



# The City of Jacksonville Comprehensive Annual Financial Report

## Fiscal Year ended June 30, 2016

**Prepared by the City of Jacksonville NC Finance Department**  
PO Box 128 • Jacksonville NC 28541-0128  
City Hall: 815 New Bridge St • Jacksonville NC 28540



City of Jacksonville  
North Carolina

**Comprehensive Annual  
Financial Report**

For The Fiscal Year Ended June 30, 2016

Prepared by  
**FINANCE DEPARTMENT**

Finance Director  
**GAYLE MAIDES**



**City of Jacksonville, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

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# City of Jacksonville

City Manager's Office

PO Box 128 • Jacksonville NC 28541-0128 • 910 938-5220

## LETTER OF TRANSMITTAL

November 30, 2016

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville for the fiscal year ended June 30, 2016. The basic financial statements contained herein have been audited by the independent certified public accounting firm of RMS US LLP, formerly McGladrey LLP, and their unmodified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Programs* (Uniform Guidance), which supersedes OMB Circular A-133 and the State Single Audit Implementation Act.

This report encompasses all funds of the City and its component unit. The City provides a full range of services: police and fire protection, construction and maintenance of streets, community development, planning and zoning, and parks and recreation. The City owns and operates a water and sewer system and also separately accounts for its solid waste and stormwater/water quality systems as business-type activities; therefore, these latter activities are included in the reporting entity.

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## PROFILE OF THE GOVERNMENT

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The City of Jacksonville, incorporated in 1842, is located along the New River in Onslow County. It currently occupies 55.89 square miles and serves a population of 77,542, making Jacksonville the 13th largest city in North Carolina. Jacksonville is the county seat and is home to Marine Corps Base Camp Lejeune and Marine Corps Air Station New River. The City of Jacksonville is empowered to levy a property tax on both real and personal property located within the city limits.

The City has been governed by the Council-Manager form of government since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Council members and the Mayor are elected-at-large, and four Council members are elected by district, all for staggered four-year terms. The Mayor and Council make appointments to various advisory boards and committees. The Council appoints the City Manager and City Attorney. The City

Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, planning and budgetary management. The Council is required to adopt a budget no later than July 1 each year. 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 Funds, and Enterprise Funds, the fund level for the Capital Project Funds, or that alter total expenditures of any fund, must be approved by City Council.

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## **LOCAL ECONOMY**

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The major industries located within the City's boundaries or in close proximity are government (military), retail, hotel/food services, education, and healthcare. The June 2016 unemployment rate was 5.5 percent (not seasonally adjusted - NSA), which was higher than both the statewide rate of 5.2 percent (NSA) and the national rate of 4.9 percent (NSA).<sup>1</sup>

Personal income amounted to \$8.35 billion for FY16. \$.73 of every dollar earned in non-farm compensation within the area comes from government sources, with \$.60 of that dollar coming from military employment alone.<sup>2</sup>

Since 1941, Camp Lejeune and Marine Corps Air Station New River with the Marine Corps are together the largest employer in the area. The bases are home to the many units including II Marine Expeditionary Force, 2nd Marine Division, 2nd Marine Logistics Group, and Marine Corps Forces Special Operations Command. Nearly 40,000 Marines are assigned to the bases, 3,477 Naval personnel, and about 265 members of other services, most with the Coast Guard which has a training unit aboard Camp Lejeune. About 6,200 civilians employed create an economic impact of \$4 billion annually to the area.

The bases form important resources for the United States with forces from these commands regularly in the headlines in world news and deploy to many locations around the world. To help prepare service members for combat and humanitarian missions abroad, Camp Lejeune takes advantage of 156,000 acres, 12 miles of beach capable of supporting amphibious operations, 27 gun positions, 47 tactical landing zones, 98 live-fire ranges, six state-of-the-art training facilities for Military Operations on Urban Terrain, four forward operating bases and the Greater Sandy Run Training Area. Military forces from around the world also train on Camp Lejeune on a regular basis for bilateral, combined or joint exercises. Military construction for the latest Fiscal Year was worth \$282.6 million for infrastructure to advance the Marine mission.

MCAS New River was the first base with the MV-22 Osprey and has trained Marines and other services members on the tilt-rotor aircraft. A new \$138 million hangar is the largest military hangar in the US and will house two MV-22 squadrons. The airbase will be home to more than half of all Marine aircraft in the East Coast.

