 58 monthly payments of $29,666 including interest at 3.78%. | 1,570,334 |
| Total | $ 15,802,370 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $2,197,148 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 2,293,675 | $ 352,224 | $ 2,645,899 |
| 2008 | 2,341,695 | 453,822 | 2,795,517 |
| 2009 | 2,192,509 | 369,657 | 2,562,166 |
| 2010 | 2,151,748 | 287,695 | 2,439,443 |
| 2011 | 1,814,741 | 195,672 | 2,010,413 |
| 2012-2016 | 4,034,463 | 500,010 | 4,534,473 |
| 2017-2021 | 973,539 | 38,068 | 1,011,607 |
| Total | $ 15,802,370 | $ 2,197,148 | $ 17,999,518 |

## Serviced by the Solid Waste Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $32,227 installment agreement – for equipment with SunTrust Leasing dated November 14, 2001; remaining balance payable 3 monthly payments of $2,194 including interest at 3.16%. | $ 6,548 |
| $67,241 installment agreement – for equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 16 monthly payments of $2,477 including interest at 2.49%. | 38,920 |
| $187,540 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 28 monthly payments of $4,890 including interest at 2.48%. | 132,895 |
| $719 installment agreement – for equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $43 including interest at 2.18%. | 214 |
| $760,006 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 51 monthly payments of $13,967 including interest at 3.40%. | 662,359 |
| Total | $ 840,936 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $54,718 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 239,204 | $ 23,601 | $ 262,805 |
| 2008 | 219,730 | 16,458 | 236,188 |
| 2009 | 177,175 | 9,985 | 187,160 |
| 2010 | 163,164 | 4,437 | 167,601 |
| 2011 | 41,663 | 237 | 41,900 |
| Total | $ 840,936 | $ 54,718 | $ 895,654 |

## Serviced by the Fleet Maintenance Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $7,850 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 28 monthly payments of $141 including interest at 2.48%. | $ 3,837 |
| $6,100 installment agreement – for equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $175 including interest at 2.18%. | 870 |
| $6,500 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 16 monthly payments of $187 including interest at 2.24%. | 2,937 |
| $45,000 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in monthly payments of $812 including interest at 2.58%. | 30,315 |
| $17,800 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 51 monthly payments of $327 including interest at 3.40%. | 15,513 |
| Total | $ 53,472 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $2,658 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 17,192 | $ 1,275 | $ 18,467 |
| 2008 | 15,266 | 834 | 16,100 |
| 2009 | 13,794 | 430 | 14,224 |
| 2010 | 6,244 | 114 | 6,358 |
| 2011 | 976 | 5 | 981 |
| Total | $ 53,472 | $ 2,658 | $ 56,130 |

## Serviced by the Information Technology Services Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $1,023,845 installment agreement – for equipment with SunTrust Leasing dated November 14, 2001; remaining balance payable 3 monthly payments of $17,509 including interest at 3.16%. | $ 52,248 |
| $258,820 installment agreement – for equipment with SunTrust Leasing dated December 27, 2002; remaining balance payable in 16 monthly payments of $63 including interest at 2.49%. | 991 |
| $220,000 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 28 monthly payments of $3,956 including interest at 2.48%. | 107,528 |
| $97,485 installment agreement – for equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $2,795 including interest at 2.18%. | 13,898 |
| $90,200 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 16 monthly payments of $2,588 including interest at 2.24%. | 40,761 |
| $363,900 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 28 monthly payments of $10,611 including interest at 3.36%. | 285,371 |
| Total | $ 500,797 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $16,006 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 262,238 | $ 10,885 | $ 273,123 |
| 2008 | 180,667 | 4,745 | 185,412 |
| 2009 | 57,892 | 376 | 58,268 |
| Total | $ 500,797 | $ 16,006 | $ 516,803 |

**Serviced by the E-911 Fund:**

| | Principal Balance June 30, 2006 |
|---|---|
| $1,254,792 installment agreement – for 800 MHz communication equipment with Bank of America dated December 8, 2000; remaining balance payable in 66 monthly payments of $13,520 including interest at 5.34%. | $ 647,616 |
| $33,300 installment agreement – for equipment with SunTrust Leasing dated December 12, 2003; remaining balance payable in 5 monthly payments of $955 including interest at 2.18%. | 4,748 |
| Total | $ 652,364 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $89,578 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 135,567 | $ 31,444 | $ 167,011 |
| 2008 | 137,915 | 24,322 | 162,237 |
| 2009 | 145,526 | 16,712 | 162,238 |
| 2010 | 153,490 | 15,847 | 169,337 |
| 2011 | 79,866 | 1,253 | 81,119 |
| Total | $ 652,364 | $ 89,578 | $ 741,942 |

**Serviced by the Video/Media Services Fund:**

| | Principal Balance June 30, 2006 |
|---|---|
| $121,799 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 16 monthly payments of $3,495 including interest at 2.24%. | $ 55,041 |
| | $ 55,041 |

The future minimum payments of the installment purchases payable as of June 30, 2006, including $877 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2006 | $ 41,126 | $ 812 | $ 41,938 |
| 2007 | 13,915 | 65 | 13,980 |
| Total | $ 55,041 | $ 877 | $ 55,918 |

## B. Loans Payable

### Water and Sewer Fund:

| | Principal Balance June 30, 2006 |
|---|---|
| $15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 10 annual installments of $750,000 each; interest at 3.57%. | $ 7,500,000 |
| $5,000,000 State Bond Loan dated April 1, 1996, due in 10 annual installments of $250,000 each; interest at 4.4563%. | 2,500,000 |
| $2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 11 annual installments of $141,820 each; interest at 3.035%. | 1,560,028 |
| $3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 11 annual installments of $150,000 each; interest at 3.035%. | 1,650,000 |
| $500,000 Jones-Onslow EMC loan – for development and infrastructure facilities dated March 5, 1999; remaining balance payable in 14 monthly payments of $5,952 with no interest. | 83,333 |
| $1,000,000 State Revolving Loan dated February 10, 2004 due in 8 annual installments of $100,000 each; interest at 2.82%. | 800,000 |
| Total | $ 14,093,361 |

The future minimum payments of the loans payable as of June 30, 2006, including $2,852,207 of interest, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2006 | $ 1,463,249 | $ 522,844 | $ 1,986,093 |
| 2007 | 1,403,726 | 470,076 | 1,873,802 |
| 2008 | 1,391,821 | 416,810 | 1,808,631 |
| 2009 | 1,391,821 | 363,439 | 1,755,260 |
| 2010 | 1,391,821 | 310,593 | 1,702,414 |
| 2011-2015 | 6,759,104 | 759,587 | 7,518,691 |
| 2016-2020 | 291,819 | 8,858 | 300,677 |
| Total | $ 14,093,361 | $ 2,852,207 | $ 16,945,568 |

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

Long-term liability activity for Governmental Activities for the year ended June 30, 2006, is as follows:

| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|---|
| Installment purchases | $ 9,750,333 | $ 1,847,072 | $ (202,804) | $ 2,818,713 | $ 8,575,888 | $ 2,263,954 |
| *Vacation pay | 1,030,154 | 417,352 | - | 446,140 | 1,001,366 | 67,451 |
| Total | $ 10,780,487 | $ 2,264,424 | $ (202,804) | $ 3,264,853 | $ 9,577,254 | $ 2,331,405 |

| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|---|
| **By purpose** | | | | | | |
| General government | $ 4,347,003 | $ 153,656 | $ 117,543 | $ 465,890 | $ 4,152,312 | $ 458,137 |
| Fire equipment | 722,057 | 732,845 | - | 244,990 | 1,209,912 | 337,866 |
| Police equipment | 1,894,413 | 297,056 | - | 822,828 | 1,368,641 | 611,950 |
| Recreation | 1,368,970 | 105,296 | - | 629,340 | 844,926 | 394,796 |
| Streets | 385,358 | 176,519 | - | 171,090 | 390,787 | 140,649 |
| Sanitation equipment | 415,604 | - | (415,604) | - | - | - |
| Fleet Maintenance | 52,566 | 17,800 | - | 16,894 | 53,472 | 17,192 |
| Information Technology Services | 564,362 | 363,900 | - | 427,465 | 500,797 | 262,238 |
| **Video/Media Services | - | - | 95,257 | 40,216 | 55,041 | 41,126 |
| *Vacation pay | 1,030,154 | 417,352 | - | 446,140 | 1,001,366 | 67,451 |
| Total | $ 10,780,487 | $ 2,264,424 | $ (202,804) | $ 3,264,853 | $ 9,577,254 | $ 2,331,405 |

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

**All debt associated with Stormwater/Water Quality has been moved to the Video/Media Services Internal Service Fund.

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

Long-term liability activity for Business-Type Activities for the year ended June 30, 2006, is as follows:

| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|---|
| Loans | $ 15,556,611 | $ - | $ - | $ 1,463,250 | $ 14,093,361 | $ 1,463,249 |
| Installment purchases | 16,263,518 | 6,219,906 | 202,804 | 6,042,922 | 16,643,306 | 2,532,879 |
| *Vacation pay | 120,488 | 151,856 | - | 92,641 | 179,703 | 5,071 |
| Total | $ 31,940,617 | $ 6,371,762 | $ 202,804 | $ 7,598,813 | $ 30,916,370 | $ 4,001,199 |

| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|---|
| **By purpose** | | | | | | |
| Water Supply | $ 1,866,515 | $ 2,221,185 | $ - | $ 268,996 | $ 3,818,704 | $ 346,751 |
| Metering | 559,159 | 2,227,641 | - | 241,202 | 2,545,598 | 558,187 |
| Utlities Maintenance | 4,141,292 | 113,798 | - | 132,216 | 4,122,874 | 137,515 |
| Sewer | 25,157,906 | 897,276 | - | 6,646,627 | 19,408,555 | 2,714,471 |
| Solid Waste/Sanitation | - | 760,006 | 298,061 | 217,131 | 840,936 | 239,204 |
| **Stormwater/Water Quality | 95,257 | - | (95,257) | - | - | - |
| *Vacation pay | 120,488 | 151,856 | - | 92,641 | 179,703 | 5,071 |
| Total | $ 31,940,617 | $ 6,371,762 | $ 202,804 | $ 7,598,813 | $ 30,916,370 | $ 4,001,199 |

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

**All debt associated with Stormwater/Water Quality has been moved to the Video/Media Services Internal Service Fund.

## Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2006, 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 | $ 131,200 | $ - | $ - |
| | Major Capital Project | 16,000 | - | - |
| | Water and Sewer | 650,000 | 650,000 | - |
| Water and Sewer | General | 11,935 | - | 11,935 |
| Non-Major Enterprise | General | 524 | - | 524 |
| Fleet Maintenance* | General | 111,726 | - | - |
| | Water and Sewer | 30,340 | 30,340 | - |
| | Solid Waste Fund | 56,586 | 56,586 | - |
| | Non-Major Enterprise | 453 | 453 | - |
| | Non-Major Governmental | 1,257 | - | - |
| Information Technology Services Fund* | General | 2,120 | - | - |
| City Hall Maintenance* | General | 262 | - | - |
| Video/Media Services* | General | 262 | - | - |
| Solid Waste Fund | General | 9,240 | - | 9,240 |
| Special Separation Allowance Trust Fund | General | 11,902 | - | - |
| | | $ 1,033,807 | 737,379 | 21,699 |
| | | | $ 715,680 | $ (715,680) |

*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:

| | Deferred Revenue | Unearned Revenue |
|---|---|---|
| **General Fund** | | |
| Prepaid taxes not yet earned | $ - | $ 44,569 |
| Taxes receivable | 1,135,235 | - |
| Sturgeon City | - | 80 |
| Youth Council | - | 459 |
| Hall of Fame | - | 3,668 |
| Recreation fees not yet earned | - | 1,517 |
| Employee Assistance Grant | - | 2,191 |
| National Night Out | - | 9,189 |
| 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 | - | 500 |
| Tree fund donations not yet earned, included in restricted assets | - | 1,699 |
| Beirut memorial donations not yet earned, included in restricted assets | - | 1,883 |
| Privilege licenses for next year | - | 22,023 |
| Beer and wine tax receivable | 81,195 | - |
| Investment interest receivable | 42,030 | - |
| Land Use Grant | - | 18,000 |
| Total | $ 1,258,460 | $ 106,646 |
| **Proprietary Fund** | | |
| Scientific Study Deposit | $ - | $ 7,000 |
| PILOT revenues not yet earned | - | 11,691 |
| Special assessments receivable | - | 109,146 |
| Total | $ - | $ 127,837 |
| **Capital Reserve Fund** | | |
| Investment interest receivable | $ 18,313 | $ - |
| Total | $ 18,313 | $ - |

## 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 operating 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, 2006 are as follows:

| | Transfers in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Transfers out: | Major General | Major Water and Sewer | Major Solid Waste | Major Capital Projects | Non-Major Governmental | Non-Major Enterprise | Internal Service Funds | Total |
| Major General Fund | $ - | $ - | $ 1,893,967 | $ 191,500 | $ 3,489,530 | $ 309,262 | $ 174,918 | $ 6,059,177 |
| Major Water and Sewer | - | - | - | - | 6,507 | 55,000 | - | 61,507 |
| Major Solid Waste Fund | - | | | | 7,872 | | | 7,872 |
| Major Capital Projects | 17,057 | - | - | - | 17,384 | - | - | 34,441 |
| Non-Major Governmental | 954,597 | 405,659 | - | 897,272 | - | - | - | 2,257,528 |
| Non-Major Enterprise | 132,979 | - | - | - | - | - | - | 132,979 |
| Internal Service Funds | - | - | - | - | 396 | - | - | 396 |
| Total transfers out | $ 1,104,633 | $ 405,659 | $ 1,893,967 | $ 1,088,772 | $ 3,521,689 | $ 364,262 | $ 174,918 | $ 8,553,900 |

Transfers consist primarily of the following:

| | |
|---|---|
| $ 850,982 | From Capital Reserve to General Fund for debt retirement. |
| $ 403,662 | From Capital Reserve to Water Sewer Fund for debt retirement. |
| $ 274,800 | From Capital Reserve to City Hall Project |
| $ 250,000 | From Capital Reserve to Civic Center Capital Project |
| $ 2,051,091 | From General Fund to Capital Reserve for Council Intiatives |
| $ 861,768 | From General Fund to Street Improvements Capital Project |
| $ 1,893,967 | From General Fund to Solid Waste Fund |
| $ 243,262 | From General Fund to Stormwater/Water Quality Fund |
| $ 174,918 | From General Fund to Video/Media Services Internal Service Fund |

## 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 FY2005-2006 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 FY2005-2006 was $46,200.

## 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, 2006 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.”

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# 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** **Exhibit K**
**Law Enforcement Officers' Special Separation Allowance**
**Required Supplementary Information**
**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/96 | $ 264,687 | $ 519,331 | $ 254,644 | 50.97 % | $ 2,527,502 | 10.07 % |
| 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 |

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

| Year Ended June 30, | Annual Required Contributions | Percentage Contributed |
|---|---|---|
| 1997 | $ 47,468 | 111 % |
| 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 |

**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 | 12/31/2005 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 25 Years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return | 7.25% |
| Projected salary increases * | Ranging from 4.5% to 11.7% |
| * Includes inflation at | 3.75% |
| Cost-of-living adjustments | None |

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# Major Funds

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

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# 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** **Statement 1**

**General Fund**

**Comparative Balance Sheets**

June 30, 2006 and 2005

| | 2006 | 2005 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 10,816,003 | $ 11,330,475 |
| Restricted cash and cash equivalents | 1,060,656 | 1,341,232 |
| Taxes receivable (net) | 1,135,235 | 934,542 |
| Accounts receivable (net) | 4,493,222 | 4,142,019 |
| Interfund receivables | 797,200 | 220,734 |
| Inventories | 8,858 | 6,950 |
| Prepaid items | 8,103 | 3,512 |
| Total Assets | $ 18,319,277 | $ 17,979,464 |
| **Liabilities and Fund Balances** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | $ 1,907,602 | $ 2,140,162 |
| Due to other funds | 11,902 | - |
| Interfund payable | 136,069 | 238,029 |
| Compensated absences payable | 67,451 | 77,727 |
| Total Current Liabilities | 2,123,024 | 2,455,918 |
| Noncurrent Liabilities: | | |
| Customer deposits | 163,179 | 124,977 |
| Deferred revenue | 1,258,460 | 1,021,061 |
| Unearned revenue | 106,646 | 301,816 |
| Total Noncurrent Liabilities | 1,528,285 | 1,447,854 |
| Total Liabilities | 3,651,309 | 3,903,772 |
| Fund Balances: | | |
| Fund Balance - Reserved: | | |
| Reserved by state statute | 5,167,197 | 4,362,687 |
| Reserved for compensating balance | 150,000 | 150,000 |
| Reserved for encumbrances | 874,942 | 338,746 |
| Reserved for inventories | 8,858 | 6,950 |
| Reserved for installment purchase | 204,989 | 201,255 |
| Reserved for Powell Bill | 533,495 | 856,241 |
| Reserved for prepaid items | 8,103 | 3,512 |
| Reserved for drug enforcement | 4,593 | 4,593 |
| Reserved for US agencies | 62,284 | 63,994 |
| Total Reserved | 7,014,461 | 5,987,978 |
| Fund Balance - Unreserved/Designated: | | |
| Designated for subsequent year's expenditures | 4,049,222 | 2,704,053 |
| Undesignated | 3,604,285 | 5,383,661 |
| Total Fund Balances | 14,667,968 | 14,075,692 |
| Total Liabilities and Fund Balances | $ 18,319,277 | $ 17,979,464 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Ad valorem taxes: | | | | |
| Current year (net of discounts) | $ 11,324,498 | $ 11,678,876 | $ 354,378 | $ 11,091,584 |
| Prior years | 245,550 | 289,384 | 43,834 | 278,830 |
| Penalties and interest | 53,200 | 68,456 | 15,256 | 66,489 |
| Total | 11,623,248 | 12,036,716 | 413,468 | 11,436,903 |
| Other taxes and licenses: | | | | |
| CATV franchise tax | 369,184 | 422,752 | 53,568 | 380,125 |
| Privilege licenses | 459,380 | 548,999 | 89,619 | 471,796 |
| Local option sales tax | 4,887,608 | 5,144,492 | 256,884 | 5,120,255 |
| One-half cent sales tax (2003) | 2,242,567 | 2,487,615 | 245,048 | 2,288,236 |
| One-half cent sales tax (1983) | 2,526,654 | 2,896,034 | 369,380 | 2,483,087 |
| One-half cent sales tax (1986) | 2,506,010 | 2,879,195 | 373,185 | 2,463,674 |
| Gross receipt on short term vehicle tax | 78,000 | 98,316 | 20,316 | 78,488 |
| Total | 13,069,403 | 14,477,403 | 1,408,000 | 13,285,661 |
| Unrestricted intergovernmental revenues: | | | | |
| Utility franchise tax | 1,633,092 | 1,624,276 | (8,816) | 1,551,036 |
| Beer and wine tax | 328,761 | 324,782 | (3,979) | 322,557 |
| Payment in lieu of taxes (PILOT) | 4,000 | 2,751 | (1,249) | 3,308 |
| State Owned Buildings Fire Protection | 967 | - | (967) | 967 |
| ABC revenue | 43,585 | 57,598 | 14,013 | 47,245 |
| Total | 2,010,405 | 2,009,407 | (998) | 1,925,113 |
| Restricted intergovernmental revenues: | | | | |
| Federal – 104F transportation grant | 151,918 | 68,664 | (83,254) | 213,102 |
| Federal – FTA Section 5303 grant | 40,840 | - | (40,840) | 171 |
| State – CAMA land use grant | 21,000 | - | (21,000) | - |
| State – CAMA permits | - | 531 | 531 | - |
| State – FEMA disaster deployments | - | 18,890 | 18,890 | - |
| State – Street-aid Allocation | 1,939,833 | 1,939,833 | - | 1,939,495 |
| State – Wellness Incentive grant | 3,000 | 3,000 | - | 3,000 |
| State – 5303 State grant funds | 5,105 | - | (5,105) | 21 |
| State – Arts Council | 2,737 | 2,737 | - | 700 |
| Local – Juvenile Transportation | 1,800 | 500 | (1,300) | 2,375 |
| Local – EAP ongoing grant | 3,000 | 809 | (2,191) | - |
| Local – NCLM Safety grant | 600 | - | (600) | - |
| Police Dept Community Services Contribution | 995 | 492 | (503) | 3,133 |
| Total | 2,170,828 | 2,035,456 | (135,372) | 2,161,997 |
| Permits and fees: | | | | |
| Taxi permits | 15,000 | 11,173 | (3,827) | 9,943 |
| Development review fees | 38,000 | 68,722 | 30,722 | 46,875 |
| Inspection fees | 591,840 | 539,512 | (52,328) | 599,026 |
| Engineering fees | - | 125 | 125 | 800 |
| Erosion control fees | 6,500 | 12,150 | 5,650 | 4,800 |
| Fire protection permit | 4,000 | 4,727 | 727 | 11,225 |
| Nuisance abatement fees | - | 4,095 | 4,095 | 2,223 |
| Total | 655,340 | 640,504 | (14,836) | 674,892 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Sales and services: | | | | |
| Utility patching service | $ 16,000 | $ 12,697 | $ (3,303) | $ 18,032 |
| Refuse collection fees | - | - | - | (299) |
| Space rent | 15,345 | 15,345 | - | 15,345 |
| Recreation fees | 330,550 | 259,192 | (71,358) | 239,599 |
| Recreation concession | 25,000 | 30,804 | 5,804 | 30,161 |
| Photocopy and map sales | 700 | 244 | (456) | 526 |
| Credit reports | 3,000 | 1,731 | (1,269) | 2,862 |
| Powell Bill equipment use allowance | 20,000 | 9,207 | (10,793) | 20,214 |
| Cooperative Bank | 2,100 | 2,100 | - | 1,925 |
| Miscellaneous Sales | - | 3,168 | 3,168 | 508 |
| Total | 412,695 | 334,488 | (78,207) | 328,873 |
| Investment earnings: | | | | |
| Investment earnings | 300,000 | 438,837 | 138,837 | 323,817 |
| Investment earnings - Powell Bill | 20,000 | 60,762 | 40,762 | 26,511 |
| Total | 320,000 | 499,599 | 179,599 | 350,328 |
| Miscellaneous: | | | | |
| Police court fees | 33,330 | 38,237 | 4,907 | 37,965 |
| Parking fines | 325 | 482 | 157 | 640 |
| Program income - Powell Bill | - | - | - | (3,149) |
| Miscellaneous | 111,610 | 97,386 | (14,224) | 93,327 |
| ICMA | - | 7,931 | 7,931 | 26,049 |
| Worker's compensation | - | - | - | 20 |
| Total | 145,265 | 144,036 | (1,229) | 154,852 |
| Total revenues | 30,407,184 | 32,177,609 | 1,770,425 | 30,318,619 |
| **Expenditures:** | | | | |
| General government | | | | |
| Mayor and Council | | | | |
| Salaries and employee benefits | | 27,586 | | 36,902 |
| Operating expenses | | 33,971 | | 32,181 |
| Contracted services | | - | | 1,362 |
| Other departmental expenses | | 36,434 | | 7,560 |
| Total | | 97,991 | | 78,005 |
| City Manager | | | | |
| Salaries and employee benefits | | 288,761 | | 257,634 |
| Operating expenses | | 29,880 | | 39,324 |
| Contracted services | | 27,838 | | 25,568 |
| Other departmental expenses | | 58,577 | | 54,364 |
| Total | | 405,056 | | 376,890 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Human Resources | | | | |
| Salaries and employee benefits | $ | $ 159,900 | $ | $ 195,933 |
| Operating expenses | | 155,468 | | 154,888 |
| Contracted services | | 11,622 | | 12,210 |
| Other departmental expenses | | 52,081 | | 45,655 |
| Total | | 379,071 | | 408,686 |
| City Clerk | | | | |
| Salaries and employee benefits | | 86,149 | | 84,792 |
| Operating expenses | | 20,601 | | 14,176 |
| Contracted services | | 4,244 | | 402 |
| Other departmental expenses | | 24,042 | | 21,822 |
| Total | | 135,036 | | 121,192 |
| Finance | | | | |
| Salaries and employee benefits | | 402,465 | | 348,460 |
| Operating expenses | | 153,182 | | 131,275 |
| Maintenance and repairs | | 298 | | - |
| Contracted services | | 202,794 | | 191,715 |
| Other departmental expenses | | 216,004 | | 164,813 |
| Capital outlay | | 15,047 | | - |
| Total | | 989,790 | | 836,263 |
| Video/Media Services | | | | |
| Salaries and employee benefits | | - | | 934 |
| Other departmental expenses | | - | | 1,801 |
| Total | | - | | 2,735 |
| Legal | | | | |
| Salaries and employee benefits | | 70,106 | | 84,342 |
| Operating expenses | | 12,262 | | 14,670 |
| Contracted services | | 11,859 | | 13,666 |
| Other departmental expenses | | - | | 216 |
| Total | | 94,227 | | 112,894 |
| Planning | | | | |
| Salaries and employee benefits | | 304,973 | | 276,548 |
| Operating expenses | | 38,141 | | 30,724 |
| Contracted services | | 30,164 | | 25,643 |
| Other departmental expenses | | 78,347 | | 58,924 |
| Total | | 451,625 | | 391,839 |
| Transportation | | | | |
| Salaries and employee benefits | | 87,017 | | 81,402 |
| Operating expenses | | 4,917 | | 4,807 |
| Contracted services | | - | | 191,700 |
| Other departmental expenses | | 26,810 | | 22,802 |
| Total | | 118,744 | | 300,711 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Non-departmental | | | | |
| Salaries and employee benefits | $ | $ - | $ | $ 9,220 |
| Operating expenses | | 190,842 | | 126,693 |
| Maintenance and repairs | | 19 | | - |
| Contracted services | | 73,073 | | 38,489 |
| Other departmental expenses | | 2,032 | | - |
| Reserve for insurance deductible | | 101,763 | | 249,234 |
| Miscellaneous payments | | 286,151 | | 282,222 |
| Payment to Onslow County | | 2,788,278 | | 2,423,289 |
| Bad debts | | 45 | | 295 |
| Total | | 3,442,203 | | 3,129,442 |
| Total general government | 7,786,753 | 6,113,743 | 1,673,010 | 5,758,657 |
| Public works | | | | |
| Inspections | | | | |
| Salaries and employee benefits | | 654,197 | | 678,115 |
| Operating expenses | | 68,543 | | 66,265 |
| Maintenance and repairs | | 371 | | - |
| Contracted services | | 3,675 | | 4,012 |
| Other departmental expenses | | 121,393 | | 86,388 |
| Capital outlay | | - | | 15,174 |
| Total | | 848,179 | | 849,954 |
| Administration | | | | |
| Salaries and employee benefits | | 52,513 | | 68,961 |
| Operating expenses | | 6,317 | | 9,255 |
| Other departmental expenses | | 8,816 | | 7,665 |
| Total | | 67,646 | | 85,881 |
| Engineering | | | | |
| Salaries and employee benefits | | 217,598 | | 201,706 |
| Operating expenses | | 12,915 | | 11,107 |
| Contracted services | | 17,122 | | 24,562 |
| Other departmental expenses | | 27,411 | | 23,087 |
| Street lighting | | 331,256 | | 318,505 |
| Total | | 606,302 | | 578,967 |
| Maintenance | | | | |
| Salaries and employee benefits | | 502,277 | | 492,537 |
| Operating expenses | | 103,198 | | 88,219 |
| Utilities | | 16,003 | | 8,926 |
| Maintenance and repairs | | 8,274 | | 9,152 |
| Contracted services | | 92,175 | | 61,490 |
| Other departmental expenses | | 38,533 | | 39,421 |
| Capital outlay | | 11,469 | | 130,475 |
| Total | | 771,929 | | 830,220 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Streets - Powell Bill | | | | |
| Salaries and employee benefits | $ | $ 849,925 | $ | $ 675,430 |
| Operating expenses | | 418,677 | | 355,477 |
| Maintenance and repairs | | 4,904 | | 4,718 |
| Contracted services | | 25,072 | | 43,094 |
| Total | | 1,298,578 | | 1,078,719 |
| Streets - non-Powell Bill | | | | |
| Salaries and employee benefits | | 261,333 | | 293,538 |
| Operating expenses | | 153,141 | | 128,414 |
| Utilities | | 9,150 | | 5,984 |
| Maintenance and repairs | | 2,725 | | 1,322 |
| Contracted services | | 35,135 | | 34,206 |
| Other departmental expenses | | 66,124 | | 49,614 |
| Mosquito control | | 42,926 | | 28,367 |
| Capital outlay | | 138,607 | | 167,466 |
| Total | | 709,141 | | 708,911 |
| Total public works | 4,931,281 | 4,301,775 | 629,506 | 4,132,652 |
| Public safety | | | | |
| Police | | | | |
| Salaries and employee benefits | | 5,905,483 | | 5,830,841 |
| Employer contribution to separation allowance trust fund | | 148,014 | | 136,127 |
| Operating expenses | | 913,117 | | 776,835 |
| Utilities | | 37,520 | | 29,782 |
| Maintenance and repairs | | 35,969 | | 22,336 |
| Contracted services | | 24,278 | | 12,658 |
| Other departmental expenses | | 888,863 | | 656,821 |
| Capital outlay | | 196,430 | | 675,754 |
| Total | | 8,149,674 | | 8,141,154 |
| Fire | | | | |
| Salaries and employee benefits | | 3,524,087 | | 3,448,531 |
| Operating expenses | | 310,146 | | 277,691 |
| Utilities | | 59,464 | | 56,526 |
| Maintenance and repairs | | 39,434 | | 29,894 |
| Contracted services | | 10,152 | | 12,265 |
| Other departmental expenses | | 314,658 | | 266,633 |
| Capital outlay | | 19,725 | | - |
| Total | | 4,277,666 | | 4,091,540 |
| Total public safety | 13,262,154 | 12,427,340 | 834,814 | 12,232,694 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Environmental protection | | | | |
| Sanitation | | | | |
| Salaries and employee benefits | $ | $ - | $ | $ 1,182,907 |
| Operating expenses | | - | | 382,702 |
| Utilities | | - | | 4,055 |
| Maintenance and repairs | | - | | 425 |
| Contracted services | | - | | 34,978 |
| Other departmental expenses | | - | | 30,462 |
| Capital outlay | | - | | 224,636 |
| Total environmental protection | - | - | - | 1,860,165 |
| Cultural and recreational | | | | |
| Recreation | | | | |
| Salaries and employee benefits | | 1,046,271 | | 1,022,095 |
| Operating expenses | | 345,013 | | 347,976 |
| Utilities | | 166,928 | | 159,989 |
| Maintenance and repairs | | 59,600 | | 47,245 |
| Contracted services | | 367,962 | | 323,595 |
| Other departmental expenses | | 191,510 | | 176,286 |
| Capital outlay | | 101,985 | | 18,937 |
| Total cultural and recreational | 2,595,104 | 2,279,269 | 315,835 | 2,096,123 |
| Debt service | | | | |
| Principal retirements | 2,611,781 | 2,198,886 | 412,895 | 2,405,390 |
| Interest and fees | 726,724 | 269,258 | 457,466 | 306,768 |
| Total debt service | 3,338,505 | 2,468,144 | 870,361 | 2,712,158 |
| Total expenditures | 31,913,797 | 27,590,271 | 4,323,526 | 28,792,449 |
| Revenues over (under) expenditures | (1,506,613) | 4,587,338 | 6,093,951 | 1,526,170 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Other financing sources (uses): | | | | |
| Debt issued | $ 765,372 | $ 765,372 | $ - | $ 1,188,136 |
| Appropriated fund balance | 4,821,646 | - | (4,821,646) | - |
| Sales of general capital assets | 230,000 | 183,710 | (46,290) | 41,432 |
| Sales of capital assets - Powell Bill | - | 10,400 | 10,400 | 13,290 |
| Transfers in-- | | | | |
| From Major Capital Project Fund | 17,057 | 17,057 | - | 203,149 |
| From Non-Major Governmental Fund | 1,751,039 | 954,597 | (796,442) | 936,003 |
| From Non-Major Enterprise Fund | 132,979 | 132,979 | - | - |
| From Internal Service Fund | - | - | - | 1,596 |
| Transfers (out)-- | | | | |
| To Major Capital Project Fund | (191,500) | (191,500) | - | (215,500) |
| To Major Enterprise Fund | (2,046,270) | (1,893,967) | 152,303 | - |
| To Non-Major Governmental Fund | (3,489,530) | (3,489,530) | - | (2,302,518) |
| To Non-Major Enterprise Fund | (309,262) | (309,262) | - | (572,748) |
| To Internal Service Fund | (174,918) | (174,918) | - | - |
| Total other financing sources (uses) | 1,506,613 | (3,995,062) | (5,501,675) | (707,160) |
| Net change in fund balance | $ - | 592,276 | $ 592,276 | 819,010 |
| Fund balance: | | | | |
| Beginning of year, July 1 | | 14,075,692 | | 13,256,682 |
| End of year, June 30 | | $ 14,667,968 | | $ 14,075,692 |

JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

# 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.

**Citywide Landscaping Capital Project** – accounts for funds used to implement the Citywide master landscaping plan.

**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.

**Woodlands Park Capital Project** – accounts for funds used in the construction of the Woodlands Park.

**Northeast Creek Park Phase II Capital Project** – accounts for funds used in Phase II of the construction of Northeast Creek Park.

**Wilson Bay Park Phase I Capital Project** – accounts for funds used in the construction of the Wilson Bay Park.

**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** **Statement 3**
**Major Capital Projects Fund**
**Comparative Balance Sheets**
June 30, 2006 and 2005

| | 2006 | 2005 |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ 3,658,042 | $ 3,071,536 |
| Restricted cash and cash equivalents | 703,802 | 1,077,524 |
| Accounts Receivable (net) | 61,468 | 128,597 |
| Total Assets | $ 4,423,312 | $ 4,277,657 |
| **Liabilities and Fund Balances** | | |
| Accounts payable and accrued liabilities | $ 371,318 | $ 365,602 |
| Interfund payable | 16,000 | 161,962 |
| Total Liabilities | 387,318 | 527,564 |
| Fund Balances: | | |
| Reserved for encumbrances | 1,736,396 | 1,784,070 |
| Reserved for Powell Bill | 3,491 | 3,491 |
| Unreserved, designated for susequent year's expenditures | 2,310,192 | 2,017,408 |
| Unreserved, undesignated | (14,085) | (54,876) |
| Total Fund Balances | 4,035,994 | 3,750,093 |
| Total Liabilities and Fund Balances | $ 4,423,312 | $ 4,277,657 |

**Note: Reconciliation of Fund Balance to Exhibit C:**

| | |
|---|---|
| Unreserved, designated | $ 2,310,192 |
| Less unreserved, undesignated in Jacksonville Commons Phase II | (14,085) |
| Exhibit C | $ 2,296,107 |

| | |
|---|---|
| Unreserved, undesignated | $ (14,085) |
| Less unreserved, undesignated in Jacksonville Commons Phase II | 14,085 |
| Exhibit C | $ - |

**City of Jacksonville, North Carolina** **Schedule 4**
**Major Capital Projects Fund**
**Schedule of Revenues and Expenditures–**
**Budget and Actual (Non-GAAP)**
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:** | | | | | |
| Restricted intergovernmental revenues: | | | | | |
| Water Access Grant | $ 611,500 | $ 250,348 | $ 60,594 | $ 310,942 | $ (300,558) |
| NC Transp Enhancement Grant | 1,187,582 | 671,815 | - | 671,815 | (515,767) |
| Bike/Pedestrian Grant | 400,000 | - | - | - | (400,000) |
| LWCF Grant | 231,676 | 231,676 | - | 231,676 | - |
| Smithfield Grant | 500,000 | 443,900 | 1,434 | 445,334 | (54,666) |
| Part F Grant | 500,000 | 325,476 | 700 | 326,176 | (173,824) |
| 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 | 2,914 | 5,545 | 8,459 | (1,541) |
| Contribution - Onslow County | 123,191 | 56,808 | 60,000 | 116,808 | (6,383) |
| Total restricted intergovernmental revenues | 3,794,021 | 2,211,719 | 128,273 | 2,339,992 | (1,454,029) |
| Investment earnings | 274,172 | 186,341 | 87,525 | 273,866 | (306) |
| Miscellaneous Revenues | 19,079 | 16,788 | 2,040 | 18,828 | (251) |
| Contributions | 72,102 | 72,352 | - | 72,352 | 250 |
| Total revenues | 4,159,374 | 2,487,200 | 217,838 | 2,705,038 | (1,454,336) |
| **Expenditures:** | | | | | |
| Rails to Trails | 3,034,379 | 925,274 | - | 925,274 | 2,109,105 |
| City Hall Expansion | 6,607,720 | 4,809,139 | 911,641 | 5,720,780 | 886,940 |
| Sturgeon City | 4,405,837 | 451,206 | 263,332 | 714,538 | 3,691,299 |
| Citywide Landscaping | 158,753 | 158,753 | - | 158,753 | - |
| Sturgeon City Park | 952,823 | 910,620 | 9,574 | 920,194 | 32,629 |
| Police Remodeling | 112,296 | 50,092 | 30,958 | 81,050 | 31,246 |
| NC24 Culvert Trail | 150,000 | - | - | - | 150,000 |
| Marine Corps Museum | 516,290 | 100,000 | - | 100,000 | 416,290 |
| Wilson Bay Initiative | 292,166 | 171,452 | 20,238 | 191,690 | 100,476 |
| Downtown Redevelopment | 173,621 | 152,521 | - | 152,521 | 21,100 |
| Smithfield Grant/Wilson Bay | 500,000 | 331,102 | 1,434 | 332,536 | 167,464 |
| Vietnam Veterans Memorial | 424,800 | - | - | - | 424,800 |
| Youth Center | 270,552 | 260,340 | 2,222 | 262,562 | 7,990 |
| Fire Training Facility | 124,753 | 80,288 | 35,263 | 115,551 | 9,202 |
| Traffic Signal Preemption | 50,105 | - | 34,000 | 34,000 | 16,105 |
| Demolition | 577,710 | 360,484 | 4,000 | 364,484 | 213,226 |
| Country Club Park | 75,000 | - | - | - | 75,000 |
| Richard Ray All America Park | 579,372 | 578,537 | 92 | 578,629 | 743 |
| Civic Facility | 11,879,065 | 1,551,446 | 254,398 | 1,805,844 | 10,073,221 |
| Jacksonville Commons Phase II | 1,542,700 | 150,952 | 19,909 | 170,861 | 1,371,839 |
| Sturgeon City Boardwalk II | 422,000 | - | 98,780 | 98,780 | 323,220 |

Continued on next page.

**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, 2006

**Schedule 4,** continued.

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Expenditures (continued):** | | | | | |
| Woodlands Park | $ 167,696 | $ 167,696 | $ - | $ 167,696 | $ - |
| Northeast Creek Park Phase II | 200,407 | 200,407 | 427 | 200,834 | (427) |
| Wilson Bay Park Phase I | 221,845 | 221,845 | - | 221,845 | - |
| Reserve Ladder Truck Replacement | 875,000 | - | - | - | 875,000 |
| West Gum Branch Fire Station | 1,425,000 | - | - | - | 1,425,000 |
| Indoor Facility Brynn Marr | 1,300,000 | - | - | - | 1,300,000 |
| Police/Fire Facility | 50,000 | - | - | - | 50,000 |
| Total expenditures | 37,089,890 | 11,632,154 | 1,686,268 | 13,318,422 | 23,771,468 |
| Revenues (under) expenditures | (32,930,516) | (9,144,954) | (1,468,430) | (10,613,384) | 22,317,132 |
| Other financing sources (uses): | | | | | |
| Sale of Capital Assets | 100,000 | 100,000 | - | 100,000 | - |
| Debt issued | 24,399,682 | 5,418,116 | 700,000 | 6,118,116 | (18,281,566) |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 6,924,707 | 6,027,435 | 897,272 | 6,924,707 | - |
| From General Fund | 1,807,329 | 1,615,829 | 191,500 | 1,807,329 | - |
| From Capital Projects | 30,000 | 30,000 | - | 30,000 | - |
| From Proprietary Fund | 14,105 | 14,105 | - | 14,105 | - |
| Transfers (out)-- | | | | | |
| To Capital Reserve Fund | (42,062) | (24,250) | (17,384) | (41,634) | 428 |
| To General Fund | (273,245) | (256,188) | (17,057) | (273,245) | - |
| To Capital Projects | (30,000) | (30,000) | - | (30,000) | - |
| Total other financing sources | 32,930,516 | 12,895,047 | 1,754,331 | 14,649,378 | (18,281,138) |
| Net Change In Fund Balance | $ - | $ 3,750,093 | $ 285,901 | $ 4,035,994 | $ 4,035,994 |

**City of Jacksonville, North Carolina**
**Major Capital Projects Fund**
**Combining Balance Sheet**
June 30, 2006
With Comparative Totals for June 30, 2005

| | Rails to Trails | City Hall Expansion | Sturgeon City | Sturgeon City Park | Police Remodelin |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | $ 517,087 | $ 1,215,501 | $ 18,732 | $ 31,339 | $ 31,246 |
| Restricted current assets | - | - | - | - | - |
| Accounts receivable | - | - | 1,237 | - | - |
| Total Current Assets | 517,087 | 1,215,501 | 19,969 | 31,339 | 31,246 |
| Total Assets | $ 517,087 | $ 1,215,501 | $ 19,969 | $ 31,339 | $ 31,246 |
| **Liabilities and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ - | $ 330,652 | $ 211 | $ - | $ - |
| Interfund payable | - | - | - | - | - |
| Total Liabilities | - | 330,652 | 211 | - | - |
| Fund Balances: | | | | | |
| Reserved for encumbrances | 39,727 | 825,345 | 2,000 | - | - |
| Reserved for Powell Bill | - | - | - | - | - |
| Unreserved, designated for subsequent year's expenditures | 477,360 | 59,504 | 17,758 | 31,339 | 31,246 |
| Unreserved, undesignated | - | - | - | - | - |
| Total Fund Balance | 517,087 | 884,849 | 19,758 | 31,339 | 31,246 |
| Total Liabilities and Fund Balances | $ 517,087 | $ 1,215,501 | $ 19,969 | $ 31,339 | $ 31,246 |

| NC24 Culvert Trail | Marine Corps Museum | Wilson Bay Initiative | Downtown Redevelopmen | Smithfield Grant/ Wilson Bay | Vietnam Veterans Memorial | Youth Center | Fire Training Facility |
|---|---|---|---|---|---|---|---|
| $ 150,000 | $ 420,305 | $ 100,515 | $ 17,609 | $ 112,798 | $ 424,046 | $ 7,991 | $ 9,202 |
| - | - | - | 3,491 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 150,000 | 420,305 | 100,515 | 21,100 | 112,798 | 424,046 | 7,991 | 9,202 |
| $ 150,000 | $ 420,305 | $ 100,515 | $ 21,100 | $ 112,798 | $ 424,046 | $ 7,991 | $ 9,202 |
| $ - | $ - | $ 39 | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | - | - |
| - | - | 39 | - | - | - | - | - |
| 150,000 | - | - | - | - | - | 7,991 | - |
| - | - | - | 3,491 | - | - | - | - |
| - | 420,305 | 100,476 | 17,609 | 112,798 | 424,046 | - | 9,202 |
| - | - | - | - | - | - | - | - |
| 150,000 | 420,305 | 100,476 | 21,100 | 112,798 | 424,046 | 7,991 | 9,202 |
| $ 150,000 | $ 420,305 | $ 100,515 | $ 21,100 | $ 112,798 | $ 424,046 | $ 7,991 | $ 9,202 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Major Capital Projects Fund**
**Combining Balance Sheet (Continued)**
June 30, 2006
With Comparative Totals for June 30, 2005

| | 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 | $ 215,436 | $ 75,000 | $ 741 | $ 66,837 | $ 1,915 |
| Restricted current assets | - | - | - | - | - | - |
| Accounts receivable | - | 1,790 | - | - | - | - |
| Total Current Assets | 16,105 | 217,226 | 75,000 | 741 | 66,837 | 1,915 |
| Total Assets | $ 16,105 | $ 217,226 | $ 75,000 | $ 741 | $ 66,837 | $ 1,915 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | $ - | $ 4,000 | $ - | $ - | $ - | $ - |
| Interfund payable | - | - | - | - | - | 16,000 |
| Total Liabilities | - | 4,000 | - | - | - | 16,000 |
| Fund Balances: | | | | | | |
| Reserved for encumbrances | - | - | - | - | 7,204 | - |
| Reserved for Powell Bill | - | - | - | - | - | - |
| Unreserved, designated for subsequent year's expenditures | 16,105 | 213,226 | 75,000 | 741 | 59,633 | - |
| Unreserved, undesignated | - | - | - | - | - | (14,085) |
| Total Fund Balance | 16,105 | 213,226 | 75,000 | 741 | 66,837 | (14,085) |
| Total Liabilities and Fund Balances | $ 16,105 | $ 217,226 | $ 75,000 | $ 741 | $ 66,837 | $ 1,915 |

| Sturgeon City Boardwalk II | Reserve Ladder Truck Replacement | Police/Fire Facility | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|---|
| $ 637 | $ 175,000 | $ 50,000 | $ 3,658,042 | $ 3,071,536 |
| - | 700,311 | - | 703,802 | 1,077,524 |
| 58,441 | - | - | 61,468 | 128,597 |
| 59,078 | 875,311 | 50,000 | 4,423,312 | 4,277,657 |
| $ 59,078 | $ 875,311 | $ 50,000 | $ 4,423,312 | $ 4,277,657 |
| | | | | |
| $ 36,416 | $ - | $ - | $ 371,318 | $ 365,602 |
| - | - | - | 16,000 | 161,962 |
| 36,416 | - | - | 387,318 | 527,564 |
| 21,022 | 683,107 | - | 1,736,396 | 1,784,070 |
| - | - | - | 3,491 | 3,491 |
| 1,640 | 192,204 | 50,000 | 2,310,192 | 2,017,408 |
| - | - | - | (14,085) | (54,876) |
| 22,662 | 875,311 | 50,000 | 4,035,994 | 3,750,093 |
| $ 59,078 | $ 875,311 | $ 50,000 | $ 4,423,312 | $ 4,277,657 |

**Note: Reconciliation of Fund Balance to Exhibit C:**

| | | | |
|---|---|---|---|
| Unreserved, designated | $ 2,310,192 | Unreserved, undesignated | $ (14,085) |
| Less unreserved, undesignated in Jacksonville Commons Phase II | (14,085) | Less unreserved, undesignated in Jacksonville Commons Phase II | 14,085 |
| Exhibit C | $ 2,296,107 | Exhibit C | $ - |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Rails to Trails | City Hall Expansion | Sturgeon City | Citywide Landscaping | Sturgeon City Park | Police Remodeling |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Restricted intergovernmental revenues | $ - | $ - | $ 5,545 | $ - | $ 2,152 | $ - |
| Investment earnings | - | 58,816 | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - |
| Total revenues | - | 58,816 | 5,545 | - | 2,152 | - |
| **Expenditures:** | | | | | | |
| Capital Outlay: | | | | | | |
| Other improvements | - | 911,641 | - | - | 9,574 | 30,958 |
| Construction in progress | - | - | 263,332 | - | - | - |
| Non-capitalized expenditures | - | - | - | - | - | - |
| Total expenditures | - | 911,641 | 263,332 | - | 9,574 | 30,958 |
| Revenues over (under) expenditures | - | (852,825) | (257,787) | - | (7,422) | (30,958) |
| Other financing sources (uses): | | | | | | |
| Debt issued | - | - | - | - | - | - |
| Transfers in | - | 274,800 | 172,122 | - | 24,000 | - |
| Transfers (out) | (8,400) | - | - | (17,057) | - | - |
| Total other financing sources (uses) | (8,400) | 274,800 | 172,122 | (17,057) | 24,000 | - |
| Net change in fund balance | (8,400) | (578,025) | (85,665) | (17,057) | 16,578 | (30,958) |
| Fund balances: | | | | | | |
| Beginning of year, July 1 | 525,487 | 1,462,874 | 105,423 | 17,057 | 14,761 | 62,204 |
| End of year, June 30 | $ 517,087 | $ 884,849 | $ 19,758 | $ - | $ 31,339 | $ 31,246 |

| NC24 Culvert Trail | Marine Corps Museum | Wilson Bay Initiative | Downtown Redevelopmen | Smithfield Grant/ Wilson Bay | Vietnam Veterans Memorial | Youth Center |
|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ 1,434 | $ - | $ - |
| - | 13,102 | - | - | - | 15,260 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 13,102 | - | - | 1,434 | 15,260 | - |
| - | - | 20,238 | - | - | - | 2,222 |
| - | - | - | - | - | - | - |
| - | - | - | - | 1,434 | - | - |
| - | - | 20,238 | - | 1,434 | - | 2,222 |
| - | 13,102 | (20,238) | - | - | 15,260 | (2,222) |
| - | - | - | - | - | - | - |
| - | 100,000 | 350 | - | - | 100,000 | - |
| - | - | - | - | - | - | (2,609) |
| - | 100,000 | 350 | - | - | 100,000 | (2,609) |
| - | 113,102 | (19,888) | - | - | 115,260 | (4,831) |
| 150,000 | 307,203 | 120,364 | 21,100 | 112,798 | 308,786 | 12,822 |
| $ 150,000 | $ 420,305 | $ 100,476 | $ 21,100 | $ 112,798 | $ 424,046 | $ 7,991 |

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Fire Training Facility | Traffic Signal Preemption | Demolition | Country Club Park | Richard Ray All America Park |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted intergovernmental revenues | $ - | $ - | $ - | $ - | $ - |
| Investment earnings | - | 36 | - | - | - |
| Miscellaneous | - | - | 2,040 | - | - |
| Contributions | - | - | - | - | - |
| Total revenues | - | 36 | 2,040 | - | - |
| **Expenditures:** | | | | | |
| Capital Outlay: | | | | | |
| Other improvements | - | - | - | - | 92 |
| Construction in progress | - | - | - | - | - |
| Non-capitalized expenditures | 35,263 | 34,000 | 4,000 | - | - |
| Total expenditures | 35,263 | 34,000 | 4,000 | - | 92 |
| Revenues over (under) expenditures | (35,263) | (33,964) | (1,960) | - | (92) |
| Other financing sources (uses): | | | | | |
| Debt issued | - | - | - | - | - |
| Transfers in | 17,500 | - | - | - | - |
| Transfers (out) | - | - | - | - | - |
| Total other financing sources (uses) | 17,500 | - | - | - | - |
| Net change in fund balance | (17,763) | (33,964) | (1,960) | - | (92) |
| Fund balances: | | | | | |
| Beginning of year, July 1 | 26,965 | 50,069 | 215,186 | 75,000 | 833 |
| End of year, June 30 | $ 9,202 | $ 16,105 | $ 213,226 | $ 75,000 | $ 741 |

| Civic Facility | Jacksonville Commons Phase II | Sturgeon City Boardwalk II | Woodlands Park | Northeast Creek Park Phase II | Wilson Bay Park Phase I | Reserve Ladder Truck Replacement |
|---|---|---|---|---|---|---|
| $ - | $ 60,700 | $ 58,442 | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | 311 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 60,700 | 58,442 | - | - | - | 311 |
| - | - | - | - | 427 | - | - |
| 254,398 | 19,909 | 98,780 | - | - | - | - |
| - | - | - | - | - | - | - |
| 254,398 | 19,909 | 98,780 | - | 427 | - | - |
| (254,398) | 40,791 | (40,338) | - | (427) | - | 311 |
| - | - | - | - | - | - | 700,000 |
| 250,000 | - | - | - | - | - | 100,000 |
| - | - | - | (3,304) | (116) | (2,955) | - |
| 250,000 | - | - | (3,304) | (116) | (2,955) | 800,000 |
| (4,398) | 40,791 | (40,338) | (3,304) | (543) | (2,955) | 800,311 |
| 71,235 | (54,876) | 63,000 | 3,304 | 543 | 2,955 | 75,000 |
| $ 66,837 | $ (14,085) | $ 22,662 | $ - | $ - | $ - | $ 875,311 |

Continued on next page.

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

**Schedule 6,** continued.

| | Police/Fire Facility | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|
| **Revenues:** | | | |
| Restricted intergovernmental revenues | $ - | $ 128,273 | $ 212,110 |
| Investment earnings | - | 87,525 | 72,438 |
| Miscellaneous | - | 2,040 | - |
| Contributions | - | - | 17,350 |
| Total revenues | - | 217,838 | 301,898 |
| **Expenditures:** | | | |
| Capital Outlay: | | | |
| Other improvements | - | 975,152 | 4,381,681 |
| Construction in progress | - | 636,419 | - |
| Non-capitalized expenditures | - | 74,697 | - |
| Total expenditures | - | 1,686,268 | 4,381,681 |
| Revenues over (under) expenditures | - | (1,468,430) | (4,079,783) |
| Other financing sources (uses): | | | |
| Debt issued | - | 700,000 | 193,116 |
| Transfers in | 50,000 | 1,088,772 | 1,639,511 |
| Transfers (out) | - | (34,441) | (115,688) |
| Total other financing sources (uses) | 50,000 | 1,754,331 | 1,716,939 |
| Net change in fund balance | 50,000 | 285,901 | (2,362,844) |
| Fund balances: | | | |
| Beginning of year, July 1 | - | 3,750,093 | 6,112,937 |
| End of year, June 30 | $ 50,000 | $ 4,035,994 | $ 3,750,093 |

**City of Jacksonville, North Carolina** **Schedule 7**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| NC Transportation Enhancement grant | $ 1,075,394 | $ 671,815 | $ - | $ 671,815 | $ (403,579) |
| Bike Pedestrian grant | 400,000 | - | - | - | (400,000) |
| NC Transportation Enhancement grant | 112,188 | - | - | - | (112,188) |
| Investment earnings | 48,728 | 46,943 | - | 46,943 | (1,785) |
| Total revenues | 1,636,310 | 718,758 | - | 718,758 | (917,552) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 925,274 | - | 925,274 | |
| Total expenditures | 3,034,379 | 925,274 | - | 925,274 | 2,109,105 |
| Revenues (under) expenditures | (1,398,069) | (206,516) | - | (206,516) | 1,191,553 |
| Other financing sources (uses): | | | | | |
| Debt issued | 674,466 | - | - | - | (674,466) |
| Transfers in-- | | | | | |
| From General Fund | 316,000 | 316,000 | - | 316,000 | - |
| From Capital Reserve Fund | 428,191 | 428,191 | - | 428,191 | - |
| 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 (uses) | 1,398,069 | 732,003 | (8,400) | 723,603 | (674,466) |
| Net change in fund balance | $ - | $ 525,487 | (8,400) | $ 517,087 | $ 517,087 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 525,487 | | |
| End of year, June 30 | | | $ 517,087 | | |

**City of Jacksonville, North Carolina** **Schedule 8**
**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, 2006

| | 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 | 184,248 | 123,340 | 58,816 | 182,156 | (2,092) |
| Total revenues | 194,555 | 133,648 | 58,816 | 192,464 | (2,091) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 4,809,139 | 911,641 | 5,720,780 | |
| Total expenditures | 6,607,720 | 4,809,139 | 911,641 | 5,720,780 | 886,940 |
| Revenues (under) expenditures | (6,413,165) | (4,675,491) | (852,825) | (5,528,316) | 884,849 |
| Other financing sources: | | | | | |
| Debt issued | 5,030,308 | 5,030,308 | - | 5,030,308 | - |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 1,288,752 | 1,013,952 | 274,800 | 1,288,752 | - |
| From General Fund | 80,000 | 80,000 | - | 80,000 | - |
| From Proprietary Fund | 14,105 | 14,105 | - | 14,105 | - |
| Total other financing sources | 6,413,165 | 6,138,365 | 274,800 | 6,413,165 | - |
| Net change in fund balance | $ - | $ 1,462,874 | (578,025) | $ 884,849 | $ 884,849 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 1,462,874 | | |
| End of year, June 30 | | | $ 884,849 | | |

**City of Jacksonville, North Carolina** **Schedule 9**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Contribution - Onslow County | $ 25,000 | $ 25,000 | $ - | $ 25,000 | $ - |
| Prevention Pollution Grant | 10,000 | 2,914 | 5,545 | 8,459 | (1,541) |
| Total revenues | 35,000 | 27,914 | 5,545 | 33,459 | (1,541) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Construction in progress | | 451,206 | 263,332 | 714,538 | |
| Total expenditures | 4,405,837 | 451,206 | 263,332 | 714,538 | 3,691,299 |
| Revenues (under) expenditures | (4,370,837) | (423,292) | (257,787) | (681,079) | 3,689,758 |
| Other financing sources (uses): | | | | | |
| Debt issued | 3,670,000 | - | - | - | (3,670,000) |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 750,837 | 578,715 | 172,122 | 750,837 | - |
| Transfers (out)-- | | | | | |
| To Capital Projects | (30,000) | (30,000) | - | (30,000) | - |
| To Capital Reserve | (20,000) | (20,000) | - | (20,000) | - |
| Total other financing sources | 4,370,837 | 528,715 | 172,122 | 700,837 | (3,670,000) |
| Net change in fund balance | $ - | $ 105,423 | (85,665) | $ 19,758 | $ 19,758 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 105,423 | | |
| End of year, June 30 | | | $ 19,758 | | |

**City of Jacksonville, North Carolina** **Schedule 10**

**Citywide Landscaping Capital 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:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 158,753 | - | 158,753 | |
| Total expenditures | 158,753 | 158,753 | - | 158,753 | - |
| Revenues (under) expenditures | (158,753) | (158,753) | - | (158,753) | - |
| Other financing sources: | | | | | |
| Debt issued | 125,200 | 125,200 | - | 125,200 | - |
| Transfers in-- | | | | | |
| From General Fund | 42,500 | 42,500 | - | 42,500 | - |
| From Capital Reserve Fund | 8,110 | 8,110 | - | 8,110 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (17,057) | - | (17,057) | (17,057) | - |
| Total other financing sources | 158,753 | 175,810 | (17,057) | 158,753 | - |
| Net change in fund balance | $ - | $ 17,057 | (17,057) | $ - | $ - |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 17,057 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 11**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| LWCF grant | $ 231,676 | $ 231,676 | $ - | $ 231,676 | $ - |
| Water Access Grant | 200,000 | 197,848 | 2,152 | 200,000 | - |
| Wetlands Restoration | 192,072 | 190,782 | - | 190,782 | (1,290) |
| Total revenues | 623,748 | 620,306 | 2,152 | 622,458 | (1,290) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 910,620 | 9,574 | 920,194 | |
| Total expenditures | 952,823 | 910,620 | 9,574 | 920,194 | 32,629 |
| Revenues (under) expenditures | (329,075) | (290,314) | (7,422) | (297,736) | 31,339 |
| 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 | 329,075 | 305,075 | 24,000 | 329,075 | - |
| Net change in fund balance | $ - | $ 14,761 | 16,578 | $ 31,339 | $ 31,339 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 14,761 | | |
| End of year, June 30 | | | $ 31,339 | | |

**City of Jacksonville, North Carolina** **Schedule 12**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 50,092 | 30,958 | 81,050 | |
| Total expenditures | 112,296 | 50,092 | 30,958 | 81,050 | 31,246 |
| Revenues (under) expenditures | (112,296) | (50,092) | (30,958) | (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 | $ - | $ 62,204 | (30,958) | $ 31,246 | $ 31,246 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 62,204 | | |
| End of year, June 30 | | | $ 31,246 | | |

**City of Jacksonville, North Carolina** **Schedule 13**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | - | - | - | |
| Total expenditures | 150,000 | - | - | - | 150,000 |
| Revenues (under) expenditures | (150,000) | - | - | - | 150,000 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 150,000 | 150,000 | - | 150,000 | - |
| Total other financing sources | 150,000 | 150,000 | - | 150,000 | - |
| Net change in fund balance | $ - | $ 150,000 | - | $ 150,000 | $ 150,000 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 150,000 | | |
| End of year, June 30 | | | $ 150,000 | | |

**City of Jacksonville, North Carolina** **Schedule 14**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Investment Earnings | $ 16,290 | $ 7,203 | $ 13,102 | $ 20,305 | $ 4,015 |
| Total revenues | 16,290 | 7,203 | 13,102 | 20,305 | 4,015 |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 100,000 | - | 100,000 | |
| Total expenditures | 516,290 | 100,000 | - | 100,000 | 416,290 |
| Revenues over (under) expenditures | (500,000) | (92,797) | 13,102 | (79,695) | 420,305 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 500,000 | 400,000 | 100,000 | 500,000 | - |
| Total other financing sources | 500,000 | 400,000 | 100,000 | 500,000 | - |
| Net change in fund balance | $ - | $ 307,203 | 113,102 | $ 420,305 | $ 420,305 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 307,203 | | |
| End of year, June 30 | | | $ 420,305 | | |

**City of Jacksonville, North Carolina** **Schedule 15**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 171,452 | 20,238 | 191,690 | |
| Total expenditures | 292,166 | 171,452 | 20,238 | 191,690 | 100,476 |
| Revenues (under) expenditures | (292,166) | (171,452) | (20,238) | (191,690) | 100,476 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 441 | 441 | - | 441 | - |
| From Capital Reserve Fund | 291,725 | 291,375 | 350 | 291,725 | - |
| Total other financing sources | 292,166 | 291,816 | 350 | 292,166 | - |
| Net change in fund balance | $ - | $ 120,364 | (19,888) | $ 100,476 | $ 100,476 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 120,364 | | |
| End of year, June 30 | | | $ 100,476 | | |

**City of Jacksonville, North Carolina** **Schedule 16**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **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 | $ - | $ 21,100 | - | $ 21,100 | $ 21,100 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 21,100 | | |
| End of year, June 30 | | | $ 21,100 | | |

**City of Jacksonville, North Carolina** **Schedule 17**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Smithfield Grant | $ 500,000 | $ 443,900 | $ 1,434 | $ 445,334 | $ (54,666) |
| Total revenues | 500,000 | 443,900 | 1,434 | 445,334 | (54,666) |
| **Expenditures:** | | | | | |
| Non-capitalized expenditures | | 331,102 | 1,434 | 332,536 | |
| Total expenditures | 500,000 | 331,102 | 1,434 | 332,536 | 167,464 |
| Net change in fund balance | $ - | $ 112,798 | - | $ 112,798 | $ 112,798 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 112,798 | | |
| End of year, June 30 | | | $ 112,798 | | |

**City of Jacksonville, North Carolina** **Schedule 18**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Investment Earnings | $ 24,800 | $ 8,786 | $ 15,260 | $ 24,046 | $ (754) |
| Total revenues | 24,800 | 8,786 | 15,260 | 24,046 | (754) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | - | - | - | |
| Total expenditures | 424,800 | - | - | - | 424,800 |
| Revenues over (under) expenditures | (400,000) | 8,786 | 15,260 | 24,046 | 424,046 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 400,000 | 300,000 | 100,000 | 400,000 | - |
| Total other financing sources | 400,000 | 300,000 | 100,000 | 400,000 | - |
| Net change in fund balance | $ - | $ 308,786 | 115,260 | $ 424,046 | $ 424,046 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 308,786 | | |
| End of year, June 30 | | | $ 424,046 | | |

**City of Jacksonville, North Carolina** **Schedule 19**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 260,340 | 2,222 | 262,562 | |
| Total expenditures | 270,552 | 260,340 | 2,222 | 262,562 | 7,990 |
| Revenues (under) expenditures | (270,552) | (260,340) | (2,222) | (262,562) | 7,990 |
| Other financing sources: | | | | | |
| Debt issued | 102,808 | - | - | - | (102,808) |
| Transfers in-- | | | | | |
| From General Fund | 66,848 | 66,848 | - | 66,848 | - |
| 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 | 270,552 | 273,162 | (2,609) | 270,553 | (102,808) |
| Net change in fund balance | $ - | $ 12,822 | (4,831) | $ 7,991 | $ 7,991 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 12,822 | | |
| End of year, June 30 | | | $ 7,991 | | |

**City of Jacksonville, North Carolina** **Schedule 20**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Contributions from Coastal Carolina Community College | $ 13,000 | $ 13,000 | $ - | $ 13,000 | $ - |
| Total revenues | 13,000 | 13,000 | - | 13,000 | - |
| **Expenditures:** | | | | | |
| Non-capitalized expenditures | | 80,288 | 35,263 | 115,551 | |
| Total expenditures | 124,753 | 80,288 | 35,263 | 115,551 | 9,202 |
| Revenues (under) expenditures | (111,753) | (67,288) | (35,263) | (102,551) | 9,202 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 111,753 | 94,253 | 17,500 | 111,753 | - |
| Total other financing sources | 111,753 | 94,253 | 17,500 | 111,753 | - |
| Net change in fund balance | $ - | $ 26,965 | (17,763) | $ 9,202 | $ 9,202 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 26,965 | | |
| End of year, June 30 | | | $ 9,202 | | |

**City of Jacksonville, North Carolina** **Schedule 21**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Investment Earnings | $ 105 | $ 69 | $ 36 | $ 105 | $ - |
| Total revenues | 105 | 69 | 36 | 105 | - |
| **Expenditures:** | | | | | |
| Non-capitalized expenditures | | - | 34,000 | 34,000 | |
| Total expenditures | 50,105 | - | 34,000 | 34,000 | 16,105 |
| Revenues over (under) expenditures | (50,000) | 69 | (33,964) | (33,895) | 16,105 |
| Other financing sources: | | | | | |
| Debt Issued | 16,000 | 16,000 | - | 16,000 | - |
| Transfers in-- | | | | | |
| From General Fund | 34,000 | 34,000 | - | 34,000 | - |
| Total other financing sources | 50,000 | 50,000 | - | 50,000 | - |
| Net change in fund balance | $ - | $ 50,069 | (33,964) | $ 16,105 | $ 16,105 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 50,069 | | |
| End of year, June 30 | | | $ 16,105 | | |

**City of Jacksonville, North Carolina** **Schedule 22**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Miscellaneous | $ 4,710 | $ 2,420 | $ 2,040 | $ 4,460 | $ (250) |
| Contributions | - | 250 | - | 250 | 250 |
| Total revenues | 4,710 | 2,670 | 2,040 | 4,710 | - |
| **Expenditures:** | | | | | |
| Non-capitalized expenditures | | 360,484 | 4,000 | 364,484 | |
| Total expenditures | 577,710 | 360,484 | 4,000 | 364,484 | 213,226 |
| Revenues (under) expenditures | (573,000) | (357,814) | (1,960) | (359,774) | 213,226 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 333,000 | 333,000 | - | 333,000 | - |
| From Capital Reserve Fund | 240,000 | 240,000 | - | 240,000 | - |
| Total other financing sources | 573,000 | 573,000 | - | 573,000 | - |
| Net change in fund balance | $ - | $ 215,186 | (1,960) | $ 213,226 | $ 213,226 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 215,186 | | |
| End of year, June 30 | | | $ 213,226 | | |

**City of Jacksonville, North Carolina** **Schedule 23**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | - | - | - | |
| Total expenditures | 75,000 | - | - | - | 75,000 |
| Revenues (under) expenditures | (75,000) | - | - | - | 75,000 |
| 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 | $ - | $ 75,000 | - | $ 75,000 | $ 75,000 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 75,000 | | |
| End of year, June 30 | | | $ 75,000 | | |

**City of Jacksonville, North Carolina** **Schedule 24**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **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 | | 578,537 | 92 | 578,629 | |
| Total expenditures | 579,372 | 578,537 | 92 | 578,629 | 743 |
| Revenues (under) expenditures | (261,500) | (260,667) | (92) | (260,759) | 741 |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 250,000 | 250,000 | - | 250,000 | - |
| From Capital Reserve Fund | 15,000 | 15,000 | - | 15,000 | - |
| Transfers (out)-- | | | | | |
| To Capital Reserve Fund | (3,500) | (3,500) | - | (3,500) | - |
| Total other financing sources | 261,500 | 261,500 | - | 261,500 | - |
| Net change in fund balance | $ - | $ 833 | (92) | $ 741 | $ 741 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 833 | | |
| End of year, June 30 | | | $ 741 | | |

**City of Jacksonville, North Carolina** **Schedule 25**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Contribution - Onslow County | $ 52,884 | $ 46,500 | $ - | $ 46,500 | $ (6,384) |
| Total revenues | 52,884 | 46,500 | - | 46,500 | (6,384) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Construction in progress | | 1,551,446 | 254,398 | 1,805,844 | |
| Total expenditures | 11,879,065 | 1,551,446 | 254,398 | 1,805,844 | 10,073,221 |
| Revenues (under) expenditures | (11,826,181) | (1,504,946) | (254,398) | (1,759,344) | 10,066,837 |
| Other financing sources (uses): | | | | | |
| Debt issued | 10,000,000 | - | - | - | (10,000,000) |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 1,821,181 | 1,571,181 | 250,000 | 1,821,181 | - |
| From General Fund | 145,000 | 145,000 | - | 145,000 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (140,000) | (140,000) | - | (140,000) | - |
| Total other financing sources | 11,826,181 | 1,576,181 | 250,000 | 1,826,181 | (10,000,000) |
| Net change in fund balance | $ - | $ 71,235 | (4,398) | $ 66,837 | $ 66,837 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 71,235 | | |
| End of year, June 30 | | | $ 66,837 | | |

**City of Jacksonville, North Carolina** **Schedule 26**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Part F Grant | $ 250,000 | $ 75,476 | $ 700 | $ 76,176 | $ (173,824) |
| Onslow County Contributions | 60,000 | - | 60,000 | 60,000 | - |
| Contributions | 17,100 | 17,100 | - | 17,100 | - |
| Total revenues | 327,100 | 92,576 | 60,700 | 153,276 | (173,824) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Construction in progress | | 150,952 | 19,909 | 170,861 | |
| Total expenditures | 1,542,700 | 150,952 | 19,909 | 170,861 | 1,371,839 |
| Revenues (under) expenditures | (1,215,600) | (58,376) | 40,791 | (17,585) | 1,198,015 |
| Other financing sources (uses): | | | | | |
| Debt issued | 1,212,100 | - | - | - | 1,212,100 |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 3,500 | 3,500 | - | 3,500 | - |
| Total other financing sources | 1,215,600 | 3,500 | - | 3,500 | 1,212,100 |
| Net change in fund balance | $ - | $ (54,876) | 40,791 | $ (14,085) | $ (14,085) |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | (54,876) | | |
| End of year, June 30 | | | $ (14,085) | | |

**City of Jacksonville, North Carolina** **Schedule 27**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Water Access Grant | $ 359,000 | $ - | $ 58,442 | $ 58,442 | $ (300,558) |
| Total revenues | 359,000 | - | 58,442 | 58,442 | (300,558) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Construction in progress | | - | 98,780 | 98,780 | |
| Total expenditures | 422,000 | - | 98,780 | 98,780 | 323,220 |
| Revenues (under) expenditures | (63,000) | - | (40,338) | (40,338) | 22,662 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 63,000 | 63,000 | - | 63,000 | - |
| Total other financing sources | 63,000 | 63,000 | - | 63,000 | - |
| Net change in fund balance | $ - | $ 63,000 | (40,338) | $ 22,662 | $ 22,662 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 63,000 | | |
| End of year, June 30 | | | $ 22,662 | | |

**City of Jacksonville, North Carolina** **Schedule 28**
**Woodlands 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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 167,696 | - | 167,696 | |
| Total expenditures | 167,696 | 167,696 | - | 167,696 | - |
| Revenues (under) expenditures | (167,696) | (167,696) | - | (167,696) | - |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 175,000 | 175,000 | - | 175,000 | - |
| Transfers (out)-- | | | | | |
| To Capital Reserve | (3,304) | - | (3,304) | (3,304) | - |
| To General Fund | (4,000) | (4,000) | - | (4,000) | - |
| Total other financing sources | 167,696 | 171,000 | (3,304) | 167,696 | - |
| Net change in fund balance | $ - | $ 3,304 | (3,304) | $ - | $ - |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 3,304 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 29**
**Northeast Creek Park 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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Contributions | $ 950 | $ 950 | $ - | $ 950 | $ - |
| Total revenues | 950 | 950 | - | 950 | - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 200,407 | 427 | 200,834 | |
| Total expenditures | 200,407 | 200,407 | 427 | 200,834 | (427) |
| Revenues (under) expenditures | (199,457) | (199,457) | (427) | (199,884) | (427) |
| Other financing sources: | | | | | |
| Debt issued | 60,000 | 60,000 | - | 60,000 | - |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 140,000 | 140,000 | - | 140,000 | - |
| Transfers (out)-- | | | | | |
| To Capital Reserve Fund | (543) | - | (116) | (116) | (427) |
| Total other financing sources | 199,457 | 200,000 | (116) | 199,884 | (427) |
| Net change in fund balance | $ - | $ 543 | (543) | $ - | $ - |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 543 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 30**

**Wilson Bay Park Phase I Capital 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:** | | | | | |
| Contribution | $ 550 | $ 550 | $ - | $ 550 | $ - |
| Water Access grant | 52,500 | 52,500 | - | 52,500 | - |
| Total revenues | 53,050 | 53,050 | - | 53,050 | - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 221,845 | - | 221,845 | |
| Total expenditures | 221,845 | 221,845 | - | 221,845 | - |
| Revenues (under) expenditures | (168,795) | (168,795) | - | (168,795) | - |
| Other financing sources (uses): | | | | | |
| Debt issued | 75,000 | 75,000 | - | 75,000 | - |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 97,500 | 97,500 | - | 97,500 | - |
| Transfers (out)-- | | | | | |
| To Capital Reserve Fund | (3,705) | (750) | (2,955) | (3,705) | - |
| Total other financing sources | 168,795 | 171,750 | (2,955) | 168,795 | - |
| Net change in fund balance | $ - | $ 2,955 | (2,955) | $ - | $ - |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 2,955 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 31**
**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Investment Earnings | $ - | $ - | $ 311 | $ 311 | $ 311 |
| Total revenues | - | - | 311 | 311 | 311 |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other Improvements | | - | - | - | |
| Total expenditures | 875,000 | - | - | - | 875,000 |
| Revenues (under) expenditures | (875,000) | - | 311 | 311 | 875,311 |
| Other financing sources: | | | | | |
| Debt Issued | 700,000 | - | 700,000 | 700,000 | - |
| Transfers in-- | | | | | |
| From General Fund | 175,000 | 75,000 | 100,000 | 175,000 | - |
| Total other financing sources | 875,000 | 75,000 | 800,000 | 875,000 | - |
| Net change in fund balance | $ - | $ 75,000 | 800,311 | $ 875,311 | $ 875,311 |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | 75,000 | | |
| End of year, June 30 | | | $ 875,311 | | |

**City of Jacksonville, North Carolina** **Schedule 32**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **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** **Schedule 33**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **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** **Schedule 34**

**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, 2006

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

# 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**
**Statement of Net Assets**
June 30, 2006
With Comparative Totals for June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 1,974,606 | $ 7,294,670 |
| Accounts receivable (net) | 1,304,985 | 1,404,169 |
| Interfund receivables | 11,935 | 28,388 |
| Inventories | 963,926 | 761,650 |
| Prepaid items | 60,424 | - |
| Total Current Assets | 4,315,876 | 9,488,877 |
| Noncurrent Assets: | | |
| Restricted cash and cash equivalents | 905,806 | 3,861,848 |
| Capital assets (net) | 77,779,828 | 69,766,709 |
| Total Noncurrent Assets | 78,685,634 | 73,628,557 |
| Total Assets | 83,001,510 | 83,117,434 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 1,815,888 | 1,383,237 |
| Interfund payable | 680,340 | 34,925 |
| Compensated absences payable-current | 4,660 | 16,969 |
| Installment purchases payable-current | 2,293,675 | 1,843,924 |
| Loans payable-current | 1,463,249 | 1,463,249 |
| Total Current Liabilities | 6,257,812 | 4,742,304 |
| Noncurrent Liabilities: | | |
| Compensated absences payable-noncurrent | 116,881 | 100,432 |
| Unearned revenue | 127,837 | 126,484 |
| Customer deposits | 416,994 | 396,583 |
| Installment purchases payable-noncurrent | 13,508,695 | 14,324,337 |
| Loans payable-noncurrent | 12,630,112 | 14,093,362 |
| Total Noncurrent Liabilities | 26,800,519 | 29,041,198 |
| Total Liabilities | 33,058,331 | 33,783,502 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 48,789,903 | 41,903,685 |
| Unrestricted | 1,153,276 | 7,430,247 |
| Total Net Assets | $ 49,943,179 | $ 49,333,932 |

**City of Jacksonville, North Carolina**
**Water and Sewer Fund**
**Statement of Revenues, Expenses and Changes in Net Assets**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Operating revenues:** | | |
| Charges for services | $ 12,167,702 | $ 11,441,475 |
| Total operating revenues | 12,167,702 | 11,441,475 |
| **Operating expenses:** | | |
| Water/Sewer Operations | 4,607,496 | 3,419,113 |
| Water Supply | 539,984 | 703,219 |
| Wastewater Treatment | 1,286,508 | 1,344,029 |
| Non-capitalized expenses - projects | 81,729 | 61,608 |
| Depreciation | 5,295,495 | 4,835,775 |
| Total operating expenses | 11,811,212 | 10,363,744 |
| Operating income | 356,490 | 1,077,731 |
| **Nonoperating revenues (expenses):** | | |
| Investment earnings | 316,384 | 211,339 |
| Assessments collected | 449 | 919 |
| Interest collected on assessments | 117 | 157 |
| Gain on sale of capital assets | 42,148 | 20,873 |
| Interest on long-term debt | (1,164,831) | (1,267,603) |
| Refunds | - | 128,613 |
| Total nonoperating (expenses) | (805,733) | (905,702) |
| Income (loss) before capital contributions and transfers | (449,243) | 172,029 |
| **Capital contributions:** | | |
| State Clean Water Revolving grant | - | 68,715 |
| Developer contributions | 714,338 | 774,974 |
| Total capital contributions | 714,338 | 843,689 |
| Income before transfers | 265,095 | 1,015,718 |
| **Transfers:** | | |
| Transfers in | 405,659 | 771,344 |
| Transfers (out) | (61,507) | (13,319) |
| Total transfers | 344,152 | 758,025 |
| Increase in Net Assets | 609,247 | 1,773,743 |
| **Net Assets** | | |
| Beginning of year, July 1 | 49,333,932 | 47,560,189 |
| End of year, June 30 | $ 49,943,179 | $ 49,333,932 |

**City of Jacksonville, North Carolina** **Statement 37**
**Water and Sewer Fund**
**Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash received from customers | $ 12,229,641 | $ 11,324,433 |
| Cash paid for goods and services | (3,157,580) | (3,093,133) |
| Cash paid to employees | (3,145,448) | (2,895,037) |
| Customer deposits | 20,411 | 14,027 |
| Net cash provided by operating activities | 5,947,024 | 5,350,290 |
| **Cash flows from noncapital financing activities:** | | |
| Transfers in | 405,659 | 771,344 |
| Transfers (out) | (61,507) | (13,319) |
| Advances from other funds | 661,868 | - |
| Advances (to) other funds | - | (330,261) |
| Net cash provided (used) by noncapital financing activities | 1,006,020 | 427,764 |
| **Cash flows from capital and related financing activities:** | | |
| Contributions | - | 68,715 |
| Principal paid on long-term debt | (7,289,041) | (3,131,331) |
| Interest paid on long-term debt | (1,164,831) | (1,267,603) |
| Debt issued | 5,459,901 | 2,641,405 |
| Purchase of capital assets | (12,594,277) | (8,181,750) |
| Proceeds from sale of assets | 42,148 | 26,674 |
| Assessments collected | 449 | 919 |
| Interest collected on assessments | 117 | 157 |
| Refunds | - | 128,613 |
| Net cash (used) by capital and related financing activities | (15,545,534) | (9,714,201) |
| **Cash flows from investing activities:** | | |
| Interest earned on investments | 316,384 | 211,339 |
| Net cash provided by investing activities | 316,384 | 211,339 |
| Net (decrease) in cash and cash equivalents | (8,276,106) | (3,724,808) |
| Cash and cash equivalents, July 1 | 11,156,518 | 14,881,326 |
| Cash and cash equivalents, June 30 | $ 2,880,412 | $ 11,156,518 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Water and Sewer Fund**
**Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

**Statement 37,** continued.

| | 2006 | 2005 |
|---|---|---|
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities:** | | |
| Operating income | $ 356,490 | $ 1,077,731 |
| **Adjustments to reconcile operating income to net cash provided by operating activities:** | | |
| Depreciation | 5,295,495 | 4,835,775 |
| Bad debt expense | 38,598 | 39,778 |
| Change in assets and liabilities: | | |
| Increase (decrease) in accrued vacation pay/payroll | 4,140 | 9,589 |
| (Increase) decrease in prepaid expenses | (60,424) | 250 |
| Increase (decrease) in accounts payable | 432,651 | (9,107) |
| (Increase) decrease in accounts receivable | 60,586 | (117,980) |
| (Increase) decrease in inventories | (202,276) | (500,711) |
| Increase (decrease) in deferred revenues | 1,353 | 938 |
| Increase (decrease) in customer deposits | 20,411 | 14,027 |
| Total adjustments | 5,590,534 | 4,272,559 |
| Net cash provided by operating activities | $ 5,947,024 | $ 5,350,290 |
| **Noncash investing, capital, and financing activities:** | | |
| Capital contributed by developers | $ 714,338 | $ 774,974 |

**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, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Water sales | $ 2,454,155 | $ 3,040,163 | $ 586,008 | $ 2,435,719 |
| Water tap fees | 3,500 | 4,751 | 1,251 | 6,840 |
| Water facility fees | 287,128 | 179,563 | (107,565) | 378,601 |
| Water Meter Purchases | - | 85,655 | 85,655 | - |
| Sewer sales | 2,703,090 | 3,136,563 | 433,473 | 3,118,390 |
| Sewer tap fees | 5,000 | 3,305 | (1,695) | 6,609 |
| Sewer facility fees | 938,830 | 575,183 | (363,647) | 805,371 |
| Late penalty charges | 70,000 | 82,298 | 12,298 | 95,741 |
| New account service charges | 49,007 | 54,920 | 5,913 | 48,640 |
| Interest collected on tap fees | 50 | - | (50) | (41) |
| Inflow and Infiltration Fee | - | 238,092 | 238,092 | - |
| Onslow County leachate | 35,000 | 25,605 | (9,395) | 22,646 |
| Land application user charge | 3,632,893 | 3,763,320 | 130,427 | 3,699,719 |
| Land application late fee | 45,000 | 26,229 | (18,771) | 56,801 |
| Land application expansion | 400,000 | 495,027 | 95,027 | 396,079 |
| Miscellaneous operating revenue | 196,303 | 457,028 | 260,725 | 370,360 |
| Total | 10,819,956 | 12,167,702 | 1,347,746 | 11,441,475 |
| Nonoperating revenues: | | | | |
| Interest earned on investments | 170,000 | 316,384 | 146,384 | 211,339 |
| Assessments collected | 2,500 | 449 | (2,051) | 919 |
| Interest collected on assessments | 150 | 117 | (33) | 157 |
| Sale of capital assets | - | 42,148 | 42,148 | 20,873 |
| State Clean Water Revolving grant | - | - | - | 68,715 |
| Developer contributions | - | 714,338 | 714,338 | 774,974 |
| Refunds - ONWASA | - | - | - | 128,613 |
| Total | 172,650 | 1,073,436 | 900,786 | 1,205,590 |
| Total revenues | 10,992,606 | 13,241,138 | 2,248,532 | 12,647,065 |
| **Expenses:** | | | | |
| Water/Sewer operations | | | | |
| Administration | | | | |
| Salaries and employee benefits | | 922,534 | | 854,259 |
| Supplies | | (11,408) | | 4,016 |
| Insurance | | 2,116 | | 2,381 |
| Contracted services-info technology | | 36,947 | | 26,772 |
| Contracted services | | 58,551 | | 12,160 |
| Other departmental expenses | | 198,088 | | 131,709 |
| Bad debt expense | | 38,598 | | 39,778 |
| Total | | 1,245,426 | | 1,071,075 |