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## **LONG-TERM FINANCIAL PLANNING**

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Many of the City's ongoing projects deal with infrastructure needs due to the City's current and anticipated growth and/or changes in state regulation:

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1 US Department of Commerce, Bureau of Economic Analysis

2 CA05N Personal Income by Major Source and Earnings by NAICS Industry

- **Parkwood Regional Pump Station and Western Trunk Sewer** - This project consists of the construction of a regional pump station on the northwest side of the City and a force main that connects to the Land Treatment Site. It also includes the installation of a gravity sewer to Western Boulevard. The project had been stalled due to ongoing easement issues for the 36-inch force main. This delay was resolved through action by the Onslow County Board of Commissioners on August 18, 2014. This action recognized that the City had agreed to demolish the County's downtown Tax Office as well as make parking and landscaping improvements at the site in return for the desired easement through Burton Park.

The environmental planning/documentation phase of the project resumed after the action by the Onslow County Board of Commissioners. This phase culminated with the receipt of a finding of no significant impact (FONSI) by the regulatory agencies having jurisdiction which is documented by a July 8, 2015 letter from the State Environmental Review Clearinghouse. The design phase began during June 2015 as the environmental planning/documentation phase was concluding. Currently, the design phase is expected to be completed at the end of 2016 with construction anticipated to begin in the middle of 2017. Construction is expected to last more than 2½ years.

- **Jacksonville Transit System** - The City provides fixed-route public transportation services 365 days a year – known as Jacksonville Transit. Two fixed-routes serve the general public seven days a week from 6AM to 8PM and two express routes serve Marine Corps installations on weekends and holidays. Door-to-door ADA para-transit service is also provided to compliment the fixed-route operation in accordance with federal requirements. The City also operates a one-call center where passengers can obtain information on how to ride Jacksonville Transit or to receive up-to-date information on bus arrival and departure times. Multiple revenue streams support the operational and capital needs of Jacksonville Transit from federal, state and local sources. Since 2007, ridership on Jacksonville Transit has consistently increased, carrying a total of 130,420 passengers in FY16. In the coming year, a new route serving the Georgetown and Yopp Road areas of Jacksonville will be implemented. Additionally, plans are in process to construct a Park & Ride facility in the area of Jacksonville Commons to serve residents traveling to and from Coastal Carolina Community College and military installations in the area.

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## MAJOR INITIATIVES

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

- **Sturgeon City Civic and Environmental Education Center** - This project consists of the construction of a 12,790 square foot single story building that would be the home to a Civic and Environmental Education Center. Construction has been delayed waiting official closure of the former landfill by DENR to make sure there are no environmental issues. Construction is anticipated to start in 2017.

- **Beirut Memorial Grove** - In 2013, the North Carolina Department of Transportation (NCDOT) constructed a Beirut Memorial Grove to replace aging Bradford Pear trees planted along Lejeune Boulevard. Site conditions, as well as other contributing factors, caused the initial NCDOT tree planting to fail. An Interlocal Agreement was reached with NCDOT whereby the City of Jacksonville would be responsible for the rebuilding. The restoration project replaces all 273 trees, applies chemical treatments to control weeds and revive sod, and includes 12 months of comprehensive maintenance funded by NCDOT. A new tree species (Chinese Pistache) was selected to compliment site conditions. City crews completed this project in the Fall of 2015.
- **Lejeune Trail** - This 2.8 mile long greenway consists of a 10-ft wide multi-use greenway trail located on the south side of Lejeune Boulevard and NC 24 Bypass. The trail is primarily situated on MCB Camp Lejeune property and begins near Lejeune Blvd and Montford Point Road and ends at the new Wilson Gate entrance. The proposed trail will have a surface of asphalt, minimal sections of concrete, and boardwalk where necessary. Construction began in October 2015 and should be completed by December 2016.
- **Downtown Initiative** - Having partnered with private firms to construct several structures, the City recently focused on demolition of dilapidated structures to make way for improvements including a future parking deck site which is currently being used as a temporary parking site for festivals and special events. The project has attracted private development in the area with several new homes being built.

The Community Development Division continues its partnership with local builders in its effort to construct new affordable homes and revitalize the downtown area. During FY 15 one new home was constructed and sold through the Downtown Housing Initiative's Public-Private Partnership and three homebuyers were pre-approved to purchase homes. A total of five new homes have been constructed and sold to date with three new homes under construction through the Downtown Housing Initiative.