**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, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Engineering | | | | |
| Salaries and employee benefits | $ | $ 224,572 | $ | $ 193,278 |
| Supplies | | 4,891 | | 3,443 |
| Insurance | | 1,824 | | 2,065 |
| Contracted services | | 208,482 | | 66,177 |
| Contracted services-info technology | | 45,158 | | 30,792 |
| Other departmental expenses | | 45,046 | | 32,251 |
| Total | | 529,973 | | 328,006 |
| Metering distribution | | | | |
| Salaries and employee benefits | | 242,575 | | 192,709 |
| Supplies | | 45,502 | | 18,429 |
| Insurance | | 2,858 | | 3,734 |
| Utilities | | 2,445 | | 606 |
| Maintenance and repair | | 2,256 | | 0 |
| Contracted services | | 55,116 | | 18,082 |
| Contracted services-info technology | | 24,631 | | 23,292 |
| Other departmental expenses | | 51,186 | | 43,825 |
| Total | | 426,569 | | 300,677 |
| Utilities maintenance | | | | |
| Salaries and employee benefits | | 971,656 | | 936,173 |
| Supplies | | 113,440 | | 85,003 |
| Insurance | | 8,150 | | 10,646 |
| Utilities | | 547,378 | | 1,489 |
| Maintenance and repair | | 246,990 | | 167,319 |
| Contracted services | | 319,990 | | 352,184 |
| Contracted services-info technology | | 49,263 | | 39,719 |
| Other departmental expenses | | 148,661 | | 126,822 |
| Total | | 2,405,528 | | 1,719,355 |
| Total Water/Sewer operations | 5,758,259 | 4,607,496 | 1,150,763 | 3,419,113 |
| Water supply | | | | |
| Salaries and employee benefits | | 304,812 | | 276,950 |
| Supplies | | 44,344 | | 29,759 |
| Insurance | | 8,660 | | 9,356 |
| Utilities | | 1,410 | | 271,422 |
| Maintenance and repair | | 3,673 | | 8,229 |
| Contracted services | | 5,017 | | 20,129 |
| Contracted services-info technology | | 98,526 | | 64,886 |
| Other departmental expenses | | 73,542 | | 22,488 |
| Total water supply | 607,347 | 539,984 | 67,363 | 703,219 |

**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, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Wastewater treatment | | | | |
| Salaries and employee benefits | $ | $ 483,439 | $ | $ 451,258 |
| Supplies | | 98,879 | | 100,210 |
| Insurance | | 27,888 | | 30,511 |
| Utilities | | 417,914 | | 540,052 |
| Maintenance and repair | | 56,811 | | 58,903 |
| Contracted services | | 41,617 | | 48,784 |
| Contracted services-info technology | | 61,579 | | 46,564 |
| Other departmental expenses | | 98,381 | | 67,747 |
| Total wastewater treatment | 1,372,481 | 1,286,508 | 85,973 | 1,344,029 |
| Total | 7,738,087 | 6,433,988 | 1,304,099 | 5,466,361 |
| **Budgetary appropriations:** | | | | |
| Interest paid | 1,806,040 | 1,164,831 | 641,209 | 1,267,603 |
| Debt principal | 4,595,904 | 7,289,041 | (2,693,137) | 3,131,331 |
| Increase (decrease) in inventory | - | 202,276 | (202,276) | 500,711 |
| (Increase) decrease in compensated absences payable | - | (4,140) | 4,140 | (9,589) |
| Increase (decrease) in prepaid expenses | - | 60,424 | (60,424) | (250) |
| Debt issued | (283,859) | (283,859) | - | (187,899) |
| Appropriated retained earnings | (2,629,151) | - | (2,629,151) | - |
| Transfers (in)-- | | | | |
| From Water/Sewer Capital Projects | (175,957) | (175,956) | (1) | - |
| From Non-Major Governmental Funds | (405,659) | (405,659) | - | (771,344) |
| Transfers out-- | | | | |
| To Water/Sewer Capital Projects | | - | - | 141,057 |
| To Non-Major Enterprise Funds | 55,000 | 55,000 | - | |
| To Non-Major Governmental Funds | 6,507 | 6,507 | | 13,319 |
| Non-capitalized expenses - projects | - | 81,729 | (81,729) | 61,608 |
| Capital outlay | 285,694 | 242,241 | 43,453 | 179,659 |
| Total budgetary appropriations | 3,254,519 | 8,232,435 | (4,977,916) | 4,326,206 |
| Total expenses | $ 10,992,606 | $ 14,666,423 | $ (3,673,817) | $ 9,792,567 |

**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, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 13,241,138 | | $ 12,647,065 |
| Total expenses | | 14,666,423 | | 9,792,567 |
| Revenues over (under) expenses | | (1,425,285) | | 2,854,498 |
| Budgetary appropriations (above): | | | | |
| Payment of debt principal | | 7,289,041 | | 3,131,331 |
| Debt issued | | (283,859) | | (187,899) |
| Increase (decrease) in inventory | | 202,276 | | 500,711 |
| (Increase) decrease in compensated absences payable | | (4,140) | | (9,589) |
| Increase (decrease) in prepaid expenses | | 60,424 | | (250) |
| Capital outlay | | 242,241 | | 179,659 |
| Transfers | | (175,956) | | 141,057 |
| Total budgetary appropriations | | 7,330,027 | | 3,755,020 |
| Depreciation (Statement 36) | | (5,295,495) | | (4,835,775) |
| Increase in net assets (Statement 36) | | $ 609,247 | | $ 1,773,743 |

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

**City of Jacksonville, North Carolina** **Schedule 39**
**Water Capital Projects Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
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:** | | | | | |
| Water Meter Purchase | $ 228,556 | $ 146,264 | $ 85,655 | $ 231,919 | $ 3,363 |
| Investment earnings | 51,584 | 12,139 | 38,805 | 50,944 | (640) |
| Total revenues | 280,140 | 158,403 | 124,460 | 282,863 | 2,723 |
| **Expenses:** | | | | | |
| Water tank painting | 774,200 | 536,596 | 186,383 | 722,979 | 51,221 |
| Water line replacements | 1,976,829 | 1,217,461 | 377,353 | 1,594,814 | 382,015 |
| Lejeune Boulevard water | 148,500 | - | - | - | 148,500 |
| Fire Protection water improvements | 150,000 | - | - | - | 150,000 |
| Million gallon water tank | 2,096,841 | 1,495,776 | 416,833 | 1,912,609 | 184,232 |
| Automated meter reading | 3,405,657 | 1,658,891 | 1,079,240 | 2,738,131 | 667,526 |
| Well rehabilitation | 28,000 | - | - | - | 28,000 |
| DOT construction water impact | 50,000 | 400 | - | 400 | 49,600 |
| Water treatment plant | 13,300,440 | 798,035 | 2,381,555 | 3,179,590 | 10,120,850 |
| Country Club Road widening | 65,000 | - | - | - | 65,000 |
| Total expenses | 21,995,467 | 5,707,159 | 4,441,364 | 10,148,523 | 11,846,944 |
| Revenues (under) expenses | (21,715,327) | (5,548,756) | (4,316,904) | (9,865,660) | 11,849,667 |
| Other financing sources: | | | | | |
| Debt issued - Installment purchases | 19,046,632 | 3,060,132 | 4,414,871 | 7,475,003 | (11,571,629) |
| Transfers in-- | | | | | |
| From Water/Sewer Fund | 2,637,404 | 2,637,404 | - | 2,637,404 | - |
| From Water/Sewer Capital Reserve | 31,291 | 31,291 | - | 31,291 | - |
| Total other financing sources | 21,715,327 | 5,728,827 | 4,414,871 | 10,143,698 | (11,571,629) |
| Excess of revenues and other sources over expenses | $ - | $ 180,071 | $ 97,967 | $ 278,038 | $ 278,038 |

**City of Jacksonville, North Carolina** **Schedule 40**
**Sewer Capital Projects Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
From Inception and for the Fiscal Year Ended June 30, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Investment earnings | $ 490,161 | $ 440,022 | $ 47,778 | $ 487,800 | $ (2,361) |
| State clean water bond grant | 572,043 | 572,043 | - | 572,043 | - |
| State grant - $2 million | 2,000,000 | 2,000,000 | - | 2,000,000 | - |
| NC Rural Center grant | 300,000 | 300,000 | - | 300,000 | - |
| Inflow and infiltration fee | 473,481 | 195,389 | 238,092 | 433,481 | (40,000) |
| Gain/loss insurance | 69,000 | 69,000 | - | 69,000 | |
| Total revenues | 3,904,685 | 3,576,454 | 285,870 | 3,862,324 | (42,361) |
| **Expenses:** | | | | | |
| Sewer line replacements | 4,428,494 | 2,808,422 | 883,842 | 3,692,264 | 736,230 |
| Utilities operation center | 4,743,281 | 4,630,636 | 41,074 | 4,671,710 | 71,571 |
| Wilson Bay restoration | 777,972 | 754,723 | 23,249 | 777,972 | 0 |
| Sunset/Country Club annexation | 5,828,632 | 5,821,631 | 7,000 | 5,828,631 | 1 |
| DOT construction sewer impact | 750,000 | 61,608 | 81,729 | 143,337 | 606,663 |
| Pump station rehabilitation | 2,402,076 | 142,398 | 1,441,725 | 1,584,123 | 817,953 |
| Sludge removal lagoon | 321,714 | 321,715 | - | 321,715 | (1) |
| Inflow/infiltration | 2,983,227 | 679,290 | 391,270 | 1,070,560 | 1,912,667 |
| Pump station monitoring | 248,408 | 213,413 | 34,995 | 248,408 | 0 |
| Relocate utilities bypass | 50,000 | - | - | - | 50,000 |
| Land application expansion | 20,000,000 | 711,541 | 5,087,517 | 5,799,058 | 14,200,942 |
| Total expenses | 42,533,804 | 16,145,377 | 7,992,401 | 24,137,778 | 18,396,026 |
| Revenues (under) expenses | (38,629,119) | (12,568,923) | (7,706,531) | (20,275,454) | 18,353,665 |
| Other financing sources (uses): | | | | | |
| Debt issued | | | | | |
| State revolving loan - $1,000,000 | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| Installment purchases | 38,111,790 | 10,876,904 | 761,171 | 11,638,075 | (26,473,715) |
| Refund of installment purchase proceeds | (3,698,328) | - | (3,698,328) | (3,698,328) | - |
| Transfers in-- | | | | | |
| From Water/Sewer Fund | 3,777,810 | 3,777,810 | - | 3,777,810 | - |
| From W/S Capital Reserve Fund | 314,283 | 314,283 | - | 314,283 | - |
| From W/S Capital Projects | 500,000 | 500,000 | - | 500,000 | - |
| From Non-Major Governmental Fund | 368,581 | 368,581 | - | 368,581 | - |
| Transfers (out)-- | | | | | |
| To Water/Sewer Fund | (1,745,017) | (1,332,806) | (175,956) | (1,508,762) | 236,255 |
| Total other financing sources (uses) | 38,629,119 | 15,504,772 | (3,113,113) | 12,391,659 | (26,237,460) |
| Excess of revenues and other sources over (under) expenses and other uses | $ - | $ 2,935,849 | $ (10,819,644) | $ (7,883,795) | $ (7,883,795) |

**City of Jacksonville, North Carolina** **Schedule 41**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Interest on investments | $ 450,591 | $ 436,397 | $ 7,414 | $ 443,811 | $ (6,780) |
| Total revenues | 450,591 | 436,397 | 7,414 | 443,811 | (6,780) |
| **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 | 436,397 | 7,414 | 443,811 | 180,194 |
| 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 | $ - | $ 172,780 | $ 7,414 | $ 180,194 | $ 180,194 |

# 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**
**Statement of Net Assets**
June 30, 2006
With Comparative Totals for June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 875,218 | $ 643,493 |
| Accounts receivable (net) | 131,741 | 173,148 |
| Interfund receivables | 9,240 | 709 |
| Total Current Assets | 1,016,199 | 817,350 |
| Noncurrent Assets: | | |
| Capital assets (net) | 366,241 | - |
| Total Capital Assets | 366,241 | - |
| Total Assets | 1,382,440 | 817,350 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 279,928 | 176,508 |
| Interfund payable | 56,586 | - |
| Installment purchases payable - current | 239,204 | - |
| Compensated absences payable - current | 411 | - |
| Total Current Liabilities | 576,129 | 176,508 |
| Noncurrent Liabilities: | | |
| Installment purchases payable - noncurrent | 601,732 | - |
| Compensated absences payable - noncurrent | 53,197 | - |
| Total Noncurrent Liabilities | 654,929 | - |
| Total Liabilities | 1,231,058 | 176,508 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 62,274 | - |
| Unrestricted | 89,108 | 640,842 |
| Total Net Assets | $ 151,382 | $ 640,842 |

**City of Jacksonville, North Carolina**
**Solid Waste Fund**
**Statement of Revenues, Expenses and Changes in Net Assets**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Operating revenues:** | | |
| Charges for services | $ 2,391,135 | $ 2,054,850 |
| Total operating revenues | 2,391,135 | 2,054,850 |
| **Operating expenses:** | | |
| Solid Waste Operations | 4,709,197 | 2,179,578 |
| Depreciation | 137,116 | - |
| Total operating expenses | 4,846,313 | 2,179,578 |
| Operating (loss) | (2,455,178) | (124,728) |
| **Nonoperating revenues (expenses):** | | |
| Investment earnings | 39,069 | 23,351 |
| Interest on long-term debt | (20,863) | - |
| Internal transfer of assets | 61,417 | - |
| Total nonoperating revenues | 79,623 | 23,351 |
| Income (loss) before transfers | (2,375,555) | (101,377) |
| **Transfers:** | | |
| Transfers in | 1,893,967 | - |
| Transfers (out) | (7,872) | - |
| Total transfers | 1,886,095 | - |
| **Change in Net Assets** | (489,460) | (101,377) |
| Net Assets: | | |
| Beginning of year, July 1 | 640,842 | 742,219 |
| End of year, June 30 | $ 151,382 | $ 640,842 |

**City of Jacksonville, North Carolina**
**Solid Waste Fund**
**Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash received from customers | $ 2,430,885 | $ 1,982,142 |
| Cash paid for goods and services | (3,256,196) | (2,056,582) |
| Cash paid to employees | (1,294,318) | (43,765) |
| Net cash (used) by operating activities | (2,119,629) | (118,205) |
| **Cash flows from noncapital financing activities:** | | |
| Transfers in | 1,893,967 | - |
| Transfers (out) | (7,872) | - |
| Advances from other funds | 48,055 | - |
| Advances (to) other funds | - | (805) |
| Net cash provided (used) by noncapital financing activities | 1,934,150 | (805) |
| **Cash flows from capital and related financing activities:** | | |
| Principal paid on long-term debt | (217,131) | - |
| Interest paid on long-term debt | (20,863) | - |
| Debt issued | 760,006 | - |
| Purchase of capital assets | (143,877) | - |
| Net cash provided by capital and related financing activities | 378,135 | - |
| **Cash flows from investing activities:** | | |
| Interest earned on investments | 39,069 | 23,351 |
| Net cash provided by investing activities | 39,069 | 23,351 |
| Net increase (decrease) in cash and cash equivalents | 231,725 | (95,659) |
| Cash and cash equivalents, July 1 | 643,493 | 739,152 |
| Cash and cash equivalents, June 30 | $ 875,218 | $ 643,493 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Solid Waste Fund**
**Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | 2006 | 2005 |
|---|---|---|
| **Reconciliation of operating (loss) to net cash (used) by operating activities:** | | |
| Operating (loss) | $ (2,455,178) | $ (124,728) |
| **Adjustments to reconcile operating (loss) to net cash (used) by operating activities:** | | |
| Depreciation | 137,116 | - |
| Bad debt expense | 1,671 | 1,484 |
| Change in assets and liabilities: | | |
| Increase (decrease) in accrued vacation pay/payroll | 53,608 | - |
| Increase (decrease) in accounts payable | 103,420 | 79,135 |
| (Increase) decrease in accounts receivable | 39,734 | (74,096) |
| Total adjustments | 335,549 | 6,523 |
| Net cash (used) by operating activities | $ (2,119,629) | $ (118,205) |
| **Noncash investing, capital, and financing activities:** | | |
| Capital assets contributed by general fund | $ 359,479 | $ - |

**City of Jacksonville, North Carolina** **Schedule 45**
**Solid Waste Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Commercial fees | $ 1,489,281 | $ 1,593,946 | $ 104,665 | $ 1,319,716 |
| Commercial pickups | 20,000 | 4,200 | (15,800) | 19,611 |
| Residential fees | 606,003 | 634,745 | 28,742 | 492,749 |
| Recycling revenues | 136,799 | 136,799 | - | 200,244 |
| Other operating revenues | 21,502 | 21,445 | (57) | 22,530 |
| Total operating revenues | 2,273,585 | 2,391,135 | 117,550 | 2,054,850 |
| Nonoperating revenues: | | | | |
| Internal transfer of assets | - | 61,417 | 61,417 | - |
| Interest earned on investments | 44,037 | 39,069 | (4,968) | 23,351 |
| Total nonoperating revenues | 44,037 | 100,486 | 56,449 | 23,351 |
| Total revenues | 2,317,622 | 2,491,621 | 173,999 | 2,078,201 |
| **Expenses:** | | | | |
| Salaries and employee benefits | | 1,347,910 | | 43,765 |
| Unleaded fuel | | 118,027 | | - |
| Maintenance and repair | | 235,842 | | 14 |
| Non-capital equipment | | 631,584 | | - |
| Contracted services - landfill | | 2,250,014 | | 2,133,481 |
| Contracted services - internal services | | 37,080 | | - |
| Bad debt expense | | 1,671 | | 1,484 |
| Other expenses | | 87,069 | | 834 |
| Total | 4,821,705 | 4,709,197 | 112,508 | 2,179,578 |
| **Budgetary appropriations:** | | | | |
| Interest paid | 23,299 | 20,863 | 2,436 | - |
| Debt principal | 203,794 | 217,131 | (13,337) | - |
| (Increase) in compensated absences payable | - | (53,608) | 53,608 | - |
| Debt issued | (760,006) | (760,006) | - | - |
| Transfers (in)-- | | | | |
| From General Fund | (2,046,270) | (1,893,967) | (152,303) | - |
| Transfers out-- | | | | |
| To Special Revenue Fund | 7,872 | 7,872 | - | - |
| Capital outlay | 158,426 | 143,877 | 14,549 | - |
| Appropriated retained earnings | (91,198) | - | (91,198) | - |
| Total budgetary appropriations | (2,504,083) | (2,317,838) | (186,245) | - |
| Total expenses | $ 2,317,622 | $ 2,391,359 | $ (73,737) | $ 2,179,578 |

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, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005



| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 2,491,621 | | $ 2,078,201 |
| Total expenses | | 2,391,359 | | 2,179,578 |
| Excess (deficiency) of revenues (under) expenses | | 100,262 | | (101,377) |
| Budgetary appropriations (above): | | | | |
| Payment of debt principal | | 217,131 | | - |
| Debt issued | | (760,006) | | - |
| (Increase) in compensated absenses payable | | (53,608) | | - |
| Capital outlay | | 143,877 | | - |
| Total budgetary appropriations | | (452,606) | | - |
| Depreciation | | (137,116) | | - |
| Change in Net Assets (Statement 43) | | $ (489,460) | | $ (101,377) |

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

JACKSONVILLE N.C.
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MCAS NEW RIVER

# Non-Major Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Non-Major Governmental Funds
## (Continued)

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

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

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

.

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

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

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

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

**Streets Non-Powell Bill Capital Project Fund** – accounts for the revenues and expenditures of the Non-Powell Bill Capital Project.

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

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

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**City of Jacksonville, North Carolina**
**Non-Major Governmental Funds**
**Combining Balance Sheet**
June 30, 2006
With Comparative Totals for June 30, 2005

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | CDBG | CREATE Project | Continuum of Care | Economic Development | Affordable Housing Construction |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 4,856 | $ 36,526 | $ 25,100 | $ 54,100 | $ 314,732 |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Accounts receivable | 42,827 | - | - | - | - |
| Notes receivable | 1,409,638 | - | - | - | - |
| Interfund receivable | - | - | - | - | 111 |
| Total Assets | $ 1,457,321 | $ 36,526 | $ 25,100 | $ 54,100 | $ 314,843 |
| **Liabilities and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 837,436 | $ 3,188 | $ - | $ - | $ - |
| Interfund payable | 2,111 | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Total Liabilities | 839,547 | 3,188 | - | - | - |
| Fund Balance - Reserved: | | | | | |
| Reserved by grantor | 617,774 | - | - | - | - |
| Reserved for encumbrances | 85,646 | 625 | - | - | - |
| Reserved for Powell Bill | - | - | - | - | - |
| Reserved for drug enforcement | - | - | - | - | - |
| Reserved for US agencies | - | - | - | - | - |
| Total Reserved | 703,420 | 625 | - | - | - |
| Unreserved/Designated | | | | | |
| Designated for subsequent year's expenditures: | | | | | |
| Special Revenue Funds | - | 32,713 | 25,100 | 54,100 | 314,843 |
| Capital Projects Fund - Streets | - | - | - | - | - |
| Capital Reserve Fund | - | - | - | - | - |
| Unreserved, undesignated, | | | | | |
| Special Revenue Funds | (85,646) | - | - | - | - |
| Total Fund Balance | 617,774 | 33,338 | 25,100 | 54,100 | 314,843 |
| Total Liabilities and Fund Balances | $ 1,457,321 | $ 36,526 | $ 25,100 | $ 54,100 | $ 314,843 |

| Special Revenue | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| School Resource Officer | Bulletproof Vest | Sandy Run Mentoring | Governor's Crime Commission | Governor's Highway Safety | Homeland Security | Justice Assistance | Federal DEA | State DEA |
| $ 59,112 | $ 23,670 | $ 961 | $ 8,223 | $ 49 | $ 105 | $ 4,248 | $ - | $ - |
| - | - | - | - | - | - | - | 235,442 | 123,794 |
| - | 9,865 | - | - | - | 190,761 | - | - | - |
| - | - | - | - | 15,274 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| $ 59,112 | $ 33,535 | $ 961 | $ 8,223 | $ 15,323 | $ 190,866 | $ 4,248 | $ 235,442 | $ 123,794 |
| | | | | | | | | |
| $ 3,873 | $ 17,561 | $ - | $ - | $ - | $ 85,866 | $ - | $ - | $ 61 |
| 1,257 | - | - | - | 14,200 | 105,000 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 5,130 | 17,561 | - | - | 14,200 | 190,866 | - | - | 61 |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| 2,879 | - | - | 8,223 | - | 107,064 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 235,442 | 123,733 |
| - | - | - | - | - | - | - | - | - |
| 2,879 | - | - | 8,223 | - | 107,064 | - | 235,442 | 123,733 |
| | | | | | | | | |
| 51,103 | 15,974 | 961 | - | 1,123 | - | 4,248 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | (107,064) | - | - | - |
| 53,982 | 15,974 | 961 | 8,223 | 1,123 | - | 4,248 | 235,442 | 123,733 |
| $ 59,112 | $ 33,535 | $ 961 | $ 8,223 | $ 15,323 | $ 190,866 | $ 4,248 | $ 235,442 | $ 123,794 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Non-Major Governmental Funds**
**Combining Balance Sheet (Continued)**
June 30, 2006
With Comparative Totals for June 30, 2005

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | E-911 | Wireless 911 | City Transit System | Transit Implementation Plan | NOAA Chaney Creek Restoration |
| **Assets** | | | | | |
| Cash and cash equivalents | $ - | $ - | $ 178,293 | $ 7,021 | $ 1,307 |
| Restricted cash and cash equivalents | 47,168 | 121,889 | - | - | - |
| Accounts receivable | 15,605 | 28,441 | - | 13,544 | 9,090 |
| Notes receivable | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total Assets | $ 62,773 | $ 150,330 | $ 178,293 | $ 20,565 | $ 10,397 |
| **Liabilities and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 10,743 | $ - | $ 8,885 | $ 8,328 | $ 397 |
| Interfund payable | - | - | - | - | 10,000 |
| Deferred revenue | - | - | - | - | - |
| Total Liabilities | 10,743 | - | 8,885 | 8,328 | 10,397 |
| Fund Balance - Reserved: | | | | | |
| Reserved by grantor | - | - | - | - | - |
| Reserved for encumbrances | - | - | - | 48,126 | 3,990 |
| Reserved for Powell Bill | - | - | - | - | - |
| Reserved for drug enforcement | - | - | - | - | - |
| Reserved for US agencies | - | - | - | - | - |
| Total Reserved | - | - | - | 48,126 | 3,990 |
| Unreserved/Designated | | | | | |
| Designated for subsequent year's expenditures: | | | | | |
| Special Revenue Funds | 52,030 | 150,330 | 169,408 | - | - |
| Capital Projects Fund - Streets | - | - | - | - | - |
| Capital Reserve Fund | - | - | - | - | - |
| Unreserved, undesignated, | | | | | |
| Special Revenue Funds | - | - | - | (35,889) | (3,990) |
| Total Fund Balance | 52,030 | 150,330 | 169,408 | 12,237 | - |
| Total Liabilities and Fund Balances | $ 62,773 | $ 150,330 | $ 178,293 | $ 20,565 | $ 10,397 |

| Special Revenue | | | | Capital Projects | | Total | |
|---|---|---|---|---|---|---|---|
| NC Aquatic Weed Control | Jacksonville Business Park Certification | Subtotal Special Revenue | Streets Powell Bill | Capital Reserve Fund | June 30, 2006 | June 30, 2005 |
| $ 3,000 | $ 667 | $ 721,970 | $ - | $ 5,148,410 | $ 5,870,380 | $ 5,985,218 |
| - | - | 528,293 | 1,417,041 | - | 1,945,334 | 1,841,069 |
| - | - | 310,133 | - | 31,244 | 341,377 | 81,728 |
| - | - | 1,424,912 | - | - | 1,424,912 | 1,141,405 |
| - | - | 111 | - | - | 111 | 398 |
| $ 3,000 | $ 667 | $ 2,985,419 | $ 1,417,041 | $ 5,179,654 | $ 9,582,114 | $ 9,049,818 |
| | | | | | | |
| $ - | $ - | $ 976,338 | $ 79,299 | $ - | $ 1,055,637 | $ 976,538 |
| - | - | 132,568 | - | - | 132,568 | 49,145 |
| - | - | - | - | 18,313 | 18,313 | 11,734 |
| - | - | 1,108,906 | 79,299 | 18,313 | 1,206,518 | 1,037,417 |
| | | | | | | |
| - | - | 617,774 | - | - | 617,774 | 339,454 |
| - | - | 256,553 | - | - | 256,553 | 940,904 |
| - | - | - | 1,337,742 | - | 1,337,742 | 1,084,044 |
| - | - | 359,175 | - | - | 359,175 | 418,292 |
| - | - | - | - | 11,692 | 11,692 | 43,930 |
| - | - | 1,233,502 | 1,337,742 | 11,692 | 2,582,936 | 2,826,624 |
| | | | | | | |
| 3,000 | 667 | 875,600 | - | - | 875,600 | 608,727 |
| - | - | - | - | - | - | 5,015 |
| - | - | - | - | 5,149,649 | 5,149,649 | 4,854,928 |
| | | | | | | |
| - | - | (232,589) | - | - | (232,589) | (282,893) |
| 3,000 | 667 | 1,876,513 | 1,337,742 | 5,161,341 | 8,375,596 | 8,012,401 |
| $ 3,000 | $ 667 | $ 2,985,419 | $ 1,417,041 | $ 5,179,654 | $ 9,582,114 | $ 9,049,818 |

Continued on next page.

**NOTE: Refer to following page for items requiring reconciliation to Exhibit C.**

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

| | | | |
|---|---|---|---|
| Interfund Receivable | $ 111 | Interfund Payable | $ 132,568 |
| Less interfund receivable within the Non-Major Governmental Funds | (111) | Less interfund payable within the Non-Major Governmental Funds | (111) |
| Exhibit C | $ - | Exhibit C | $ 132,457 |

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

| | | | |
|---|---|---|---|
| Total Assets | $ 9,582,114 | Total Liabilities and Fund Balances | $ 9,582,114 |
| Less interfund receivable within the Non-Major Governmental Funds | (111) | Less interfund payable within the Non-Major Governmental Funds | (111) |
| Exhibit C | $ 9,582,003 | Exhibit C | $ 9,582,003 |

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

| | | | |
|---|---|---|---|
| Unreserved, designated in Special Revenue | $ 875,600 | Unreserved, undesignated in Special Revenue | $ (232,589) |
| Less Unreserved, undesignated in Special Revenue | (232,589) | Less Unreserved, undesignated in Special Revenue | 232,589 |
| Exhibit C | $ 643,011 | Exhibit C | $ - |

JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | CDBG | CREATE Project | Continuum of Care | Economic Development | Affordable Home Ownership |
| **Revenues:** | | | | | |
| Restricted intergovernmental revenues | $ 1,179,222 | $ - | $ - | $ - | $ - |
| Investment earnings | 874 | - | - | - | 106 |
| Miscellaneous | 351,471 | 75,244 | - | - | 1,000 |
| Total revenues | 1,531,567 | 75,244 | - | - | 1,106 |
| **Expenditures:** | | | | | |
| Community Development block grant | 1,271,063 | - | - | - | - |
| CREATE project | - | 83,820 | - | - | - |
| Affordable Home Ownership grant | - | - | - | - | 31 |
| Affordable Housing Construction project | - | - | - | - | - |
| Local Law Enforcement block grant | - | - | - | - | - |
| School Resource Officer grant | - | - | - | - | - |
| Bulletproof Vest grant | - | - | - | - | - |
| Sandy Run Mentoring program | - | - | - | - | - |
| Governor's Crime Commission grant | - | - | - | - | - |
| Governor's Highway Safety grant | - | - | - | - | - |
| Drug Enforcement | - | - | - | - | - |
| E-911 fund | - | - | - | - | - |
| Wireless 911 | - | - | - | - | - |
| City Transit System project | - | - | - | - | - |
| Transit Implementation Plan project | - | - | - | - | - |
| Country Club Road Widening project | - | - | - | - | - |
| NOAA Chaney Creek Restoration grant | - | - | - | - | - |
| Hurricane Ophelia | - | - | - | - | - |
| Jacksonville Business Park Certification | - | - | - | - | - |
| Streets Forest Grove Culvert project | - | - | - | - | - |
| Non-Powell Bill capital project | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt Service | | | | | |
| Principal retirements | - | - | - | - | - |
| Interest and fees | - | - | - | - | - |
| Total expenditures | 1,271,063 | 83,820 | - | - | 31 |
| Revenues over (under) expenditures | 260,504 | (8,576) | - | - | 1,075 |
| **Other financing sources (uses):** | | | | | |
| Transfers in | - | 10,000 | 25,100 | 54,100 | - |
| Transfers (out) | (10,000) | - | - | - | (84,353) |
| Total other financing sources (uses) | (10,000) | 10,000 | 25,100 | 54,100 | (84,353) |
| Revenues over (under) expenditures | 250,504 | 1,424 | 25,100 | 54,100 | (83,278) |
| **Fund balances:** | | | | | |
| Beginning of year, July 1 | 367,270 | 31,914 | - | - | 83,278 |
| End of year, June 30 | $ 617,774 | $ 33,338 | $ 25,100 | $ 54,100 | $ - |

| Special Revenue | | | | | | |
|---|---|---|---|---|---|---|
| Affordable Housing Construction | LLEBG | School Resource Officer | Bulletproof Vest | Sandy Run Mentoring | Governor's Crime Commission | Governor's Highway Safety |
| $ - | $ - | $ 193,395 | $ 10,438 | $ - | $ - | $ 24,760 |
| - | 114 | - | - | - | - | - |
| 204,240 | - | - | - | - | - | - |
| 204,240 | 114 | 193,395 | 10,438 | - | - | 24,760 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 137,183 | - | - | - | - | - | - |
| - | 46,619 | - | - | - | - | - |
| - | - | 298,401 | - | - | - | - |
| - | - | - | 17,561 | - | - | - |
| - | - | - | - | 1,107 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 9,488 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 2,577 | 29,940 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 137,183 | 46,619 | 298,401 | 17,561 | 1,107 | 2,577 | 39,428 |
| 67,057 | (46,505) | (105,006) | (7,123) | (1,107) | (2,577) | (14,668) |
| 84,353 | - | 119,776 | 20,000 | - | - | 15,791 |
| - | (72) | (1,805) | - | - | - | - |
| 84,353 | (72) | 117,971 | 20,000 | - | - | 15,791 |
| 151,410 | (46,577) | 12,965 | 12,877 | (1,107) | (2,577) | 1,123 |
| 163,433 | 46,577 | 41,017 | 3,097 | 2,068 | 10,800 | - |
| $ 314,843 | $ - | $ 53,982 | $ 15,974 | $ 961 | $ 8,223 | $ 1,123 |

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Homeland Security | Justice Assistance | Federal DEA | State DEA | E-911 |
| **Revenues:** | | | | | |
| Restricted intergovernmental revenues | $ 190,761 | $ 26,008 | $ 111,848 | $ 20,806 | $ 195,609 |
| Investment earnings | - | - | 11,129 | 4,574 | 3,849 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 190,761 | 26,008 | 122,977 | 25,380 | 199,458 |
| **Expenditures:** | | | | | |
| Community Development block grant | - | - | - | - | - |
| CREATE project | - | - | - | - | - |
| Affordable Home Ownership grant | - | - | - | - | - |
| Affordable Housing Construction project | - | - | - | - | - |
| Local Law Enforcement block grant | - | - | - | - | - |
| School Resource Officer grant | - | - | - | - | - |
| Bulletproof Vest grant | - | - | - | - | - |
| Sandy Run Mentoring program | - | - | - | - | - |
| Governor's Crime Commission grant | - | - | - | - | - |
| Governor's Highway Safety grant | - | - | - | - | - |
| Drug Enforcement | - | - | 84,231 | 27,407 | - |
| E-911 fund | - | - | - | - | 142,992 |
| Wireless 911 | - | - | - | - | - |
| City Transit System project | - | - | - | - | - |
| Transit Implementation Plan project | - | - | - | - | - |
| Country Club Road Widening project | - | - | - | - | - |
| NOAA Chaney Creek Restoration grant | - | - | - | - | - |
| Hurricane Ophelia | - | - | - | - | - |
| Jacksonville Business Park Certification | - | - | - | - | - |
| Streets Forest Grove Culvert project | - | - | - | - | - |
| Non-Powell Bill capital project | - | - | - | - | - |
| Capital outlay | 190,761 | 29,800 | 49,725 | 46,111 | 1,041 |
| Debt Service | | | | | |
| Principal retirements | - | - | - | - | 135,251 |
| Interest and fees | - | - | - | - | 38,032 |
| Total expenditures | 190,761 | 29,800 | 133,956 | 73,518 | 317,316 |
| Revenues over (under) expenditures | - | (3,792) | (10,979) | (48,138) | (117,858) |
| **Other financing sources (uses):** | | | | | |
| Transfers in | - | 8,040 | - | - | - |
| Transfers (out) | - | - | - | - | - |
| Total other financing sources (uses) | - | 8,040 | - | - | - |
| Revenues over (under) expenditures | - | 4,248 | (10,979) | (48,138) | (117,858) |
| **Fund balances:** | | | | | |
| Beginning of year, July 1 | - | - | 246,421 | 171,871 | 169,888 |
| End of year, June 30 | $ - | $ 4,248 | $ 235,442 | $ 123,733 | $ 52,030 |

| Special Revenue | | | | | | |
|---|---|---|---|---|---|---|
| Wireless 911 | City Transit System | Transit Implementation Plan | Country Club Road Widening | NOAA Chaney Creek Restoration | NC Aquatic Weed Control | Hurricane Ophelia |
| $ 171,685 | $ 60,221 | $ 27,917 | $ - | $ 26,755 | $ - | $ 78,986 |
| 1,320 | 535 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 173,005 | 60,756 | 27,917 | - | 26,755 | - | 78,986 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 37,719 | - | - | - | - | - | - |
| - | 109,830 | - | - | - | - | - |
| - | - | 31,641 | - | - | - | - |
| - | - | - | 400,000 | - | - | - |
| - | - | - | - | 26,755 | - | - |
| - | - | - | - | - | - | 115,235 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 60,819 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 98,538 | 109,830 | 31,641 | 400,000 | 26,755 | - | 115,235 |
| 74,467 | (49,074) | (3,724) | (400,000) | - | - | (36,249) |
| - | 218,482 | - | - | - | 3,000 | 131,774 |
| - | (7,812) | - | - | - | - | (95,525) |
| - | 210,670 | - | - | - | 3,000 | 36,249 |
| 74,467 | 161,596 | (3,724) | (400,000) | - | 3,000 | - |
| 75,863 | 7,812 | 15,961 | 400,000 | - | - | - |
| $ 150,330 | $ 169,408 | $ 12,237 | $ - | $ - | $ 3,000 | $ - |

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Special Revenue | | Capital Projects | | |
|---|---|---|---|---|---|
| | Jacksonville Business Park Certification | Subtotal Special Revenue | Streets Non-Powell Bill | Streets Powell Bill | Subtotal Capital Projects |
| **Revenues:** | | | | | |
| Restricted intergovernmental revenues | $ - | $ 2,318,411 | $ - | $ - | $ - |
| Investment earnings | - | 22,501 | - | 42,812 | 42,812 |
| Miscellaneous | - | 631,955 | - | - | - |
| Total revenues | - | 2,972,867 | - | 42,812 | 42,812 |
| **Expenditures:** | | | | | |
| Community Development block grant | - | 1,271,063 | - | - | - |
| CREATE project | - | 83,820 | - | - | - |
| Affordable Home Ownership grant | - | 31 | - | - | - |
| Affordable Housing Construction project | - | 137,183 | - | - | - |
| Local Law Enforcement block grant | - | 46,619 | - | - | - |
| School Resource Officer grant | - | 298,401 | - | - | - |
| Bulletproof Vest grant | - | 17,561 | - | - | - |
| Sandy Run Mentoring program | - | 1,107 | - | - | - |
| Governor's Crime Commission grant | - | - | - | - | - |
| Governor's Highway Safety grant | - | 9,488 | - | - | - |
| Drug Enforcement | - | 111,638 | - | - | - |
| E-911 fund | - | 142,992 | - | - | - |
| Wireless 911 | - | 37,719 | - | - | - |
| City Transit System project | - | 109,830 | - | - | - |
| Transit Implementation Plan project | - | 31,641 | - | - | - |
| Country Club Road Widening project | - | 400,000 | - | - | - |
| NOAA Chaney Creek Restoration grant | - | 26,755 | - | - | - |
| Hurricane Ophelia | - | 115,235 | - | - | - |
| Jacksonville Business Park Certification | 16,547 | 16,547 | - | - | - |
| Streets Forest Grove Culvert project | - | - | - | - | - |
| Non-Powell Bill capital project | - | - | - | - | - |
| Capital outlay | - | 410,774 | - | 650,882 | 650,882 |
| Debt Service | | | | | |
| Principal retirements | - | 135,251 | - | - | - |
| Interest and fees | - | 38,032 | - | - | - |
| Total expenditures | 16,547 | 3,441,687 | - | 650,882 | 650,882 |
| Revenues over (under) expenditures | (16,547) | (468,820) | - | (608,070) | (608,070) |
| **Other financing sources (uses):** | | | | | |
| Transfers in | - | 690,416 | - | 861,768 | 861,768 |
| Transfers (out) | (170,000) | (369,567) | (5,015) | - | (5,015) |
| Total other financing sources (uses) | (170,000) | 320,849 | (5,015) | 861,768 | 856,753 |
| Revenues over (under) expenditures | (186,547) | (147,971) | (5,015) | 253,698 | 248,683 |
| **Fund balances:** | | | | | |
| Beginning of year, July 1 | 187,214 | 2,024,484 | 5,015 | 1,084,044 | 1,089,059 |
| End of year, June 30 | $ 667 | $ 1,876,513 | $ - | $1,337,742 | $ 1,337,742 |

| Capital Reserve Fund | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|
| $ 26,613 | $ 2,345,024 | $ 889,798 |
| 149,311 | 214,624 | 180,594 |
| - | 631,955 | 649,990 |
| 175,924 | 3,191,603 | 1,720,382 |
| - | 1,271,063 | 417,681 |
| - | 83,820 | 55,650 |
| - | 31 | 802 |
| - | 137,183 | 32,840 |
| - | 46,619 | 17,974 |
| - | 298,401 | 301,241 |
| - | 17,561 | 29,124 |
| - | 1,107 | 1,182 |
| - | - | 187,871 |
| - | 9,488 | - |
| - | 111,638 | 127,727 |
| - | 142,992 | 181,329 |
| - | 37,719 | 1,735 |
| - | 109,830 | 101,017 |
| - | 31,641 | 27,632 |
| - | 400,000 | 200,000 |
| - | 26,755 | 25,191 |
| - | 115,235 | - |
| - | 16,547 | - |
| - | - | 121,590 |
| - | - | 9,737 |
| - | 1,061,656 | 666,447 |
| - | 135,251 | 128,574 |
| - | 38,032 | 41,509 |
| - | 4,092,569 | 2,676,853 |
| 175,924 | (900,966) | (956,471) |
| 2,238,475 | 3,790,659 | 2,731,066 |
| (2,151,916) | (2,526,498) | (3,770,004) |
| 86,559 | 1,264,161 | (1,038,938) |
| 262,483 | 363,195 | (1,995,409) |
| 4,898,858 | 8,012,401 | 10,007,810 |
| $ 5,161,341 | $ 8,375,596 | $ 8,012,401 |

**Reconciliation to Exhibit D:**

| | | | |
|---|---|---|---|
| Transfers in | $ 3,790,659 | Transfers out | $ 2,526,498 |
| Transfers within Non-Major Governmental funds | (268,970) | Transfers within Non-Major Governmental funds | (268,970) |
| | $ 3,521,689 | | $ 2,257,528 |

**City of Jacksonville, North Carolina** **Schedule 48**
**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, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| **Entitlement Grant 2003 CD0363** | | | | | |
| Entitlement Grant 2003 | $ 641,000 | $ 419,734 | $ 221,266 | $ 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 | 1,293,230 | 221,266 | 1,514,496 | 339,451 |
| **Entitlement Grant 2004 CD0464** | | | | | |
| Entitlement Grant 2004 | 622,000 | - | 622,000 | 622,000 | - |
| Program income | 85,164 | - | 65,820 | 65,820 | (19,344) |
| Investment earnings | 915 | - | 873 | 873 | (42) |
| Total | 708,079 | - | 688,693 | 688,693 | (19,386) |
| **Entitlement Grant 2005 CD0565** | | | | | |
| Entitlement Grant 2005 | 588,104 | - | 335,956 | 335,956 | (252,148) |
| Program income | 57,360 | - | 285,651 | 285,651 | 228,291 |
| Investment earnings | 100 | - | 1 | 1 | (99) |
| Total | 645,564 | - | 621,608 | 621,608 | (23,956) |
| Total revenues | 2,528,688 | 1,293,230 | 1,531,567 | 2,824,797 | 296,109 |
| **Expenditures:** | | | | | |
| **Entitlement Grant 2003 CD0363** | | | | | |
| Administration | | 201,691 | 28,075 | 229,766 | |
| Housing rehabilitation | | 128,303 | 46,846 | 175,149 | |
| Commercial rehabilitation | | 120,998 | 28,979 | 149,977 | |
| Economical development | | 10,566 | 42,062 | 52,628 | |
| Affordable housing | | 93,891 | 563 | 94,454 | |
| Clearance | | 55,944 | 19,092 | 75,036 | |
| Acquisition of property | | 154,601 | 23,588 | 178,189 | |
| Rehabilitation planning | | 152,897 | 45,803 | 198,700 | |
| City school project | | 295 | - | 295 | |
| Emergency rehabilitation | | 3,524 | - | 3,524 | |
| Partnerships | | 3,250 | 2,380 | 5,630 | |
| Neighborhood facilities | | - | 1,695 | 1,695 | |
| Total | 1,165,045 | 925,960 | 239,083 | 1,165,043 | 2 |
| **Entitlement Grant 2004 CD0464** | | | | | |
| Administration | | - | 44,080 | 44,080 | |
| Housing rehabilitation | | - | 150,901 | 150,901 | |
| Commercial rehabilitation | | - | 101,104 | 101,104 | |
| Economic development | | - | 2,372 | 2,372 | |
| Affordable housing | | - | 250,043 | 250,043 | |
| Clearance | | - | 4,925 | 4,925 | |
| Acquisition of property | | - | 86,779 | 86,779 | |
| Rehabilitation planning | | - | 46,239 | 46,239 | |
| Partnerships | | - | 2,250 | 2,250 | |
| Total | 708,079 | - | 688,693 | 688,693 | 19,386 |

Continued on next page.

**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, 2006

**Schedule 48,** continued.

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Entitlement Grant 2005 CD0565** | | | | | |
| Administration | | $ - | $ 3,810 | $ 3,810 | |
| Housing rehabilitation | | - | 76,833 | 76,833 | |
| Commercial rehabilitation | | - | 87,002 | 87,002 | |
| Economic development | | - | 250 | 250 | |
| Affordable housing | | - | 149,127 | 149,127 | |
| Clearance | | - | 700 | 700 | |
| Acquisition of property | | - | 12,950 | 12,950 | |
| Rehabilitation planning | | - | 10,515 | 10,515 | |
| Rental rehabilitation | | - | - | - | |
| Emergency rehabilitation | | - | - | - | |
| Partnerships | | - | 2,100 | 2,100 | |
| Total | 645,564 | - | 343,287 | 343,287 | 302,277 |
| Total expenditures | 2,518,688 | 925,960 | 1,271,063 | 2,197,023 | 321,665 |
| Revenues over expenditures | 10,000 | 367,270 | 260,504 | 627,774 | 617,774 |
| Other financing (uses): | | | | | |
| Transfers (out)-- | | | | | |
| To Special Revenue Fund | (10,000) | - | (10,000) | (10,000) | - |
| Total other financing (uses) | (10,000) | - | (10,000) | (10,000) | - |
| Net change in fund balance | $ - | $ 367,270 | 250,504 | $ 617,774 | $ 617,774 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 367,270 | | |
| End of year, June 30 | | | $ 617,774 | | |

**City of Jacksonville, North Carolina** **Schedule 49**
**Non-Major Governmental Funds**
**CREATE Project Fund**
**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:** | | | | | |
| Program income | $ 145,159 | $ 69,915 | $ 75,244 | $ 145,159 | $ - |
| Total revenues | 145,159 | 69,915 | 75,244 | 145,159 | - |
| **Expenditures:** | | | | | |
| Affordable Housing | | 106,501 | 83,820 | 190,321 | |
| Total expenditures | 223,659 | 106,501 | 83,820 | 190,321 | 33,338 |
| Revenues (under) expenditures | (78,500) | (36,586) | (8,576) | (45,162) | 33,338 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From Community Development Grant | 78,500 | 68,500 | 10,000 | 78,500 | - |
| Total other financing sources | 78,500 | 68,500 | 10,000 | 78,500 | - |
| Net change in fund balance | $ - | $ 31,914 | 1,424 | $ 33,338 | $ 33,338 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 31,914 | | |
| End of year, June 30 | | | $ 33,338 | | |

**City of Jacksonville, North Carolina** **Schedule 50**
**Non-Major Governmental Funds**
**Continuum of Care Project Fund**
**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:** | | | | | |
| 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 | | | - | | |
| End of year, June 30 | | | $ 25,100 | | |

**City of Jacksonville, North Carolina** **Schedule 51**
**Non-Major Governmental Funds**
**Economic Development Project Fund**
**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:** | | | | | |
| 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 | | | - | | |
| End of year, June 30 | | | $ 54,100 | | |

**City of Jacksonville, North Carolina** **Schedule 52**
**Non-Major Governmental Funds**
**Affordable Home Ownership Project Fund**
**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:** | | | | | |
| **Home HM0201** | | | | | |
| Investment earnings | $ 612 | $ 505 | $ 106 | $ 611 | $ (1) |
| Home ownership assistance | 161,312 | 161,312 | - | 161,312 | |
| Program income | 83,103 | 82,103 | 1,000 | 83,103 | - |
| Total revenues | 245,027 | 243,920 | 1,106 | 245,026 | (1) |
| **Expenditures:** | | | | | |
| **Home HM0201** | | | | | |
| Administration | | 10,524 | - | 10,524 | |
| Home ownership assistance | | 150,118 | 31 | 150,149 | |
| Total expenditures | 160,656 | 160,642 | 31 | 160,673 | (17) |
| Revenues over expenditures | 84,371 | 83,278 | 1,075 | 84,353 | (18) |
| Other financing (uses): | | | | | |
| Transfers (out)– | | | | | |
| To Special Revenue Fund | (84,371) | - | (84,353) | (84,353) | 18 |
| Total other financing (uses) | (84,371) | - | (84,353) | (84,353) | 18 |
| Net change in fund balance | $ - | $ 83,278 | (83,278) | $ - | $ - |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 83,278 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 53**

**Non-Major Governmental Funds**

**Affordable Housing Construction Project Fund**

**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:** | | | | | |
| **Home HM0501** | | | | | |
| Program income | $ 399,052 | $ 196,273 | $ 204,240 | $ 400,513 | $ 1,461 |
| Total revenues | 399,052 | 196,273 | 204,240 | 400,513 | (1,461) |
| **Expenditures:** | | | | | |
| Operating expenditures | | 32,840 | 137,183 | 170,023 | |
| Total expenditures | 483,423 | 32,840 | 137,183 | 170,023 | 313,400 |
| Revenues over (under) expenditures | (84,371) | 163,433 | 67,057 | 230,490 | 314,861 |
| 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 | $ - | $ 163,433 | 151,410 | $ 314,843 | $ 314,843 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 163,433 | | |
| End of year, June 30 | | | $ 314,843 | | |

**City of Jacksonville, North Carolina** **Schedule 54**
**Non-Major Governmental Funds**
**Local Law Enforcement Block Grant Fund (LLEBG)**
**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:** | | | | | |
| **2004 Grant PD0501** | | | | | |
| Law Enforcement Block Grant | 17,723 | 17,723 | - | 17,723 | - |
| Investment earnings | 352 | 237 | 114 | 351 | (1) |
| Total revenues | 18,075 | 17,960 | 114 | 18,074 | (1) |
| **Expenditures:** | | | | | |
| **2004 Grant PD0501** | | | | | |
| Operating expenditures | | - | 46,619 | 46,619 | |
| Total expenditures | 46,619 | - | 46,619 | 46,619 | - |
| Revenues over (under) expenditures | (28,544) | 17,960 | (46,505) | (28,545) | (1) |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 28,617 | 28,617 | - | 28,617 | - |
| Transfers (out)– | | | | | |
| To General Fund | (73) | - | (72) | (72) | 1 |
| Total other financing sources (uses) | 28,544 | 28,617 | (72) | 28,545 | 1 |
| Net change in fund balance | $ - | $ 46,577 | (46,577) | $ - | $ - |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 46,577 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 55**
**Non-Major Governmental Funds**
**School Resource Officer Grant Fund**
**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:** | | | | | |
| Onslow County Board of Education | $ 1,552,279 | $ 1,352,452 | $ 193,395 | $ 1,545,847 | $ (6,432) |
| Investment earnings | 8,469 | 7,376 | - | 7,376 | (1,093) |
| Total revenues | 1,560,748 | 1,359,828 | 193,395 | 1,553,223 | (7,525) |
| **Expenditures:** | | | | | |
| Salaries and employee benefits | | 1,571,360 | 261,695 | 1,833,055 | |
| Operating expenditures | | 110,392 | 36,706 | 147,098 | |
| Capital outlay | | 18,125 | - | 18,125 | |
| Total expenditures | 2,059,784 | 1,699,877 | 298,401 | 1,998,278 | 61,506 |
| Revenues (under) expenditures | (499,036) | (340,049) | (105,006) | (445,055) | 53,981 |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 646,214 | 526,438 | 119,776 | 646,214 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (145,373) | (145,372) | - | (145,372) | 1 |
| To Special Revenue Fund- Hurricane Ophelia | (1,805) | - | (1,805) | (1,805) | - |
| Total other financing sources | 499,036 | 381,066 | 117,971 | 499,037 | 1 |
| Net change in fund balance | $ - | $ 41,017 | 12,965 | $ 53,982 | $ 53,982 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 41,017 | | |
| End of year, June 30 | | | $ 53,982 | | |

**City of Jacksonville, North Carolina** **Schedule 56**
**Non-Major Governmental Funds**
**Bulletproof Vest Grant Fund**
**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:** | | | | | |
| Bureau of Justice grant | $ 71,272 | $ 63,084 | $ 8,188 | $ 71,272 | $ |
| NCLM Bulletproof grant | 10,000 | 7,500 | 2,250 | 9,750 | (250) |
| Total revenues | 81,272 | 70,584 | 10,438 | 81,022 | (250) |
| **Expenditures:** | | | | | |
| Operating expenditures | | 126,168 | 17,561 | 143,729 | |
| Total expenditures | 159,953 | 126,168 | 17,561 | 143,729 | 16,224 |
| Revenues (under) expenditures | (78,681) | (55,584) | (7,123) | (62,707) | 15,974 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 78,681 | 58,681 | 20,000 | 78,681 | - |
| Total other financing sources | 78,681 | 58,681 | 20,000 | 78,681 | - |
| Net change in fund balance | $ - | $ 3,097 | 12,877 | $ 15,974 | $ 15,974 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 3,097 | | |
| End of year, June 30 | | | $ 15,974 | | |

**City of Jacksonville, North Carolina** **Schedule 57**
**Non-Major Governmental Funds**
**Sandy Run Mentoring Program Fund**
**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:** | | | | | |
| Sandy Run Mentoring | $ 10,000 | $ 10,000 | $ - | $ 10,000 | $ - |
| Total revenues | 10,000 | 10,000 | - | 10,000 | - |
| **Expenditures:** | | | | | |
| Operating expenditures | | 7,932 | 1,107 | 9,039 | |
| Total expenditures | 10,000 | 7,932 | 1,107 | 9,039 | 961 |
| Revenues over (under) expenditures | $ - | $ 2,068 | (1,107) | $ 961 | $ 961 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 2,068 | | |
| End of year, June 30 | | | $ 961 | | |