- **Jacksonville Marina** – The City purchased the Kerr Street Marina and has adopted a redevelopment plan to completely replace the facility. The work will include a new bulkhead, 19 slips, a scenic water-based shelter, and a fishing pier.
- **Splash Pad** – Utilizing Community Development Block Grant (CDBG) funds, the City installed our first splash pad for children's play at Jack Amyette Park. The splash pad opened on May 28, 2016 and closed September 6, 2016 for the season. Approximately 75 people per day utilized the facility during the 101 days it was opened this summer.
- **Georgetown Fitness Trail** –CDBG funds were also utilized by the City to upgrade Georgetown Park. A ¼ mile fitness trail, exercise equipment along the trail, and a new playground were installed.

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## FINANCIAL INFORMATION

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The financial statements and notes included in this report present the financial position and operations of governmental activities, and business-type activities 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, 2016. 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 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 part of the City's single audit, tests are conducted 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, 2016, found 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 RMS US LLP, formerly McGladrey 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 and Subpart F of Title 2 U.S. Code Federal Regulations (CFR) Part 200, which supersede OMB Circular A-133 and the State 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 exceeds the average yield rates of 0.130 percent for US Treasury bills in 2016. For the year ended June 30, 2016, the City realized investment earnings of \$192,155, for an average yield of 0.24 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.

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## **OTHER INFORMATION**

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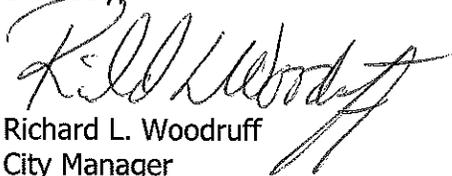
**Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-fifth 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.

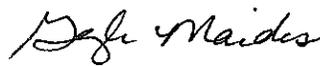
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

**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, RMS US LLP, formerly McGladrey 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,

  
Richard L. Woodruff  
City Manager

  
Gayle Maides  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Jacksonville**  
**North Carolina**

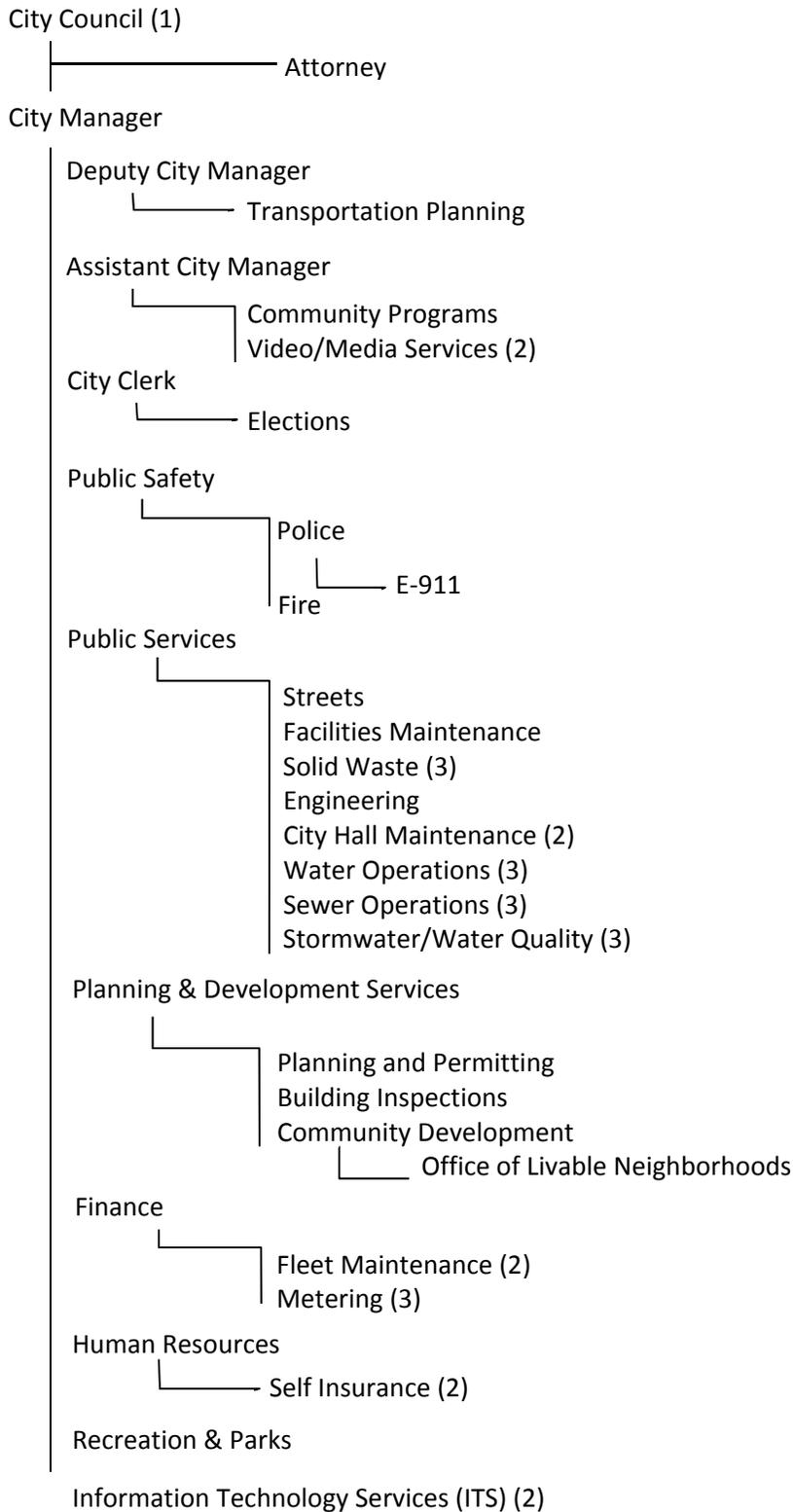
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# City of Jacksonville Organizational Chart

## Citizens of Jacksonville



Legend:

- (1) Elected Officials
- (2) Internal Service Fund
- (3) Enterprise Fund

**City of Jacksonville**  
**List of Principal Officials**  
**June 30, 2016**

<b>Title</b>	<b>Name</b>
Mayor	Sammy Phillips
Mayor, Pro-tem	Michael Lazzara
Council Member	Jerry Bittner
Council Member	Randy Thomas
Council Member	Robert Warden
Council Member	Angelia Washington
Council Member	Jerome Willingham
City Manager	Richard L. Woodruff
Deputy City Manager	Ronald F. Massey
Assistant City Manager	Glenn Hargett
Attorney	John T. Carter
City Clerk	Carmen K. Miracle
Finance Director	Gayle Maides
Chief Human Resources Officer	Kimberly Lindsay
Information Technology Services Director	Chris Koltyk
Planning & Development Services Director	Reggie Goodson
Public Safety Director	Mike Yaniero
Public Services Director	Wally Hansen
Director of Recreation Services	Susan Baptist
Director of Park Facilities	Michael Liquori

# FINANCIAL SECTION

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- \* Management's Discussion and Analysis
- \* Basic Financial Statements
- \* Notes to the Financial Statements
- \* Required Supplemental Financial Data
- \* Combining and Individual Fund Statements  
and Schedules
- \* Additional Financial Data



## INDEPENDENT AUDITOR'S REPORT

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

RSM US LLP

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement. The financial statements of Jacksonville Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, in the year ended June 30, 2016, the City adopted new accounting guidance Governmental Accounting Standards Board Statement Number 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 through 29, and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, and the Local Governmental Employees' Retirement System Schedules of the City's Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 93 through 97, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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 individual fund financial statements and schedules, budgetary schedules, and other financial data listed in the table of contents as "other supplemental financial data," the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, and the introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The "other supplemental financial data" is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental financial data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jacksonville's internal control over financial reporting and compliance.

*RSM US LLP*

Morehead City, North Carolina  
November 29, 2016

**City of Jacksonville, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**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, 2016. 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.