**City of Jacksonville, North Carolina** **Schedule 58**
**Non-Major Governmental Funds**
**Governor's Crime Commission Grant Fund**
**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:** | | | | | |
| Governor's Crime Commission Grant 2005 | $ 75,000 | $ 75,000 | $ - | $ 75,000 | $ - |
| Total revenues | 75,000 | 75,000 | - | 75,000 | - |
| **Expenditures:** | | | | | |
| Capital outlay | | 187,871 | 2,577 | 190,448 | |
| Total expenditures | 198,671 | 187,871 | 2,577 | 190,448 | 8,223 |
| Revenues (under) expenditures | (123,671) | (112,871) | (2,577) | (115,448) | 8,223 |
| 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 | $ - | $ 10,800 | (2,577) | $ 8,223 | $ 8,223 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 10,800 | | |
| End of year, June 30 | | | $ 8,223 | | |

**City of Jacksonville, North Carolina** **Schedule 59**
**Non-Major Governmental Funds**
**Governor's Highway Safety Grant Fund**
**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:** | | | | | |
| Governor's Highway Safety Grant 2006 | $ 25,876 | $ - | $ 24,760 | $ 24,760 | $ (1,116) |
| Total revenues | 25,876 | - | 24,760 | 24,760 | (1,116) |
| **Expenditures:** | | | | | |
| Operating expenditures | | - | 9,488 | 9,488 | |
| Capital outlay | | - | 29,940 | 29,940 | |
| Total expenditures | 41,667 | - | 39,428 | 39,428 | 2,239 |
| Revenues (under) expenditures | (15,791) | - | (14,668) | (14,668) | 1,123 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 15,791 | - | 15,791 | 15,791 | - |
| Total other financing sources | 15,791 | - | 15,791 | 15,791 | - |
| Net change in fund balance | $ - | $ - | 1,123 | $ 1,123 | $ 1,123 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ 1,123 | | |

**City of Jacksonville, North Carolina** **Schedule 60**
**Non-Major Governmental Funds**
**Homeland Security Grant Fund**
**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:** | | | | | |
| Homeland Security Program Grant 2005 | $ 363,950 | $ - | $ 190,761 | $ 190,761 | $ (173,189) |
| Total revenues | 363,950 | - | 190,761 | 190,761 | (173,189) |
| **Expenditures:** | | | | | |
| Capital outlay | | - | 190,761 | 190,761 | |
| Total expenditures | 363,950 | - | 190,761 | 190,761 | 173,189 |
| Revenues over expenditures | $ - | $ - | $ - | $ - | $ - |

**City of Jacksonville, North Carolina** **Schedule 61**
**Non-Major Governmental Funds**
**Justice Assistance Grant Fund**
**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:** | | | | | |
| Justice Assistance Grant 2005 | $ 26,008 | $ - | $ 26,008 | $ 26,008 | $ - |
| Total | 26,008 | - | 26,008 | 26,008 | - |
| Justice Assistance Grant 2006 | 12,837 | - | - | - | (12,837) |
| Total | 12,837 | - | - | - | (12,837) |
| Total revenues | 38,845 | - | 26,008 | 26,008 | (12,837) |
| **Expenditures:** | | | | | |
| Justice Assistance Grant 2005 | | | | | |
| Capital outlay | | - | 29,800 | 29,800 | |
| Total | 29,800 | - | 29,800 | 29,800 | - |
| Justice Assistance Grant 2006 | | | | | |
| Capital outlay | | - | - | - | |
| Total | 17,085 | - | - | - | 17,085 |
| Total expenditures | 46,885 | - | 29,800 | 29,800 | 17,085 |
| Revenues (under) expenditures | (8,040) | - | (3,792) | (3,792) | 4,248 |
| 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 | $ 4,248 | $ 4,248 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ 4,248 | | |

**City of Jacksonville, North Carolina** **Schedule 62**
**Non-Major Governmental Funds**
**Federal DEA Project Fund**
**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:** | | | | | |
| Drug Enforcement | $ 264,130 | $ 104,639 | $ 111,848 | $ 216,487 | $ (47,643) |
| Investment earnings | 20,000 | 5,937 | 11,129 | 17,066 | (2,934) |
| Total revenues | 284,130 | 110,576 | 122,977 | 233,553 | (50,577) |
| **Expenditures:** | | | | | |
| Operating expenditues | | 68,752 | 84,231 | 152,983 | |
| Capital outlay | | 40,569 | 49,725 | 90,294 | |
| Total expenditures | 529,297 | 109,321 | 133,956 | 243,277 | 286,020 |
| Revenues over (under) expenditures | (245,167) | 1,255 | (10,979) | (9,724) | 235,443 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 245,167 | 245,166 | - | 245,166 | (1) |
| Total other financing sources | 245,167 | 245,166 | - | 245,166 | (1) |
| Net change in fund balance | $ - | $ 246,421 | (10,979) | $ 235,442 | $ 235,442 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 246,421 | | |
| End of year, June 30 | | | $ 235,442 | | |

**City of Jacksonville, North Carolina** **Schedule 63**
**Non-Major Governmental Funds**
**State DEA Project Fund**
**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:** | | | | | |
| Drug enforcement | $ 50,750 | $ 24,981 | $ 20,806 | $ 45,787 | $ (4,963) |
| Investment earnings | 14,000 | 3,874 | 4,574 | 8,448 | (5,552) |
| Total revenues | 64,750 | 28,855 | 25,380 | 54,235 | (10,515) |
| **Expenditures:** | | | | | |
| Operating expenditures | | 18,406 | 27,407 | 45,813 | |
| Capital outlay | | - | 46,111 | 46,111 | |
| Total expenditures | 226,172 | 18,406 | 73,518 | 91,924 | 134,248 |
| Revenues over (under) expenditures | (161,422) | 10,449 | (48,138) | (37,689) | 123,733 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 161,422 | 161,422 | - | 161,422 | - |
| Total other financing sources | 161,422 | 161,422 | - | 161,422 | - |
| Net change in fund balance | $ - | $ 171,871 | (48,138) | $ 123,733 | $ 123,733 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 171,871 | | |
| End of year, June 30 | | | $ 123,733 | | |

**City of Jacksonville, North Carolina** **Schedule 64**
**Non-Major Governmental Funds**
**E-911 Fund**
**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 | $ 81,351 | $ 74,792 | $ 3,849 | $ 78,641 | $ (2,710) |
| Phone surcharge fee | 2,013,502 | 1,811,088 | 195,609 | 2,006,697 | (6,805) |
| Miscellaneous | 9,228 | 9,228 | - | 9,228 | - |
| Contribution Onslow County | 67,416 | 67,417 | - | 67,417 | 1 |
| Total revenues | 2,171,497 | 1,962,525 | 199,458 | 2,161,983 | (9,514) |
| **Expenditures:** | | | | | |
| Other departmental expenditures | | 1,285,452 | 142,992 | 1,428,444 | |
| Debt service | | 753,209 | 173,283 | 926,492 | |
| Capital outlay | | 1,322,614 | 1,041 | 1,323,655 | |
| Total expenditures | 3,716,847 | 3,361,275 | 317,316 | 3,678,591 | 38,256 |
| Revenues over (under) expenditures | (1,545,350) | (1,398,750) | (117,858) | (1,516,608) | 28,742 |
| 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 | 250,054 | 250,054 | - | 250,054 | - |
| From Proprietary Fund | - | 171,670 | - | 171,670 | 171,670 |
| Transfers (out)-- | | | | | |
| To General Fund | (141,178) | (141,178) | - | (141,178) | - |
| Total other financing sources | 1,545,350 | 1,568,638 | - | 1,568,638 | 23,288 |
| Net change in fund balance | $ - | $ 169,888 | (117,858) | $ 52,030 | $ 52,030 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 169,888 | | |
| End of year, June 30 | | | $ 52,030 | | |

**City of Jacksonville, North Carolina** **Schedule 65**

**Non-Major Governmental Funds**

**Wireless 911 Fund**

**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 | $ 7,100 | $ - | $ 1,320 | $ 1,320 | $ (5,780) |
| Phone surcharge fee | 257,500 | 77,598 | 171,685 | 249,283 | (8,217) |
| Total revenues | 264,600 | 77,598 | 173,005 | 250,603 | (13,997) |
| **Expenditures:** | | | | | |
| Other departmental expenditures | | - | 37,719 | 37,719 | |
| Capital outlay | | 1,735 | 60,819 | 62,554 | |
| Total expenditures | 264,600 | 1,735 | 98,538 | 100,273 | 164,327 |
| Revenues over expenditures | $ - | $ 75,863 | 74,467 | $ 150,330 | $ 150,330 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 75,863 | | |
| End of year, June 30 | | | $ 150,330 | | |

**City of Jacksonville, North Carolina** **Schedule 66**

**Non-Major Governmental Funds**

**City Transit System Project Fund**

**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 Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **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 | 50,000 | - | 46,647 | 46,647 | (3,353) |
| Loop fares | 10,000 | - | 13,574 | 13,574 | 3,574 |
| Investment earnings | 1,325 | - | 535 | 535 | (790) |
| Total | 61,325 | - | 60,756 | 60,756 | (569) |
| NCDOT SMAP FY 2006-2007 TR0602 | 162,319 | - | - | - | (162,319) |
| FTA Section 5307 | 688,147 | - | - | - | (688,147) |
| Loop fares | 102,035 | - | - | - | (102,035) |
| Total | 952,501 | - | - | - | (952,501) |
| Total revenues | 1,078,871 | 58,829 | 60,756 | 119,585 | (959,286) |
| **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 | 114,137 | - | 109,830 | 109,830 | 4,307 |
| NCDOT SMAP FY 2006-2007 TR0602 | | | | | |
| Salaries and employee benefits | | - | - | - | |
| Operating expenditures | | - | - | - | |
| Total | 1,118,171 | - | - | - | 1,118,171 |
| Total expenditures | 1,339,540 | 101,017 | 109,830 | 210,847 | 1,128,693 |
| Revenues (under) expenditures | (260,669) | (42,188) | (49,074) | (91,262) | 169,407 |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 265,670 | 50,000 | 215,670 | 265,670 | - |
| From Special Revenue Fund | 2,812 | - | 2,812 | 2,812 | - |
| Transfers (out)-- | | | | | |
| To Special Revenue Fund | (2,812) | - | (2,812) | (2,812) | - |
| To General Fund | (5,001) | - | (5,000) | (5,000) | 1 |
| Total other financing sources | 260,669 | 50,000 | 210,670 | 260,670 | 1 |
| Net change in fund balance | $ - | $ 7,812 | 161,596 | $ 169,408 | $ 169,408 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 7,812 | | |
| End of year, June 30 | | | $ 169,408 | | |

**City of Jacksonville, North Carolina** **Schedule 67**
**Non-Major Governmental Funds**
**Transit Implementation Plan Project Fund**
**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:** | | | | | |
| State-104F transportation grant | $ 65,919 | $ 2,277 | $ 4,472 | $ 6,749 | $ (59,170) |
| FTA Section 5303 grant | 36,681 | 36,510 | 20,840 | 57,350 | 20,669 |
| State-Section 5303 grant | 4,585 | 4,564 | 2,605 | 7,169 | 2,584 |
| Investment earnings | 29 | 28 | - | 28 | (1) |
| Total revenues | 107,214 | 43,379 | 27,917 | 71,296 | (35,918) |
| **Expenditures:** | | | | | |
| Operating expenditures | | 48,483 | 31,641 | 80,124 | |
| Total expenditures | 128,279 | 48,483 | 31,641 | 80,124 | 48,155 |
| Revenues (under) expenditures | (21,065) | (5,104) | (3,724) | (8,828) | 12,237 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 21,065 | 21,065 | - | 21,065 | - |
| Total other financing sources | 21,065 | 21,065 | - | 21,065 | - |
| Net change in fund balance | $ - | $ 15,961 | (3,724) | $ 12,237 | $ 12,237 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 15,961 | | |
| End of year, June 30 | | | $ 12,237 | | |

**City of Jacksonville, North Carolina** **Schedule 68**
**Non-Major Governmental Funds**
**Country Club Road Widening Project Fund**
**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:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Non-capitalized expenditures | | 200,000 | 400,000 | 600,000 | |
| Total expenditures | 600,000 | 200,000 | 400,000 | 600,000 | - |
| Revenues (under) expenditures | (600,000) | (200,000) | (400,000) | (600,000) | - |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From Capital Reserve Fund | 600,000 | 600,000 | - | 600,000 | - |
| Total other financing sources | 600,000 | 600,000 | - | 600,000 | - |
| Net change in fund balance | $ - | $ 400,000 | (400,000) | $ - | $ - |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 400,000 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 69**
**Non-Major Governmental Funds**
**NOAA Chaney Creek Restoration Grant Project Fund**
**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:** | | | | | |
| NOAA grant | $ 137,493 | $ 25,191 | $ 26,755 | $ 51,946 | $ (85,547) |
| Total revenues | 137,493 | 25,191 | 26,755 | 51,946 | (85,547) |
| **Expenditures:** | | | | | |
| Salaries and employee benefits | | 4,661 | 18,729 | 23,390 | |
| Operating expenditures | | 20,530 | 8,026 | 28,556 | |
| Total expenditures | 137,493 | 25,191 | 26,755 | 51,946 | 85,547 |
| Excess of revenues over expenditures | $ - | $ - | $ - | $ - | $ - |

**City of Jacksonville, North Carolina** **Schedule 70**

**Non-Major Governmental Funds**

**NC Aquatic Weed Control Project Fund**

**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:** | | | | | |
| 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 | | | - | | |
| End of year, June 30 | | | $ 3,000 | | |

**City of Jacksonville, North Carolina** **Schedule 71**

**Non-Major Governmental Funds**

**Hurricane Ophelia Project Fund**

**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:** | | | | | |
| FEMA - Federal | $ 61,922 | $ | $ 59,386 | $ 59,386 | $ (2,536) |
| FEMA - State | 19,112 | - | 19,600 | 19,600 | 488 |
| Total revenues | 81,034 | - | 78,986 | 78,986 | (2,048) |
| **Expenditures:** | | | | | |
| General Fund: | | | | | |
| Salaries and employee benefits | | - | 76,303 | 76,303 | |
| Operating expenditures | | - | 32,425 | 32,425 | |
| Water and Sewer Fund: | | | | | |
| Salaries and employee benefits | | - | 6,507 | 6,507 | |
| Total expenditures | 115,246 | - | 115,235 | 115,235 | 11 |
| Revenues (under) expenditures | (34,212) | - | (36,249) | (36,249) | 2,037 |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 115,194 | - | 115,194 | 115,194 | - |
| From Special Revenue Fund | 1,805 | - | 1,805 | 1,805 | - |
| From Proprietary Fund | 14,775 | - | 14,775 | 14,775 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (95,565) | - | (93,528) | (93,528) | 2,037 |
| To Proprietary Fund | (1,997) | - | (1,997) | (1,997) | - |
| Total other financing sources | 34,212 | - | 36,249 | 36,249 | 2,037 |
| Excess of revenues over expenditures | $ - | $ - | $ - | $ - | $ - |

**City of Jacksonville, North Carolina** **Schedule 72**
**Non-Major Governmental Funds**
**Jacksonville Business Park Certification Project Fund**
**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:** | | | | | |
| 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 (under) expenditures | 170,000 | 187,214 | (16,547) | 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 | $ - | $ 187,214 | (186,547) | $ 667 | $ 667 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 187,214 | | |
| End of year, June 30 | | | $ 667 | | |

**City of Jacksonville, North Carolina** **Schedule 73**
**Non-Major Governmental Funds**
**Streets Non-Powell Bill Capital Project Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Fiscal Year Ended June 30, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 433,873 | - | 433,873 | |
| Total expenditures | 433,873 | 433,873 | - | 433,873 | - |
| Revenues (under) expenditures | (433,873) | (433,873) | - | (433,873) | - |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 41,428 | 41,428 | - | 41,428 | - |
| From Water and Sewer Fund | 397,460 | 397,460 | - | 397,460 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (5,015) | - | (5,015) | (5,015) | - |
| Total other financing sources (uses) | 433,873 | 438,888 | (5,015) | 433,873 | - |
| Net change in fund balance | $ - | $ 5,015 | (5,015) | $ - | $ - |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 5,015 | | |
| End of year, June 30 | | | $ - | | |

**City of Jacksonville, North Carolina** **Schedule 74**
**Non-Major Governmental Funds**
**Streets Powell Bill Capital Project Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Fiscal Year Ended June 30, 2006

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Investment earnings | $ 1,028,196 | $ 879,162 | $ 42,812 | $ 921,974 | $ (106,222) |
| Contributions | 321,000 | 321,000 | - | 321,000 | - |
| Miscellaneous | 22,270 | 22,270 | - | 22,270 | - |
| Total revenues | 1,371,466 | 1,222,432 | 42,812 | 1,265,244 | (106,222) |
| **Expenditures:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | 12,698,722 | 650,882 | 13,349,604 | |
| Total expenditures | 15,125,853 | 12,698,722 | 650,882 | 13,349,604 | 1,776,249 |
| Revenues (under) expenditures | (13,754,387) | (11,476,290) | (608,070) | (12,084,360) | 1,670,027 |
| 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 | 2,290,499 | 861,768 | 3,152,267 | - |
| 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 | 13,754,387 | 12,560,334 | 861,768 | 13,422,102 | (332,285) |
| Net change in fund balance | $ - | $ 1,084,044 | 253,698 | $ 1,337,742 | $ 1,337,742 |
| Fund balances: | | | | | |
| Beginning of year, July 1 | | | 1,084,044 | | |
| End of year, June 30 | | | $ 1,337,742 | | |

**City of Jacksonville, North Carolina** **Schedule 75**

**Non-Major Governmental Funds**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Investment earnings | $ 1,727,799 | $ 1,614,652 | $ 149,311 | $ 1,763,963 | $ 36,164 |
| 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 | 180,420 | 157,221 | 26,613 | 183,834 | 3,414 |
| Total revenues | 1,989,955 | 1,853,509 | 175,924 | 2,029,433 | 39,478 |
| **Expenditures:** | | | | | |
| Initiatives FY '99 | 736,852 | - | - | - | 736,852 |
| Reserve for debt retirement | 1,859,405 | - | - | - | 1,859,405 |
| Reserve for recreation | 191,675 | - | - | - | 191,675 |
| Total expenditures | 2,787,932 | - | - | - | 2,787,932 |
| Revenues over (under) expenditures | (797,977) | 1,853,509 | 175,924 | 2,029,433 | 2,827,410 |
| Other financing sources (uses): | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 11,159,584 | 9,108,493 | 2,051,091 | 11,159,584 | - |
| 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 | 115,868 | 17,384 | 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 | (6,317,085) | (3,131,745) | (850,982) | (3,982,727) | 2,334,358 |
| To Capital Project Fund | (9,379,069) | (8,481,796) | (897,272) | (9,379,068) | 1 |
| To Proprietary Fund | (1,168,051) | (764,389) | (403,662) | (1,168,051) | - |
| To Non-Capital Project Fund | (600,000) | (600,000) | - | (600,000) | - |
| Total other financing sources | 797,977 | 3,045,349 | 86,559 | 3,131,908 | 2,333,931 |
| Net change in fund balance | $ - | $ 4,898,858 | 262,483 | $ 5,161,341 | $ 5,161,341 |
| Fund balance: | | | | | |
| Beginning of year, July 1 | | | 4,898,858 | | |
| End of year, June 30 | | | $ 5,161,341 | | |

# 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.

**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, 2006
With Comparative Totals for June 30, 2005

| | Stormwater/Water Quality Fund Totals | |
|---|---|---|
| | June 30, 2006 | June 30, 2005 |
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 159,610 | $ 479,687 |
| Interfund receivable | 524 | 1,180 |
| Total Current Assets | 160,134 | 480,867 |
| Noncurrent Assets: | | |
| Capital assets (net) | 72,220 | 29,459 |
| Total Capital Assets | 72,220 | 29,459 |
| Total Assets | 232,354 | 510,326 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 40,341 | 68,567 |
| Installment purchases payable-current | - | 40,216 |
| Interfund payable | 453 | 992 |
| Total Current Liabilities | 40,794 | 109,775 |
| Noncurrent Liabilities: | | |
| Compensated absences payable | 4,554 | 3,087 |
| Installment purchases payable-noncurrent | - | 55,041 |
| Total Noncurrent Liabilities | 4,554 | 58,128 |
| Total Liabilities | 45,348 | 167,903 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 72,220 | - |
| Unrestricted | 114,786 | 342,423 |
| Total Net Assets | $ 187,006 | $ 342,423 |

**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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Stormwater/Water Quality Fund Totals | |
|---|---|---|
| | June 30, 2006 | June 30, 2005 |
| **Operating revenues:** | | |
| Total operating revenues | $ - | $ - |
| **Operating expenses:** | | |
| Stormwater/Water Quality Fund | 379,432 | 221,160 |
| Depreciation | 7,268 | 5,021 |
| Total operating expenses | 386,700 | 226,181 |
| Operating (loss) | (386,700) | (226,181) |
| **Nonoperating revenues (expenses):** | | |
| Miscellaneous credit refund | - | 243 |
| Interest on long-term debt | - | (1,464) |
| Total nonoperating revenues (expenses) | - | (1,221) |
| (Loss) before transfers | (386,700) | (227,402) |
| **Operating transfers** | | |
| Transfers in | 364,262 | 572,748 |
| Transfers (out) | (132,979) | (14,105) |
| Total transfers | 231,283 | 558,643 |
| **Change in Net Assets** | (155,417) | 331,241 |
| Net assets: | | |
| Beginning of year, July 1 | 342,423 | 11,182 |
| End of year, June 30 | $ 187,006 | $ 342,423 |

**City of Jacksonville, North Carolina**
**Non-Major Enterprise Fund**
**Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Stormwater/Water Quality Totals | |
|---|---|---|
| | June 30, 2006 | June 30, 2005 |
| **Cash flows from operating activities:** | | |
| Cash received from customers | $ - | $ - |
| Cash paid for goods and services | (310,942) | (64,716) |
| Cash paid to employees | (95,248) | (91,603) |
| Net cash (used) by operating activities | (406,190) | (156,319) |
| **Cash flows from noncapital financing activities:** | | |
| Transfers in | 364,262 | 572,748 |
| Transfers (out) | (132,979) | (14,105) |
| Advances from other funds | 117 | 340 |
| Net cash provided by noncapital financing activities | 231,400 | 558,983 |
| **Cash flows from capital and related financing activities:** | | |
| Principal debt transferred to Video/Media | (95,257) | - |
| Principal paid on long term debt | - | (26,542) |
| Interest paid on long term debt | - | (1,465) |
| Debt issued | - | 121,799 |
| Purchase of capital assets | (64,613) | (34,480) |
| Sale of fixed assets | 14,583 | - |
| Net cash provided by capital and related financing activities | (145,287) | 59,312 |
| **Cash flows from investing activities:** | | |
| Interest earned on investments | - | - |
| Net cash provided by investing activities | - | - |
| Net increase (decrease) in cash and cash equivalents | (320,077) | 461,976 |
| Cash and cash equivalents, July 1 | 479,687 | 17,711 |
| Cash and cash equivalents, June 30 | $ 159,610 | $ 479,687 |
| **Reconciliation of operating (loss) to net cash (used) by operating activities:** | | |
| Operating (loss) | $ (386,700) | $ (225,938) |
| **Adjustments to reconcile operating (loss) to net cash (used) by operating activities:** | | |
| Depreciation | 7,268 | 5,021 |
| Change in assets and liabilities: | | |
| Increase (decrease) in accrued vacation pay/payroll | 1,467 | 803 |
| Increase (decrease) in accounts payable | (28,225) | 63,795 |
| Total adjustments | (19,490) | 69,619 |
| Net cash (used) by operating activities | $ (406,190) | $ (156,319) |

**City of Jacksonville, North Carolina** **Schedule 79**
**Stormwater/Water Quality Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Nonoperating revenues: | | | | |
| Restricted intergovernmental | $ 1,000 | $ - | $ (1,000) | $ - |
| Miscellaneous credit refund | - | - | - | 243 |
| Total nonoperating revenues | 1,000 | - | (1,000) | 243 |
| Total revenues | 1,000 | - | (1,000) | 243 |
| **Expenses:** | | | | |
| **Stormwater/Water Quality** | | | | |
| Salaries and employee benefits | | 141,318 | | 91,753 |
| Supplies | | 19,352 | | 16,601 |
| Insurance | | 900 | | 463 |
| Maintenance and repair | | 3,994 | | 4,201 |
| Contracted services | | 124,832 | | 54,546 |
| Contracted services-internal service | | 56,191 | | 26,664 |
| Other expenses | | 32,845 | | 26,932 |
| Total | 499,517 | 379,432 | 120,085 | 221,160 |
| **Budgetary appropriations:** | | | | |
| Interest paid | - | - | | 1,464 |
| Debt principal | - | - | | 26,542 |
| (Increase) in compensated absences payable | - | (1,467) | 1,467 | (284) |
| Debt issued | - | - | | (121,799) |
| Transfers (in)-- | | | | |
| From General Fund | (243,262) | (243,262) | - | (572,748) |
| From Proprietary Fund | (55,000) | (55,000) | - | - |
| Transfers out-- | | | | |
| To General Fund | 132,979 | 132,979 | - | |
| To Capital Projects | - | - | - | 14,105 |
| Capital outlay | 82,000 | 64,613 | 17,387 | 34,480 |
| Appropriated Retained Earnings | (415,234) | - | (415,234) | - |
| Total budgetary appropriations | (498,517) | (102,137) | (396,380) | (618,240) |
| Total expenses | $ 1,000 | $ 277,295 | $ (276,295) | $ (397,080) |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ - | | $ 243 |
| Total expenses | | 277,295 | | (397,080) |
| Excess of revenues over (under) expenses | | (277,295) | | 397,323 |
| Budgetary appropriations (above): | | | | |
| Transfer from General Fund (Schedule 80) | | 66,000 | | - |
| Payment of debt principal | | - | | 26,542 |
| Debt issued | | - | | (121,799) |
| (Increase) in compensated absences payable | | (1,467) | | (284) |
| Capital outlay | | 64,613 | | 34,480 |
| Total budgetary appropriations | | 129,146 | | (61,061) |
| Depreciation | | (7,268) | | (5,021) |
| Change in Net Assets (Statement 77) | | $ (155,417) | | $ 331,241 |

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

**City of Jacksonville, North Carolina** **Schedule 80**
**Stormwater/Water Quality 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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Total revenues | $ - | $ - | $ - | $ - | $ - |
| **Expenses:** | | | | | |
| Capital outlay: | | | | | |
| Other improvements | | - | - | - | |
| Total expenses | 66,000 | - | - | - | 66,000 |
| Revenues (under) expenses | (66,000) | - | - | - | 66,000 |
| Other financing sources: | | | | | |
| Transfers in-- | | | | | |
| From General Fund | 66,000 | - | 66,000 | 66,000 | - |
| Total other financing sources | 66,000 | - | 66,000 | 66,000 | - |
| Revenues over expenses | $ - | $ - | $ 66,000 | $ 66,000 | $ 66,000 |