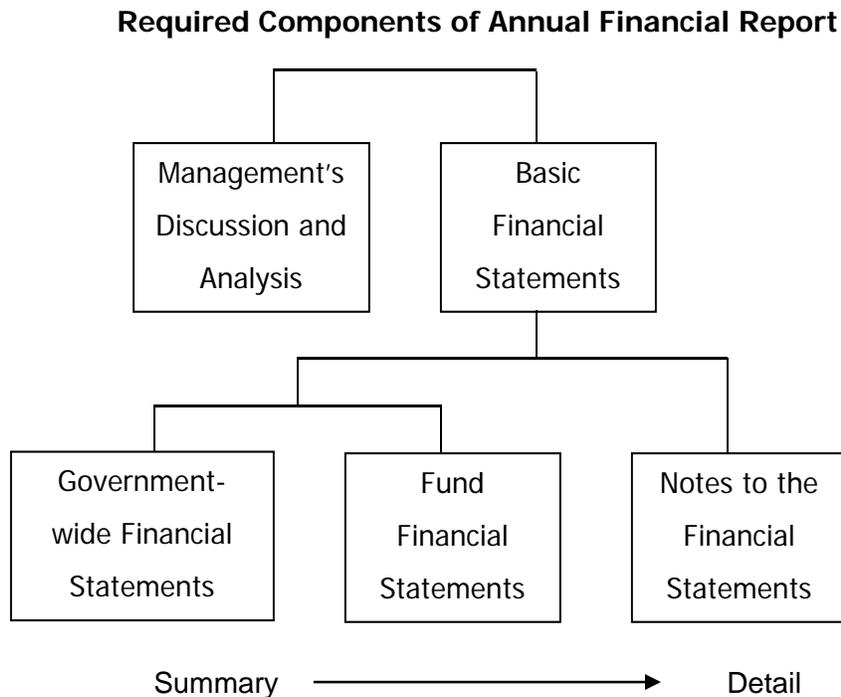
**FINANCIAL HIGHLIGHTS**

- The overall financial position of the City declined slightly in 2016 as evidenced by a decrease in total net position of \$0.64 million. Most of this decrease relates to increased spending for public safety, economic development and recreation.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$175.00 million (net position). Of this amount, \$52.15 million (unrestricted net position) 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 \$37.88 million, a decrease of \$0.90 million during the year. This decrease is due to spending on authorized capital projects where funding was in place in prior years and spending down of prior year grants. Approximately 35.5 percent of this total amount or \$13.45 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.45 million, or 54.32 percent of the budget for fiscal year 2017, as adopted. This exceeds the City Council's goal of 10 percent. The amount of fund balance used to balance the 2017 budget was decreased because of a steady revenue forecast and nearly flat expenditures. The fund balance amount committed and assigned for Capital Projects decreased by \$2.05 million, also indicating the completion of some of the ongoing construction projects.
- The City's total long-term debt decreased by \$15.77 million (12.9%) during the current fiscal year. There were no significant new capital projects funded by debt in the current fiscal year allowing payments on outstanding debt to reduce the total debt burden.

## 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 below shows how the required components of this annual report are arranged and relate to one another.



### Basic Financial Statements

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

- The governmental funds statements tell how general government services, i.e. 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 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, Other Post Employment Benefits, and the proportionate share of the Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System. In addition to these required elements, a section is included with combining statements that provide details about non-major governmental 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 Position includes all of the City's assets and liabilities. 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 position and how it has changed. Net position, the difference between assets and deferred outflows and the total of liabilities and deferred inflows, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are one indicator of whether financial health is improving or deteriorating. Other non-financial 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 three categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property, sales, and 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 stormwater/water quality system are included here.
- Component unit – Although the Jacksonville Tourism Development Authority (Authority) is a legally separate entity, it is important to the City. The City Council of Jacksonville appoints all of the members of the Board for the Authority.

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

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's individual 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 two types 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. Governmental funds financial statements are included as Exhibits C, D and E of this report.

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

- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The City has two types of proprietary funds. Enterprise Funds are the same as the business-type activities (shown in the Government-wide Statements), but provide more detail and additional information, such as cash flows. Internal Service Funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements. Proprietary funds financial statements are included as Exhibits F, G and H of this report.

## **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 44 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 Pension Benefits, the Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefits. Required supplementary information can be found on Exhibits I-N.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$175 million at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2016 and 2015 is presented below:

### City of Jacksonville's Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 45.99	\$ 49.27	\$ 33.38	\$ 36.03	\$ 79.37	\$ 85.30
Capital assets	95.45	97.70	123.95	131.60	219.40	229.30
Deferred outflow s of resources	1.31	1.37	2.42	0.37	3.73	1.74
Total assets and deferred outflow s of resources	142.75	148.34	159.75	168.00	302.50	316.34
Current and other liabilities	5.76	3.56	2.79	2.76	8.55	6.32
Noncurrent liabilities	32.20	35.43	85.23	91.96	117.43	127.39
Deferred inflow s of resources	1.12	5.75	0.40	1.55	1.52	7.30
Total liabilities and deferred outflow s of resources	39.08	44.74	88.42	96.27	127.50	141.01
Net position:						
Net investment in capital assets	71.03	72.40	41.55	44.19	112.58	116.59
Restricted	10.27	14.13	-	-	10.27	14.13
Unrestricted	22.37	17.07	29.78	27.54	52.15	44.61
Total net position	\$ 103.67	\$ 103.60	\$ 71.33	\$ 71.73	\$ 175.00	\$ 175.33