# 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** **Statement 81**
**Internal Service Funds**
**Combining Statement of Net Assets**
June 30, 2006
With Comparative Totals for June 30, 2005

| | Fleet Maintenance | City Hall Maintenance | Information Technology Services | Video/Media Services | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | $ 8,406 | $ 225,420 | $ 682,643 | $ 154,709 | $ 1,071,178 | $ 696,027 |
| Accounts receivable (net) | - | - | - | 8,400 | 8,400 | 1,191 |
| Interfund receivables | 200,674 | 262 | 2,120 | 262 | 203,318 | 249,073 |
| Inventories | 47,604 | - | - | - | 47,604 | 50,879 |
| Prepaid items | 444 | - | - | - | 444 | - |
| Total Current Assets | 257,128 | 225,682 | 684,763 | 163,371 | 1,330,944 | 997,170 |
| Noncurrent Assets: | | | | | | |
| Restricted cash and cash equivalents | 10,286 | - | 54,040 | - | 64,326 | - |
| Capital Assets: | | | | | | |
| Capital assets (net) | 137,155 | - | 541,119 | 91,307 | 769,581 | 850,183 |
| Total Assets | 404,569 | 225,682 | 1,279,922 | 254,678 | 2,164,851 | 1,847,353 |
| **Liabilities** | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 22,937 | 6,378 | 15,406 | 3,005 | 47,726 | 62,566 |
| Interfund payable | - | - | 312 | - | 312 | 15,445 |
| Current portion of long-term debt | 17,192 | - | 262,238 | 41,126 | 320,556 | 363,542 |
| Total Current Liabilities | 40,129 | 6,378 | 277,956 | 44,131 | 368,594 | 441,553 |
| Noncurrent Liabilities: | | | | | | |
| Compensated absences payable | 12,196 | 864 | 46,709 | 2,283 | 62,052 | 59,856 |
| Noncurrent portion of long-term debt | 36,280 | - | 238,559 | 13,915 | 288,754 | 253,385 |
| Total Noncurrent Liabilities | 48,476 | 864 | 285,268 | 16,198 | 350,806 | 313,241 |
| Total Liabilities | 88,605 | 7,242 | 563,224 | 60,329 | 719,400 | 754,794 |
| **Net Assets** | | | | | | |
| Invested in capital assets, net of related debt | 93,969 | - | 94,362 | 36,266 | 224,597 | 233,256 |
| Unrestricted | 221,995 | 218,440 | 622,336 | 158,083 | 1,220,854 | 859,303 |
| Total Net Assets | $ 315,964 | $ 218,440 | $ 716,698 | $ 194,349 | $ 1,445,451 | $ 1,092,559 |

**City of Jacksonville, North Carolina** **Statement 82**
**Internal Service Funds**
**Combining Statement of Revenues, Expenses and Changes in Net Assets**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Fleet Maintenance | City Hall Maintenance | Information Technology Services | Video/ Media Services | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|---|---|---|
| **Operating revenues:** | | | | | | |
| Charges to other funds | $ 1,311,915 | $ 121,818 | $ 2,183,983 | $ 109,435 | $ 3,727,151 | $ 3,059,256 |
| Miscellaneous revenue | 754 | - | - | 20,901 | 21,655 | 3,853 |
| Total operating revenues | 1,312,669 | 121,818 | 2,183,983 | 130,336 | 3,748,806 | 3,063,109 |
| **Operating expenses:** | | | | | | |
| Operations | 1,316,768 | 115,815 | 1,516,591 | 86,857 | 3,036,031 | 2,508,386 |
| Depreciation | 20,349 | - | 497,346 | 22,345 | 540,040 | 498,673 |
| Total operating expenses | 1,337,117 | 115,815 | 2,013,937 | 109,202 | 3,576,071 | 3,007,059 |
| Operating income (loss) | (24,448) | 6,003 | 170,046 | 21,134 | 172,735 | 56,050 |
| **Nonoperating revenues (expenses):** | | | | | | |
| Investment earnings | 608 | 7,537 | 9,301 | - | 17,446 | 24,491 |
| Gain on sale of capital assets | 2,299 | - | 6,077 | - | 8,376 | 9,895 |
| Interest on long-term debt | (1,387) | - | (17,097) | (1,703) | (20,187) | (20,120) |
| Total nonoperating revenues (expenses) | 1,520 | 7,537 | (1,719) | (1,703) | 5,635 | 14,266 |
| Income (loss) before transfers | (22,928) | 13,540 | 168,327 | 19,431 | 178,370 | 70,316 |
| **Operating transfers:** | | | | | | |
| Transfers in | - | - | - | 174,918 | 174,918 | - |
| Transfers (out) | - | - | (396) | - | (396) | (1,596) |
| Total transfers | - | - | (396) | 174,918 | 174,522 | (1,596) |
| Net income (loss) | (22,928) | 13,540 | 167,931 | 194,349 | 352,892 | 68,720 |
| Net assets: | | | | | | |
| Beginning of year, July 1 | 338,892 | 204,900 | 548,767 | - | 1,092,559 | 1,023,839 |
| End of year, June 30 | $ 315,964 | $ 218,440 | $ 716,698 | $ 194,349 | $ 1,445,451 | $ 1,092,559 |

**City of Jacksonville, North Carolina**
**Internal Service Funds**
**Combining Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

| | Fleet Maintenance | City Hall Maintenance | Information Technology Services | Video/ Media Services | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | | |
| Cash receipts from interfund services provided | $ 1,270,193 | $ 121,490 | $ 2,231,962 | $ 122,198 | $ 3,745,843 | $ 3,308,171 |
| Cash payments for interfund services (used) | (1,274,011) | (111,600) | (1,582,647) | (81,831) | (3,050,089) | (2,819,668) |
| Net cash provided by operating activities | (3,818) | 9,890 | 649,315 | 40,367 | 695,754 | 488,503 |
| **Cash flows from noncapital financing activities:** | | | | | | |
| Transfers in | - | - | - | 174,918 | 174,918 | - |
| Transfers (out) | - | - | (396) | - | (396) | - |
| Advances from other funds | 27,074 | 328 | 3,481 | - | 30,883 | - |
| Advances (to) other funds | - | - | - | (263) | (263) | (275,637) |
| Net cash provided (used) by noncapital financing activities | 27,074 | 328 | 3,085 | 174,655 | 205,142 | (275,637) |
| **Cash flows from capital and related financing activities:** | | | | | | |
| Principal paid on long-term debt | (16,894) | - | (427,465) | (40,216) | (484,575) | (400,433) |
| Interest paid on long-term debt | (1,387) | - | (17,097) | (1,703) | (20,187) | (20,120) |
| Debt issued | 17,800 | - | 363,900 | - | 381,700 | 141,700 |
| Purchase of capital assets | (7,090) | - | (338,695) | (99,068) | (444,853) | (251,376) |
| Net transfer of assets from Stormwater | - | - | - | (14,583) | (14,583) | - |
| Principal transferred from Stormwater | - | - | - | 95,257 | 95,257 | - |
| Proceeds from sale of assets | 2,299 | - | 6,077 | - | 8,376 | 9,895 |
| Net cash (used) for capital and related financing activities | (5,272) | - | (413,280) | (60,313) | (478,865) | (520,334) |
| **Cash flows from investing activities:** | | | | | | |
| Interest earned on investments | 608 | 7,537 | 9,301 | - | 17,446 | 24,491 |
| Net cash provided by investing activities | 608 | 7,537 | 9,301 | - | 17,446 | 24,491 |
| Net increase (decrease) in cash and cash equivalents | 18,592 | 17,755 | 248,421 | 154,709 | 439,477 | (282,977) |
| Cash and cash equivalents, July 1 | 100 | 207,665 | 488,262 | - | 696,027 | 979,004 |
| Cash and cash equivalents, June 30 | $ 18,692 | $ 225,420 | $ 736,683 | $ 154,709 | $ 1,135,504 | $ 696,027 |

Continued on next page.

**City of Jacksonville, North Carolina**
**Internal Service Funds**
**Combining Statement of Cash Flows**
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

**Statement 83,** continued.

| | Fleet Maintenance | City Hall Maintenance | Information Technology Services | Video/ Media Services | Totals June 30, 2006 | Totals June 30, 2005 |
|---|---|---|---|---|---|---|
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | | | |
| Operating Income (Loss) | $ (24,448) | $ 6,003 | $ 170,046 | $ 21,134 | $ 172,735 | $ 56,050 |
| **Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:** | | | | | | |
| Depreciation | 20,349 | - | 497,346 | 22,345 | 540,040 | 498,673 |
| Change in assets and liabilities: | | | | | | |
| Increase (decrease) in accrued vacation pay | 1,071 | (363) | (796) | 2,283 | 2,195 | 16,484 |
| (Increase) decrease in prepaid expenses | (444) | - | - | - | (444) | 2,390 |
| Increase (decrease) in accounts payable | (3,622) | 4,250 | (18,472) | 3,005 | (14,839) | (76,636) |
| (Increase) decrease in inventories | 3,276 | - | - | - | 3,276 | (8,458) |
| (Increase) decrease accounts receivable | - | - | 1,191 | (8,400) | (7,209) | - |
| Total adjustments | 20,630 | 3,887 | 479,269 | 19,233 | 523,019 | 432,453 |
| Net cash provided by operating activities | $ (3,818) | $ 9,890 | $ 649,315 | $ 40,367 | $ 695,754 | $ 488,503 |

**City of Jacksonville, North Carolina** **Schedule 84**
**Fleet Maintenance Internal Service Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Investment earnings | $ 2,000 | $ 608 | $ (1,392) | $ 321 |
| Charges for services | 1,291,177 | 1,311,915 | 20,738 | 1,126,471 |
| Sales of capital assets | - | 2,299 | 2,299 | 561 |
| Other operating revenues | - | 754 | 754 | 35 |
| Total revenues | 1,293,177 | 1,315,576 | 22,399 | 1,127,388 |
| **Expenses:** | | | | |
| Salaries and employee benefits | | 337,215 | | 319,508 |
| Fuel | | 2,582 | | 7,025 |
| Utilities | | 20,718 | | 4,649 |
| Maintenance and repair | | 826,814 | | 630,387 |
| Other departmental expenses | | 129,439 | | 104,848 |
| Total | 1,368,519 | 1,316,768 | 51,751 | 1,066,417 |
| **Budgetary appropriations:** | | | | |
| Interest paid | 1,772 | 1,387 | 385 | 977 |
| Debt principal | 17,387 | 16,894 | 493 | 12,571 |
| Debt issued | (17,800) | (17,800) | - | (51,500) |
| Increase (decrease) in inventory | - | (3,275) | 3,275 | 8,458 |
| Increase (decrease) in prepaid expense | - | 444 | (444) | - |
| (Increase) decrease in compensated absences payable | - | (1,071) | 1,071 | (4,510) |
| Capital outlay | 10,090 | 7,090 | 3,000 | 38,771 |
| Appropriated retained earnings | (86,791) | - | (86,791) | - |
| Total budgetary appropriations | (75,342) | 3,669 | (79,011) | 4,767 |
| Total expenses | $ 1,293,177 | $ 1,320,437 | $ (27,260) | $ 1,071,184 |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 1,315,576 | | $ 1,127,388 |
| Total expenses | | 1,320,437 | | 1,071,184 |
| Excess of revenues over (under) expenses | | (4,861) | | 56,204 |
| Budgetary appropriations (above): | | | | |
| Payment of debt principal | | 16,894 | | 12,571 |
| Debt issued | | (17,800) | | (51,500) |
| Increase (decrease) in inventory | | (3,275) | | 8,458 |
| Increase (decrease) in prepaid expense | | 444 | | - |
| (Increase) decrease in compensated absences payable | | (1,071) | | (4,510) |
| Capital outlay | | 7,090 | | 38,771 |
| Total budgetary appropriations | | 2,282 | | 3,790 |
| Depreciation (Statement 82) | | (20,349) | | (18,755) |
| Net income (loss) (Statement 82) | | $ (22,928) | | $ 41,239 |

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

**City of Jacksonville, North Carolina** **Schedule 85**
**City Hall Maintenance Internal Service Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Investment earnings | $ 2,000 | $ 7,537 | $ 5,537 | $ 5,539 |
| Charges for services | 121,818 | 121,818 | - | 124,837 |
| Total revenues | 123,818 | 129,355 | 5,537 | 130,376 |
| **Expenses:** | | | | |
| Salaries and employee benefits | | 37,609 | | 35,286 |
| Utilities | | 46,462 | | 34,602 |
| Maintenance and repair | | 2,621 | | 2,990 |
| Other departmental expenses | | 29,123 | | 13,463 |
| Total | 134,318 | 115,815 | 18,503 | 86,341 |
| **Budgetary appropriations:** | | | | |
| (Increase) decrease in compensated absences payable | - | 363 | (363) | 147 |
| Appropriated retained earnings | (10,500) | - | (10,500) | - |
| Total budgetary appropriations | (10,500) | 363 | (10,863) | 147 |
| Total expenses | $ 123,818 | $ 116,178 | $ 7,640 | $ 86,488 |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 129,355 | | $ 130,376 |
| Total expenses | | 116,178 | | 86,488 |
| Excess of revenues over expenses | | 13,177 | | 43,888 |
| Budgetary appropriations (above): | | | | |
| (Increase) decrease in compensated absences payable | | 363 | | 147 |
| Total budgetary appropriations | | 363 | | 147 |
| Net income (Statement 82) | | $ 13,540 | | $ 44,035 |

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

**City of Jacksonville, North Carolina** **Schedule 86**

**Information Technology Services Internal Service Fund**

**Schedule of Revenues and Expenses--**

**Budget and Actual (Non-GAAP)**

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Investment earnings | $ 4,000 | $ 9,301 | $ 5,301 | $ 18,631 |
| Charges for services | 2,183,983 | 2,183,983 | - | 1,807,948 |
| Sales of capital assets | 5,000 | 6,077 | 1,077 | 9,334 |
| Other operating revenues | - | - | - | 3,818 |
| Total revenues | 2,192,983 | 2,199,361 | 6,378 | 1,839,731 |
| **Expenses:** | | | | |
| Salaries and employee benefits | | 629,622 | | 577,472 |
| Fuel | | 454 | | 149 |
| Maintenance and repair | | 19,131 | | 19,315 |
| Contracted services | | 51,653 | | 53,996 |
| Other departmental expenses | | 815,731 | | 704,696 |
| Total | 1,952,007 | 1,516,591 | 435,416 | 1,355,628 |
| **Budgetary appropriations:** | | | | |
| Interest paid | 22,134 | 17,097 | 5,037 | 19,143 |
| Debt principal | 433,913 | 427,465 | 6,448 | 387,862 |
| Debt issued | (183,900) | (183,900) | - | (90,200) |
| Transfers out -- | | | | |
| To Non-Major Governmental Fund | 396 | 396 | - | - |
| (Increase) decrease in compensated absences payable | - | 796 | (796) | (12,121) |
| Increase (decrease) in prepaid expense | - | - | - | (2,390) |
| Capital outlay | 154,881 | 154,879 | 2 | 110,895 |
| Appropriated retained earnings | (186,448) | - | (186,448) | - |
| Total budgetary appropriations | 240,976 | 416,733 | (175,757) | 413,189 |
| Total expenses | $ 2,192,983 | $ 1,933,324 | $ 259,659 | $ 1,768,817 |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 2,199,361 | | $ 1,839,731 |
| Total expenses | | 1,933,324 | | 1,768,817 |
| Excess of revenues over expenses | | 266,037 | | 70,914 |
| Budgetary appropriations (above): | | | | |
| Payment of debt principal | | 427,465 | | 387,862 |
| Debt issued | | (183,900) | | (90,200) |
| (Increase) decrease in compensated absences payable | | 796 | | (12,121) |
| Increase (decrease) in prepaid expense | | - | | (2,390) |
| Transfer to General Fund (See Schedule 87) | | - | | (1,596) |
| Capital outlay | | 154,879 | | 110,895 |
| Total budgetary appropriations | | 399,240 | | 392,450 |
| Depreciation (Statement 82) | | (497,346) | | (479,918) |
| Net income (loss) (Statement 82) | | $ 167,931 | | $ (16,554) |

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

**City of Jacksonville, North Carolina** **Schedule 87**

**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, 2006

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| **Revenues:** | | | | | |
| Investment earnings | $ 7,252 | $ 5,410 | $ 1,672 | $ 7,082 | $ (170) |
| Total revenues | 7,252 | 5,410 | 1,672 | 7,082 | (170) |
| **Expenses:** | | | | | |
| Capital outlay: | | | | | |
| Document Imaging DP0102 | 179,321 | 179,318 | - | 179,318 | 3 |
| Capital acquisition DP0201 | 768,774 | 730,791 | 16,204 | 746,995 | 21,779 |
| AS400 Life Cycle DP0601 | 180,750 | - | 167,613 | 167,613 | 13,137 |
| Total expenses | 1,128,845 | 910,109 | 183,817 | 1,093,926 | 34,919 |
| Revenues (under) expenses | (1,121,593) | (904,699) | (182,145) | (1,086,844) | 34,749 |
| Other financing sources (uses): | | | | | |
| Debt issued - installment purchase | 959,550 | 779,550 | 180,000 | 959,550 | - |
| Transfers in-- | | | | | |
| From ITS Fund | 132,669 | 132,669 | - | 132,669 | - |
| From General Fund | 30,971 | 30,971 | - | 30,971 | - |
| Transfers (out)-- | | | | | |
| To General Fund | (1,597) | (1,596) | - | (1,596) | 1 |
| Total other financing sources | 1,121,593 | 941,594 | 180,000 | 1,121,594 | 1 |
| Excess of revenues and other sources over (under) expenses | $ - | $ 36,895 | $ (2,145) | $ 34,750 | $ 34,750 |

**City of Jacksonville, North Carolina** **Schedule 88**
**Video/Media Services Internal Service Fund**
**Schedule of Revenues and Expenses--**
**Budget and Actual (Non-GAAP)**
For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | |
| Charges for services | $ 109,435 | $ 109,435 | $ - | $ - |
| Other operating revenues | 12,500 | 20,901 | 8,401 | - |
| Total revenues | 121,935 | 130,336 | 8,401 | - |
| **Expenses:** | | | | |
| Salaries and employee benefits | | 64,876 | | - |
| Contracted services | | 2,684 | | - |
| Other departmental expenses | | 19,297 | | - |
| Total | 103,901 | 86,857 | 17,044 | - |
| **Budgetary appropriations:** | | | | |
| Interest paid | 1,723 | 1,703 | 20 | - |
| Debt principal | 40,216 | 40,216 | - | - |
| Transfers (in)-- | | | | |
| From General Fund | (174,918) | (174,918) | - | - |
| Capital outlay | 109,200 | 99,068 | 10,132 | - |
| Increase in compensated absences payable | - | 2,283 | (2,283) | - |
| Appropriated retained earnings | 41,813 | - | 41,813 | - |
| Total budgetary appropriations | 18,034 | (31,648) | 49,682 | - |
| Total expenses | $ 121,935 | $ 55,209 | $ 66,726 | $ - |
| **Reconciliation of modified accrual basis to full accrual basis:** | | | | |
| Total revenues | | $ 130,336 | | $ - |
| Total expenses | | 55,209 | | - |
| Excess of revenues over expenses | | 75,127 | | - |
| Budgetary appropriations (above): | | | | |
| Payment of debt principal | | 40,216 | | - |
| Capital outlay | | 99,068 | | - |
| Increase in compensated absences payable | | 2,283 | | - |
| Total budgetary appropriations | | 141,567 | | - |
| Depreciation (Statement 82) | | (22,345) | | - |
| Net income (Statement 82) | | $ 194,349 | | $ - |

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.

JACKSONVILLE N.C.
a
Caring
Community
HOME OF
CAMP LEJEUNE
MCAS NEW RIVER

**City of Jacksonville, North Carolina** **Schedule 89**

**Capital Assets Used in the Operation of Governmental Funds**

**Comparative Schedules By Source**

June 30, 2006 and 2005

| | 2006 | 2005 |
|---|---|---|
| Governmental funds capital assets: | | |
| Land | $ 2,019,330 | $ 2,019,330 |
| Buildings | 16,336,369 | 15,415,947 |
| Equipment | 4,762,292 | 4,250,883 |
| Heavy equipment | 554,597 | 584,401 |
| Vehicles | 6,856,594 | 8,627,491 |
| Infrastructure | 21,156,929 | 19,319,120 |
| Improvements other than buildings | 3,676,752 | 3,655,996 |
| Construction in progress | 3,589,029 | 2,952,610 |
| Total governmental funds capital assets | $ 58,951,892 | $ 56,825,778 |
| Investment in governmental funds capital assets | | |
| General Fund | $ 38,274,262 | $ 33,755,908 |
| Major Capital Project Fund | 16,945,410 | 20,916,580 |
| Non-Major Governmental Funds | 2,158,855 | 1,757,277 |
| Donations, court awards, etc. | 1,573,365 | 396,013 |
| Total investment in governmental funds capital assets | $ 58,951,892 | $ 56,825,778 |

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, 2006

| | Land | Buildings | Equipment | Heavy Equipment | Vehicles |
|---|---|---|---|---|---|
| General government: | | | | | |
| Mayor and Council | $ - | $ - | $ - | $ - | $ - |
| City Manager | - | - | - | - | - |
| Personnel | - | - | - | - | - |
| City Clerk | - | - | - | - | - |
| Finance | - | - | 28,425 | - | - |
| Planning | - | - | 73,107 | - | 51,809 |
| Transportation | - | - | - | - | - |
| Other-Unclassified | 1,333,917 | 7,461,773 | 134,623 | - | - |
| Total general government | 1,333,917 | 7,461,773 | 236,155 | - | 51,809 |
| Public works: | | | | | |
| Inspections | - | - | 24,889 | - | 136,962 |
| Public works | - | - | - | - | 19,929 |
| Engineering | - | - | - | - | 14,361 |
| Maintenance | 38,503 | 10,689 | 89,357 | 50,566 | 271,918 |
| Steets Powell Bill | 67,500 | 100,209 | 48,610 | 389,820 | 382,709 |
| Street Non-Powell Bill | - | - | 243,961 | 20,267 | 876,204 |
| Total public works | 106,003 | 110,898 | 406,817 | 460,653 | 1,702,083 |
| Public safety: | | | | | |
| Police | - | 571,699 | 3,407,298 | 5,995 | 2,635,764 |
| Animal control | - | 22,173 | - | - | - |
| Fire | 27,000 | 2,134,776 | 457,440 | 18,111 | 2,215,898 |
| Total public safety | 27,000 | 2,728,648 | 3,864,738 | 24,106 | 4,851,662 |
| Cultural and recreational: | | | | | |
| Recreation | 552,410 | 5,953,007 | 254,582 | 69,838 | 238,190 |
| Economic development: | | | | | |
| Economic development | - | 82,043 | - | - | 12,850 |
| Construction in progress | - | - | - | - | - |
| Total governmental funds capital assets | $ 2,019,330 | $ 16,336,369 | $ 4,762,292 | $ 554,597 | $ 6,856,594 |

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.

| Infrastructure | Improvements other than Buildings | Construction in Progress | Total |
|---|---|---|---|
| $ - | $ - | $ - | $ - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 28,425 |
| - | - | - | 124,916 |
| - | - | - | - |
| - | 127,689 | - | 9,058,002 |
| - | 127,689 | - | 9,211,343 |
| | | | |
| - | - | - | 161,851 |
| - | - | - | 19,929 |
| - | - | - | 14,361 |
| - | - | - | 461,033 |
| 18,843,195 | - | - | 19,832,043 |
| 397,460 | - | - | 1,537,892 |
| 19,240,655 | - | - | 22,027,109 |
| | | | |
| - | 13,485 | - | 6,634,241 |
| - | - | - | 22,173 |
| - | - | - | 4,853,225 |
| - | 13,485 | - | 11,509,639 |
| | | | |
| 1,916,274 | 3,535,578 | - | 12,519,879 |
| | | | |
| - | - | - | 94,893 |
| | | | |
| - | - | 3,589,029 | 3,589,029 |
| | | | |
| $ 21,156,929 | $ 3,676,752 | $ 3,589,029 | $ 58,951,892 |

**City of Jacksonville, North Carolina** **Schedule 91**
**Capital Assets Used in the Operation of Governmental Funds**
**Schedule of Changes By Function and Activity**
For the Fiscal Year Ended June 30, 2006

| | Capital Assets 2005 | Additions | Deductions | Transfers | Capital Assets 2006 |
|---|---|---|---|---|---|
| General Government: | | | | | |
| Mayor and Council | $ - | $ - | $ - | $ - | $ - |
| City Manager | - | - | - | - | - |
| Personnel | - | - | - | - | - |
| City Clerk | - | - | - | - | - |
| Finance | 13,378 | 15,047 | - | - | 28,425 |
| Planning | 124,916 | - | - | - | 124,916 |
| Transportation | - | - | - | - | - |
| Other-Unclassified | 8,126,124 | 931,878 | - | - | 9,058,002 |
| Total General Government | 8,264,418 | 946,925 | - | - | 9,211,343 |
| Public Works: | | | | | |
| Inspections | 161,851 | - | - | - | 161,851 |
| Public Works | 19,929 | - | - | - | 19,929 |
| Engineering | 14,361 | - | - | - | 14,361 |
| Maintenance | 449,564 | 11,469 | - | - | 461,033 |
| Streets | 18,122,727 | 1,828,234 | 118,918 | - | 19,832,043 |
| Streets Non-Powell Bill | 1,399,285 | 138,607 | - | - | 1,537,892 |
| Total Public Works | 20,167,717 | 1,978,310 | 118,918 | - | 22,027,109 |
| Public Safety: | | | | | |
| Police | 6,461,418 | 638,162 | 465,339 | - | 6,634,241 |
| Animal Control | 22,173 | - | - | - | 22,173 |
| Fire | 4,851,678 | 19,725 | 18,178 | - | 4,853,225 |
| Total Public Safety | 11,335,269 | 657,887 | 483,517 | - | 11,509,639 |
| Environmental Protection: | | | | | |
| Sanitation | 1,588,657 | - | 1,588,657 | - | - |
| Cultural and Recreational: | | | | | |
| Recreation | 12,422,214 | 114,300 | 16,635 | - | 12,519,879 |
| Economic Development: | | | | | |
| Economic Development | 94,893 | - | - | - | 94,893 |
| Construction in progress | 2,952,610 | 636,419 | - | - | 3,589,029 |
| Total governmental funds capital assets | $ 56,825,778 | $ 4,333,841 | $ 2,207,727 | $ - | $ 58,951,892 |

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 92**
**Schedule of Cash and Investment Balances**
June 30, 2006

| | Amounts Presented on Statements | Cost Value | Fair Value | |
|---|---|---|---|---|
| Cash: | | | | |
| On hand | $ 7,570 | $ 7,570 | $ 7,570 | |
| In time deposits | | | | |
| Certificates of deposit | 188,563 | 188,563 | 188,563 | (a) |
| NOW, SuperNOW, and money market | 4,602,113 | 4,602,113 | 4,602,113 | |
| Total cash | 4,798,246 | 4,798,246 | 4,798,246 | |
| Other Investments: | | | | |
| North Carolina Capital Management Trust | 9,054,978 | 9,054,978 | 9,054,978 | |
| U.S. Government Agencies (GNMA) [Registered in the City's name and held by the City's agent in the City's name] | 1,192 | 1,192 | 1,088 | |
| U.S. Government Agencies (FHLB & FNMA) [Registered in the City's name and held by the City's agent in the City's name] | 12,622,196 | 12,622,196 | 12,548,221 | |
| Commercial Paper [Held by the City's Agent in the City's name] | 3,026,160 | 3,026,160 | 3,026,160 | |
| Total other investments | 24,704,526 | 24,704,526 | 24,630,447 | |
| Total cash and investments | $ 29,502,772 | $ 29,502,772 | $ 29,428,693 | |
| Distribution by Classification: | | | | |
| Major General: | | | | |
| Unrestricted | | $ 10,816,003 | | |
| Restricted | | 1,060,656 | $ 11,876,659 | |
| Major Capital Projects | | | | |
| Unrestricted | | 3,658,042 | | |
| Restricted | | 703,802 | 4,361,844 | |
| Major Water and Sewer: | | | | |
| Unrestricted | | 1,974,606 | | |
| Restricted | | 905,806 | 2,880,412 | |
| Major Solid Waste: | | | | |
| Unrestricted | | | 875,218 | |
| Non-Major Governmental: | | | | |
| Unrestricted | | 5,870,380 | | |
| Restricted | | 1,945,334 | 7,815,714 | |
| Non-Major Enterprise | | | | |
| Unrestricted | | | 159,610 | |
| Internal Service: | | | | |
| Unrestricted | | 1,071,178 | | |
| Restricted | | 64,326 | 1,135,504 | |
| Trust | | | 397,811 | |
| Total | | | $ 29,502,772 | |

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

**City of Jacksonville, North Carolina** **Schedule 93**
**Schedule of Ad Valorem Taxes Receivable**
June 30, 2006

| Fiscal Year | Uncollected Balance June 30, 2005 | Additions | Collections and Credits | Uncollected Balance June 30, 2006 |
|---|---|---|---|---|
| 2005-06 | $ - | $ 12,283,606 | $ 11,702,137 | $ 581,469 |
| 2004-05 | 498,091 | - | 273,146 | 224,945 |
| 2003-04 | 114,029 | - | 25,358 | 88,671 |
| 2002-03 | 98,758 | - | 11,486 | 87,272 |
| 2001-02 | 81,128 | - | 3,323 | 77,805 |
| 2000-01 | 67,640 | - | 1,748 | 65,892 |
| 1999-00 | 70,429 | - | 1,953 | 68,476 |
| 1998-99 | 58,245 | - | 1,558 | 56,687 |
| 1997-98 | 46,091 | - | 808 | 45,283 |
| 1996-97 | 29,367 | - | 462 | 28,905 |
| 1995-96 | 28,308 | - | 28,308 | - |
| | $ 1,092,086 | $ 12,283,606 | $ 12,050,287 | $ 1,325,405 |
| Less allowance for uncollected ad valorem taxes receivable | | | | 190,170 |
| Ad valorem taxes receivable - net | | | | $ 1,135,235 |

Reconcilement with revenues:

| | | |
|---|---|---|
| Taxes - ad valorem - general fund | $ 11,968,260 | |
| Penalties and interest | 68,456 | $ 12,036,716 |
| Reconciling items: | | |
| Discoveries and abatements - net | | 25,006 |
| Prior year discovery | | 5,702 |
| Taxes written off | | 28,058 |
| Adjustments by County due to Statute change | | 310 |
| Refunds | | 12,667 |
| Interest collected | | (58,172) |
| Total collections and credits per above | | $ 12,050,287 |

**City of Jacksonville, North Carolina** **Schedule 94**
**Analysis of Current Tax Levy**
For the Fiscal Year Ended June 30, 2006

| | City-Wide | | | Total Levy | |
|---|---|---|---|---|---|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property taxed at current year's rate | $ 1,892,877,288 | 0.59 | $ 11,167,976 | $ 10,283,958 | $ 884,018 |
| Registered motor vehicles taxed at prior year's rate | 82,034,430 | 0.59 | 484,003 | - | 484,003 |
| Penalties | - | | 74,160 | 74,160 | - |
| | 1,974,911,718 | | 11,726,139 | 10,358,118 | 1,368,021 |
| Discoveries: | | | | | |
| Current year taxes | 115,213,729 | 0.59 | 679,761 | 659,150 | 20,611 |
| Prior year taxes | - | | 205,014 | 202,619 | 2,395 |
| Total | 115,213,729 | | 884,775 | 861,769 | 23,006 |
| Abatements | (56,064,250) | | (327,308) | (232,948) | (94,360) |
| Total Property Valuation | $ 2,034,061,197 | | | | |
| Net Levy | | | 12,283,606 | 10,986,939 | 1,296,667 |
| Less uncollected tax at June 30, 2006 (Schedule 93) | | | (581,469) | (332,409) | (249,060) |
| Current year's taxes collected | | | $ 11,702,137 | $ 10,654,530 | $ 1,047,607 |
| Percent current year collected | | | 95.27% | 96.97% | 80.79% |

# 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.

This section contains information about the following areas:

* Financial Trends
* Revenue Capacity
* Debt Capacity
* Demographic and Economic Information
* Operating Information

**Table 1**

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

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

**Note**: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Table 2

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

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

Continued on next page.

**Table 2,** continued.

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

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

**Note**: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Table 3**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2003** | **2004** | **2005** | **2006** |
| General Fund | | | | |
| Reserved | $ 5,722,643 | $ 7,250,330 | $ 5,987,978 | $ 7,014,461 |
| Unreserved | 6,341,239 | 6,006,352 | 8,087,714 | 7,653,507 |
| Total general fund | $ 12,063,882 | $ 13,256,682 | $ 14,075,692 | $ 14,667,968 |
| All Other Governmental Funds | | | | |
| Reserved | $ 5,102,140 | $ 6,258,214 | $ 4,614,185 | $ 4,322,823 |
| Unreserved, reported in: | | | | |
| Capital reserve fund | 7,824,674 | 7,578,191 | 4,854,928 | 5,149,649 |
| Capital projects funds | 4,846,848 | 1,901,572 | 1,967,547 | 2,296,107 |
| Special revenue funds | 234,741 | 382,770 | 325,834 | 643,011 |
| Total all other governmental funds | $ 18,008,403 | $ 16,120,747 | $ 11,762,494 | $ 12,411,590 |

**Note**: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Table 4

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

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

**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: | | Total Direct | Estimated | Taxable Assessed Value as a Percentage of |
|---|---|---|---|---|---|---|---|---|---|
| | Residential Property | Commercial Property | Motor Vehicles | Other | Tax-Exempt Real Property | Total Taxable Assessed Value | Tax Rate Per $100 | Actual Taxable Value | Actual Taxable Value |
| 1997 | $ 581,100,685 | $ 341,281,355 | $ 121,424,514 | $ 104,343,999 | $ 2,670,049 | $ 1,145,480,504 | $ 0.553 | $ 1,145,480,504 | 100.000% |
| 1998 | 591,638,457 | 362,617,119 | 159,970,731 | 120,122,015 | 3,364,730 | 1,230,983,592 | 0.553 | 1,230,983,592 | 100.000% |
| 1999 | 628,169,757 | 353,345,489 | 163,031,846 | 128,502,224 | 3,535,447 | 1,269,513,869 | 0.623 | 1,269,513,869 | 100.000% |
| 2000 | 629,513,995 | 385,831,159 | 177,455,428 | 132,269,457 | 3,416,980 | 1,321,653,059 | 0.623 | 1,321,653,059 | 100.000% |
| 2001 | 818,802,311 | 523,496,560 | 181,669,464 | 168,114,632 | 3,956,410 | 1,688,126,557 | 0.590 | 1,688,126,557 | 100.000% |
| 2002 | 863,378,134 | 529,167,243 | 195,018,122 | 180,078,672 | 4,115,883 | 1,763,526,288 | 0.590 | 1,763,526,288 | 100.000% |
| 2003 | 910,958,129 | 512,413,947 | 194,432,457 | 178,429,500 | 6,222,756 | 1,790,011,277 | 0.590 | 1,790,011,277 | 100.000% |
| 2004 | 936,667,645 | 550,106,394 | 197,633,131 | 184,821,035 | 7,475,104 | 1,861,753,101 | 0.590 | 1,861,753,101 | 100.000% |
| 2005 | 984,260,984 | 553,646,804 | 203,439,744 | 203,060,465 | 7,492,126 | 1,936,915,871 | 0.590 | 1,936,915,871 | 100.000% |
| 2006 | 1,081,307,838 | 508,850,748 | 232,245,868 | 218,816,080 | 7,159,337 | 2,034,061,197 | 0.590 | 2,034,061,197 | 100.000% |



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 |
| 1997 | $ 0.553 | $ - | $ 0.553 | $ 0.644 | $ 1.197 |
| 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 |

**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.

**City of Jacksonville, North Carolina**
**Principal Property Tax Payers**
**Current Year and Nine Years Ago**

| | 2006 | | | 1997 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **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 | $ 35,291,135 | 1 | 1.74 % | $ - | | - % |
| Carolina Telephone & Telegraph | 26,525,655 | 2 | 1.30 | 17,094,723 | 2 | 1.49 |
| Jones-Onslow EMC | 18,487,841 | 3 | 0.91 | 7,310,549 | 9 | 0.64 |
| Wal-Mart Real Estate Business Trust | 17,988,067 | 4 | 0.88 | - | | - |
| Marine Federal Credit Union | 14,914,971 | 5 | 0.73 | - | | - |
| Jacksonville Commons LLC | 14,265,909 | 6 | 0.70 | - | | - |
| Progress Energy | 12,340,588 | 7 | 0.61 | 8,089,875 | 6 | 0.71 |
| United Dominion Realty Trust | 12,046,606 | 8 | 0.59 | 10,855,746 | 3 | 0.95 |
| Cross Pointe Developers | 11,665,299 | 9 | 0.57 | - | | - |
| Lima Holding LLC | 8,962,182 | 10 | 0.44 | - | | - |
| Beckley Jacksonville, Ltd | - | | - | 19,469,356 | 1 | 1.70 |
| North Hills, Inc | - | | - | 10,342,576 | 4 | 0.90 |
| Bailey & Associates, Inc | - | | - | 9,260,758 | 5 | 0.81 |
| New River Associates | - | | - | 8,089,382 | 7 | 0.71 |
| John Eagan | - | | - | 7,357,020 | 8 | 0.64 |
| Popkin Bros. Enterprises Inc | - | | - | 6,075,795 | 10 | 0.53 |
| Total | $ 172,488,253 | | 8.48 % | $ 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 |
| 1997 | $ 6,402,043 | $ 6,216,007 | 97.09 % | $ 157,131 | $ 6,373,138 | 99.55 % |
| 1998 | 6,861,287 | 6,662,127 | 97.10 | 153,877 | 6,816,004 | 99.34 |
| 1999 | 7,948,057 | 7,713,064 | 97.04 | 178,305 | 7,891,369 | 99.29 |
| 2000 | 8,289,972 | 8,027,020 | 96.83 | 194,475 | 8,221,495 | 99.17 |
| 2001 | 10,148,926 | 9,847,945 | 97.03 | 235,089 | 10,083,034 | 99.35 |
| 2002 | 10,448,606 | 10,087,516 | 96.54 | 283,285 | 10,370,801 | 99.26 |
| 2003 | 10,615,036 | 10,256,566 | 96.62 | 271,198 | 10,527,764 | 99.18 |
| 2004 | 11,066,894 | 10,664,781 | 96.37 | 313,442 | 10,978,223 | 99.20 |
| 2005 | 11,599,071 | 11,100,980 | 95.71 | 273,147 | 11,374,127 | 98.06 |
| 2006 | 12,283,606 | 11,702,137 | 95.27 | - | 11,702,137 | 95.27 |

Source: Onslow County Tax Administrator/Collector

**Table 9**

**City of Jacksonville, North Carolina**
**Direct and Overlapping Sales Tax Rates**
Last Ten Fiscal Years

| Fiscal Year | Onslow County [a] | |
|---|---|---|
| 1997 | 2.00 | % |
| 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 | |

**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.
[b] The County sales tax rate increased to 2.50% effective January 1, 2003.

Table 10

**City of Jacksonville, North Carolina**
**Ratios of Outstanding Debt by Type**
Last Four Fiscal Years

| Fiscal Year | General Obligation Bonds | Percentage of Actual Taxable Value of Property | Per Capita |
|---|---|---|---|
| 2003 | $ - | 0% | $ - |
| 2004 | - | 0% | - |
| 2005 | - | 0% | - |
| 2006 | - | 0% | - |

| | Other Governmental Activities Debt | Business-type Activities | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Installment Purchase Loans | Sanitary Sewer Revolving Loan | Installment Purchase Loans | Other Loans | Total Primary Government | Percentage of Personal Income [a] | Debt Per Capita |
| 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 |

**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] See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 11

**City of Jacksonville, North Carolina**
**Direct and Overlapping Governmental Activities Debt**
As of June 30, 2006

| 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 | $ 74,530,000 | 20.35% | $ 15,166,855 |
| **Other Debt** | | | |
| Onslow County Certificates of Participation | 15,500,000 | 20.35% | 3,154,250 |
| Onslow County Installment Purchase Loans | 16,292,000 | 20.35% | 3,315,422 |
| Subtotal, overlapping debt | | | 21,636,527 |
| **City direct debt** | | | 10,419,924 |
| **Total direct and overlapping debt** | | | $ 32,056,451 |

**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, 2005, assessed valuation of the County of Onslow ($9,997,137,569) as compared to the June 30, 2005, assessed valuation of the City of Jacksonville ($2,034,061,197).

Table 12

**City of Jacksonville, North Carolina**
**Legal Debt Margin Information**
Last Four Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2006**

| | |
|---|---|
| Assessed value | $ 2,034,061,197 |
| Debt limit (8% of assessed value) | 305,109,180 |
| Debt applicable to limit: | |
| Installment purchase | 10,419,924 |
| Total net debt applicable to limit | 10,419,924 |
| Legal debt margin | $ 294,689,256 |

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2003** | **2004** | **2005** | **2006** |
| Debt limit | $ 143,200,902 | $ 148,940,248 | $ 154,953,270 | $ 305,109,180 |
| Total net debt applicable to limit | 12,095,656 | 11,161,778 | 9,845,590 | 10,419,924 |
| Legal debt margin | $ 131,105,246 | $ 137,778,470 | $ 145,107,680 | $ 294,689,256 |
| Total net debt applicable to the limit as a percentage of debt limit | 8.4% | 7.5% | 6.4% | 3.4% |

**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.

Table 13

**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] |
|---|---|---|---|---|---|---|---|---|
| 1997 | 75,527 | | 3,038,156 | 20,534 | 25.25 | (7) | 24,596 | 3.3 % |
| 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 | | NA | NA | 23.98 | | 27,213 | 6.1 |
| 2006 | 73,121 | | NA | NA | NA | | 22,283 | 4.7 |

**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 2000
(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 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 2005.

Table 14

**City of Jacksonville, North Carolina**
**Principal Employers, Current Year [a]**

| | 2006 | | |
|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total City Employment** |
| Department of Defense (civilian employees) [b] | 4,675 | 1 | 8.52 % |
| Onslow County Board of Education | 3,150 | 2 | 5.74 |
| Onslow County Government | 1,075 | 3 | 1.96 |
| Onslow Memorial Hospital | 1,000 | 4 | 1.82 |
| Customerlinx of North Carolina, Inc. | 620 | 5 | 1.13 |
| Wal-Mart Associates, Inc. | 610 | 6 | 1.11 |
| Camp Lejeune Dependent Schools | 585 | 7 | 1.07 |
| City of Jacksonville | 471 | 8 | 0.86 |
| Convergys Marketing | 450 | 9 | 0.82 |
| Food Lion, LLC | 420 | 10 | 0.77 |
| Total | 13,056 | | 23.79 % |

**Sources:** Onslow County Finance Office (based on data received directly from employers), NC Employment Security Commission
Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

**Notes:**
[a] Data is not available for prior years.
[b] 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 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government: | | | | | | | | | | |
| Mayor and Council (Note 1) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| City Manager | 5.5 | 5.5 | 6.5 | 6.5 | 6 | 6 | 6 | 5 | 5 | 5 |
| Legal | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Human Resources | 2 | 2 | 2 | 5 | 5 | 3 | 3 | 5 | 5 | 5 |
| City Clerk | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 3 |
| Finance | 18 | 19 | 19 | 17 | 17 | 20 | 20 | 19 | 19 | 20 |
| Planning | 5 | 6 | 6 | 7 | 7 | 5 | 5 | 6.3 | 6.5 | 6.5 |
| Transportation | 2 | 2 | 3 | 2 | 2 | 2 | 2 | 1.5 | 1.5 | 2.5 |
| Public Safety: | | | | | | | | | | |
| Police | 120 | 129 | 130 | 130 | 130 | 130 | 128 | 130 | 130 | 131 |
| Animal Control | 3 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire | 69 | 69 | 71 | 72 | 72 | 72 | 72 | 75 | 75 | 75 |
| Building Inspections | 9 | 9 | 9 | 10 | 10 | 11 | 11 | 11.2 | 12 | 12 |
| Public Works: | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 1.5 | 1.1 | 1.1 | 1.1 | 1.1 |
| Engineering | 2 | 2 | 3 | 3 | 3 | 4 | 4 | 4.5 | 4.5 | 4.5 |
| Bldg & Grounds Maint | 18 | 18 | 18 | 20 | 20 | 13 | 13 | 13 | 13 | 13 |
| Streets | 27 | 32 | 32 | 31 | 31 | 31 | 31 | 31 | 30 | 30 |
| Recreation and Parks | 10 | 11 | 11 | 11 | 12 | 20 | 19 | 19 | 20 | 20 |
| Water/Sewer Operations: | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.9 | 2.9 | 2.9 | 2.9 |
| Engineering | 5 | 6 | 6 | 6 | 6 | 4 | 4 | 4.5 | 4.5 | 7.5 |
| Metering | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Utilities Maintenance | 12 | 12 | 12 | 12 | 12 | 20 | 20 | 20 | 21 | 22 |
| Water Supply | 7 | 7 | 8 | 8 | 8 | 6 | 6 | 6 | 6 | 6 |
| Wastewater | 17 | 17 | 17 | 17 | 18 | 12 | 12 | 12 | 12 | 12 |
| Stormwater/Water Quality | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 2 |
| Sanitation/Solid Waste Disposal | 38 | 38 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Fleet Maintenance | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| City Hall Maintenance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Info Technology Services | 4 | 5 | 5 | 5 | 6 | 8 | 9 | 9 | 10 | 10 |
| Video/Media Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| Community Development | 3.5 | 4.5 | 4.5 | 4.5 | 4 | 4 | 4 | 4 | 4 | 4 |
| TOTAL | 405 | 425 | 433 | 436 | 438 | 439 | 438 | 449 | 453 | 462 |

**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.

**City of Jacksonville, North Carolina**
**Operating Indicators by Function/Program**
Last Six Fiscal Years

| Function/Program | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|
| General government | | | | | | |
| Building permits issued (Note 1) | 609 | 774 | 615 | 865 | 810 | 996 |
| Number of residential units (Note 2) | 508 | 363 | 275 | 369 | 404 | 385 |
| Number of commercial units (Note 2) | 15 | 24 | 29 | 50 | 25 | 25 |
| Building inspections conducted (Note 1) | 12,325 | 14,816 | 16,358 | 18,345 | 21,110 | 21,297 |
| Business privilege licenses issued | 3,324 | 3,319 | 3,344 | 3,523 | 3,694 | 4,321 |
| Business privilege license collections | $ 383,584 | $ 411,789 | $ 426,563 | $ 444,496 | $ 476,033 | $ 539,458 |
| Zoning inspections conducted (calendar year) | NA | 1,693 | 1,097 | 1,910 | 2,139 | 2,122 |
| Police | | | | | | |
| Physical arrests | 2,056 | 1,963 | 3,070 | 4,167 | 4,518 | 4,397 |
| Traffic citations | 11,365 | 7,248 | 3,910 | 10,246 | 10,423 | 13,108 |
| Calls for service | NA | NA | 59,420 | 62,133 | 65,793 | 73,862 |
| Priority 1 response time (minutes/seconds) | 6:25 | 6:37 | 6:26 | 6:30 | 6:40 | 7:25 |
| Fire | | | | | | |
| Emergency responses | 1,934 | 1,854 | 2,097 | 2,375 | 2,319 | 2,260 |
| Fires extinguished | 195 | 205 | 205 | 195 | 178 | 184 |
| Fire inspections conducted | 668 | 995 | 843 | 1,081 | 1,227 | 1,093 |
| Public Works | | | | | | |
| Potholes repaired | 1,467 | 1,778 | 2,064 | 2,269 | 1,148 | 3,154 |
| Total street miles swept | 4,250.8 | 4,669.9 | 3,553.7 | 8,189.4 | 5,450.0 | 2,301.5 |
| Recreation and Parks | | | | | | |
| Youth baseball/softball registrations | NA | NA | NA | 741 | 858 | 923 |
| Senior citizen program registrations | NA | NA | NA | 454 | 593 | 457 |
| Water | | | | | | |
| Avg daily consumption (thousands of gallons) | 3,805 | 3,854 | 3,956 | 4,027 | 4,484 | 4,825 |
| Number of utility accounts | 12,683 | 12,683 | 14,085 | 14,456 | 14,709 | 14,813 |
| Wastewater | | | | | | |
| Avg daily sewer treatment (thousands of gallons) | 4,942 | 4,488 | 5,141 | 5,411 | 5,044 | 5,242 |
| Solid Waste Disposal | | | | | | |
| Refuse collected (tons per week) | 621.99 | 596.96 | 629.31 | 661.61 | 664.16 | 675.62 |
| Yard waste collected (tons per week) | 40.58 | 65.16 | 76.53 | 88.56 | 112.11 | 111.21 |
| Recyclables collected (tons per fiscal year) | 696.65 | 712.95 | 749.24 | 763.04 | 821.75 | 887.59 |
| Stormwater | | | | | | |
| Drainage ditches maintained (miles) | 25.6 | 60.2 | NA | NA | NA | 41.1 |
| Transportation | | | | | | |
| LOOP ridership (monthly average) (Note 3) | NA | 120 | 310 | 573 | 810 | 965 |

**Notes:**

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 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.

**City of Jacksonville, North Carolina**
**Capital Asset Statistics by Function/Program**
Last Six Fiscal Years

| Function/Program | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|
| General government | | | | | | |
| Land/Buildings (dollars) | 12,154,286 | 12,144,272 | 12,268,323 | 12,360,798 | 17,435,277 | 18,355,699 |
| Police | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 |
| Police vehicles (Note a) | 122 | 141 | 145 | 121 | 137 | 123 |
| Fire | | | | | | |
| Stations | 4 | 4 | 4 | 4 | 4 | 4 |
| Fire Engines | 9 | 9 | 9 | 9 | 9 | 9 |
| Public Works | | | | | | |
| Streets (miles) (Note b) | 165.64 | 166.37 | 166.37 | 167.16 | 168.99 | 170.41 |
| Sidewalks (miles) | 30.56 | 31.57 | 31.57 | 33.21 | 35.91 | 41.01 |
| Streetlights | 2,218 | 2,234 | 2,234 | 2,246 | 2,263 | 2,294 |
| Recreation and Parks | | | | | | |
| Parks (Note c) | 16 | 16 | 20 | 20 | 20 | 23 |
| Acreage | 228.0 | 228.0 | 262.4 | 262.4 | 262.4 | 294.2 |
| Playgrounds | 13 | 13 | 15 | 15 | 15 | 15 |
| Athletic fields | 16 | 18 | 20 | 20 | 25 | 25 |
| Recreation centers | 4 | 4 | 4 | 4 | 4 | 4 |
| Water | | | | | | |
| Water mains (miles) | 201.00 | 202.63 | 204.50 | 205.45 | 207.80 | 209.48 |
| Pump stations | 38 | 38 | 38 | 38 | 39 | 39 |
| Fire hydrants | 1,697 | 1,818 | 1,857 | 1,917 | 1,967 | 1,989 |
| Storage capacity (millions of gallons) | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 3.9 |
| Wastewater | | | | | | |
| Sanitary sewers (miles) | 198.42 | 200.48 | 201.83 | 202.56 | 204.57 | 206.5 |
| Storm drainage ditches (miles) | NA | NA | NA | NA | NA | 100.0 |
| Treatment capacity (mgd) | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Solid Waste Disposal | | | | | | |
| Sanitation trucks | 12 | 12 | 12 | 12 | 12 | 12 |
| Other sanitation vehicles (Note d) | 7 | 7 | 7 | 7 | 7 | 7 |

**Notes**:
NA indicates data is not available.
(a) The FY2002, FY2003, and FY2005 numbers of police vehicles include surplus vehicles not yet sold.
(b) Street mileage includes those streets within the City limits that are maintained by the NC Department of Transportation (32.03 miles)
(c) Recreation parks and acreage for FY 2006 include 3 proposed parks totaling 31.85 acres. The existing 20 parks comprise 262.4 acres.
(d) Other sanitation vehicles include two boom trucks, three dial-a-trucks, and two pickup trucks.

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CAMP LEJEUNE
MCAS NEW RIVER

# 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 actvities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2006, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated August 29, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### 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
August 29, 2006

## 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 its major federal program for the year ended June 30, 2006. City of Jacksonville's major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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
August 29, 2006

# 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 its major State program for the year ended June 30, 2006. City of Jacksonville's major State program is 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 its major State program 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 its major State program for the year ended June 30, 2006.

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 the 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 and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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
August 29, 2006

CITY OF JACKSONVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2006

**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 |
| • Reportable condition(s) 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 |
| • Reportable condition(s) 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, 2006**

Identification of major federal program:

| CFDA # | Program Name |
|---|---|
| 14.218 | Community Development Entitlement |

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
- Reportable condition(s) 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, 2006

**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 Year Ended June 30, 2006

**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 Year Ended June 30, 2006**

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, 2006**

| 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 | $ 1,179,222 | $ - | $ 91,841 |
| Pass through: NC Housing Finance Agency | | | | | |
| Affordable Home Ownership | 14.239 | HM0001 | 31 | - | - |
| Total US Department of Housing & Urban Development | | | 1,179,253 | - | 91,841 |
| US Department of Justice | | | | | |
| Direct Programs: | | | | | |
| Local Law Enforcement Block Grant | 16.592 | 2004-LB-BX-0596 | 114 | - | 46,505 |
| Bulletproof Vest Partnership Grant | 16.607 | | 10,438 | - | 7,123 |
| Justice Assistance Grant | 16.738 | 2005-DJ-BX-0146 | 26,008 | - | 3,792 |
| Pass through: Onslow County Board of Education | | | | | |
| School Resource Officer | 16.594 | | 193,395 | - | 105,006 |
| Total US Department of Justice | | | 229,955 | - | 162,426 |
| US Department of Transportation | | | | | |
| Pass through: NC Department of Transportation | | | | | |
| 104-F Transportation Grant | 20.205 | | 73,136 | - | 18,285 |
| Governor's Highway Safety Program | 20.605 | | 24,760 | - | 14,668 |
| Total US Department of Transportation | | | 97,896 | - | 32,953 |
| US Department of Homeland Security | | | | | |
| Pass through: NC Department of Crime Control and Public Safety | | | | | |
| Governor's Crime Commission | 97.067 | | 190,761 | - | - |
| Public Assistance Grants | 97.036 | | 73,407 | 24,469 | 131,774 |
| Total US Department of Homeland Security | | | 264,168 | 24,469 | 131,774 |
| US Department of Commerce | | | | | |
| National Oceanic and Atmospheric Administration | | | | | |
| Office of Finance and Administration | | | | | |
| Chanrey Creek Watershed | 11.463 | | 26,755 | - | - |

(Continued)

**CITY OF JACKSONVILLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**
**For the Fiscal Year Ended June 30, 2006**

| 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 Juvenile Justice and | | | | | |
| Delinquency Prevention | | | | | |
| Juvenile Transportation Grant | | N/A | - | 500 | - |
| Total NC Department of Juvenile Justice and Delinquency Prevention | | | - | 500 | - |
| NC Department of Justice | | | | | |
| Environmental Division | | | | | |
| Smithfield Grant | | N/A | - | 1,434 | - |
| Total NC Department of Justice | | | - | 1,434 | - |
| NC Department of Transportation | | | | | |
| Nonstate System Street Aid Allocation | | N/A | - | 2,120,156 | - |
| State Maintenance Assistance Program | | N/A | - | 60,221 | 49,074 |
| Section 5305 Grant | | N/A | - | 23,445 | 2,605 |
| Total NC Department of Transportation | | | - | 2,203,822 | 51,679 |
| NC Department of Environment and | | | | | |
| Natural Resources | | | | | |
| Division of Parks and Recreation | | | | | |
| Part F Grant | | N/A | - | 60,700 | (40,791) |
| NC Coastal Management Program | | | | | |
| Beach and Water Access Grant | | N/A | - | 2,152 | 7,422 |
| Beach and Water Access Grant | | N/A | - | 58,442 | 40,338 |
| Division of Water Quality | | | | | |
| Environmental Education Fund | | N/A | - | 5,545 | 257,787 |
| Total NC Department of Environment and Natural Resources | | | - | 126,839 | 264,756 |
| Total federal expenditures | | | $ 1,798,027 | | |
| Total State expenditures | | | | $ 2,357,064 | |
| Total local expenditures | | | | | $ 735,429 |

CITY OF JACKSONVILLE, NORTH CAROLINA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
**For the Fiscal Year Ended June 30, 2006**

### 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.

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