Government-wide net position decreased by \$0.33 million for the fiscal year ended June 30, 2016. The largest portion (64.2%) reflects the City's net 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 position (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$52.73 million (30.1%) is unrestricted net position and may be used to support operations and provide for payment of long-term debt.

At the end of the 2016 fiscal year, the City was able to report positive balances for the City government as a whole. The governmental activities show a decrease in the net investment in capital assets, while the unrestricted category showed an increase. The business-type activities show a decrease in the net position because of an overall loss on operation which decreased the net investment in capital assets.

Net position of the Governmental Activities increased \$0.07 million to \$103.67 million. You will find \$80.96 million of the net position is either restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net position of \$22.71 million increased \$5.64 million from the previous year. The increase was related to a shift from investment in capital assets and restricted.

The net position of the Business-Type activities had a decrease of \$0.40 million, or less than 1%, to \$71.33 million. The net position will be used to finance the operations and expansion of the water, sewer, solid waste and storm water/water quality operations. The Unrestricted Net Position of \$29.78 million increased in relation to the previous year.

With the implementation of GASB Statement 68 in the prior year, in the current year the City of Jacksonville allocated its proportionate share of the Local Governmental Employees' Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Jacksonville's management.

**Changes in net position.** The table on the following page presents the City's changes in net position for the fiscal years ended June 30, 2016 and 2015.

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

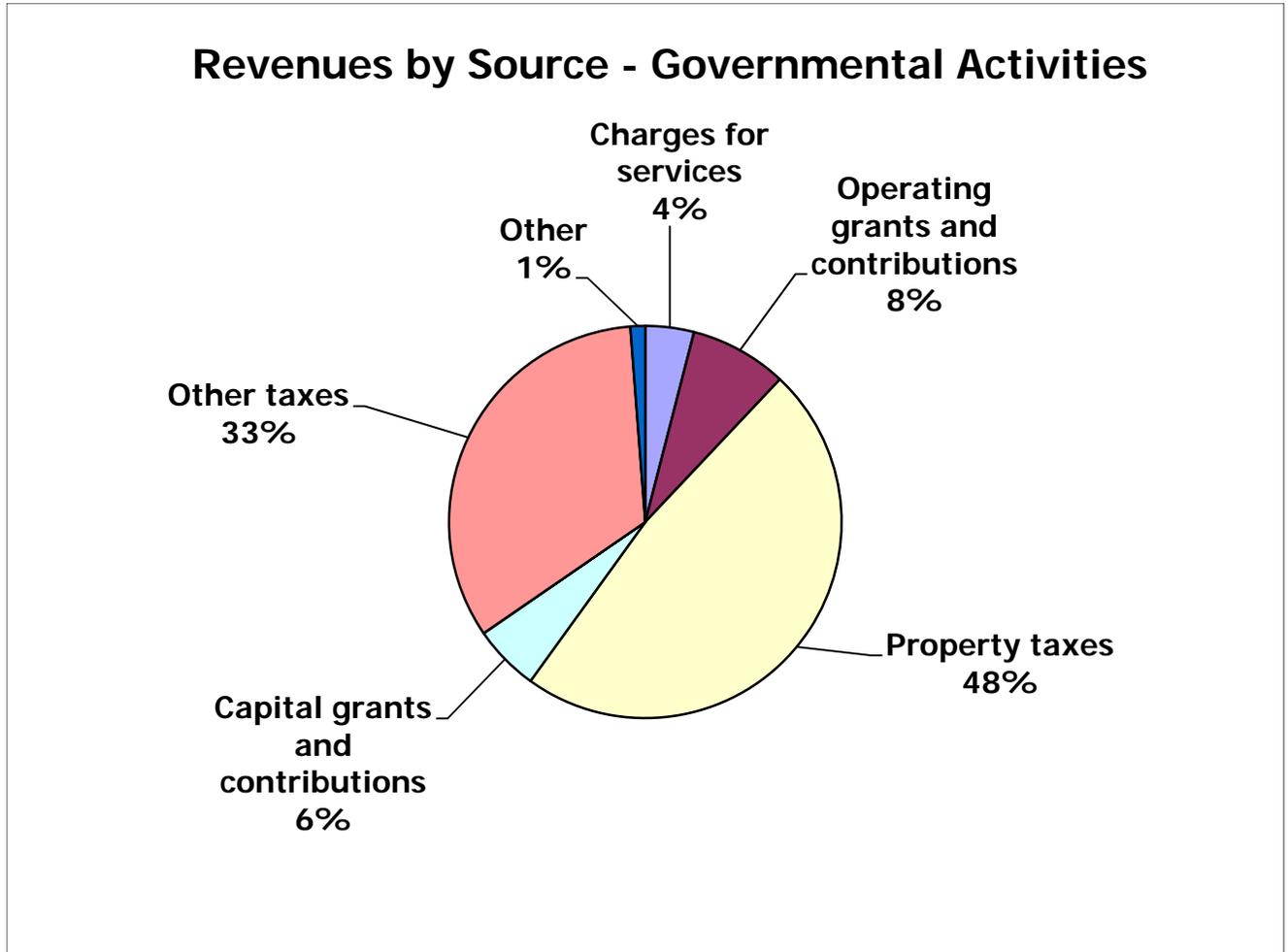
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1.91	\$ 1.94	\$ 30.60	\$ 30.21	\$ 32.51	\$ 32.15
Operating grants and contributions	3.84	3.42	0.05	0.05	3.89	3.47
Capital grants and contributions	2.61	2.07	0.05	0.07	2.66	2.14
General revenues:						
Property taxes	22.89	22.67	-	-	22.89	22.67
Other taxes	15.95	15.30	-	-	15.95	15.30
Other	0.58	0.85	0.69	0.52	1.27	1.37
Total revenues	<u>47.78</u>	<u>46.25</u>	<u>31.39</u>	<u>30.85</u>	<u>79.17</u>	<u>77.10</u>
<b>Expenses:</b>						
General government	4.67	4.68	-	-	4.67	4.68
Public works	7.47	7.29	-	-	7.47	7.29
Public safety	24.06	21.73	-	-	24.06	21.73
Economic and physical development	2.99	1.66	-	-	2.99	1.66
Culture and recreation	6.80	5.45	-	-	6.80	5.45
Interest on long-term debt	0.75	1.04	-	-	0.75	1.04
Water and sewer	-	-	25.52	25.10	25.52	25.10
Solid waste	-	-	5.26	5.25	5.26	5.25
Stormwater/Water Quality	-	-	2.29	2.31	2.29	2.31
Total expenses	<u>46.74</u>	<u>41.85</u>	<u>33.07</u>	<u>32.66</u>	<u>79.81</u>	<u>74.51</u>
Increase (decrease) in net position before transfers	1.04	4.40	(1.68)	(1.81)	(0.64)	2.59
Transfers	(1.28)	(1.29)	1.28	1.29	-	-
Increase (decrease) in net position	(0.24)	3.11	(0.40)	(0.52)	(0.64)	2.59
<b>Net Position:</b>						
Beginning of year, July 1, as previously reported	103.60	103.47	71.73	74.97	175.33	178.44
Restatement for accounting change	0.31	(2.98)	0.00	(0.81)	0.31	-
Beginning of year, July 1, as restated	<u>103.91</u>	<u>100.49</u>	<u>71.73</u>	<u>72.25</u>	<u>175.64</u>	<u>172.74</u>
End of year, June 30	<u>\$ 103.67</u>	<u>\$ 103.60</u>	<u>\$ 71.33</u>	<u>\$ 71.73</u>	<u>\$ 175.00</u>	<u>\$ 175.33</u>

Total government-wide revenues of \$79.17 million were primarily derived from charges for services (41%), property taxes (28.9%) and other taxes (20.1%). All revenue sources remained stable for the current year.

The total expenses of all programs were \$79.81 million. The expenses cover a range of services with the two largest being Public Safety (fire and police) and Water and Sewer, which account for 30.1

percent and 32.0 percent of total expenses, respectively. Water and Sewer expenses increased by \$0.42 million, while Public Safety increased by \$2.33 million.

### Governmental Activities

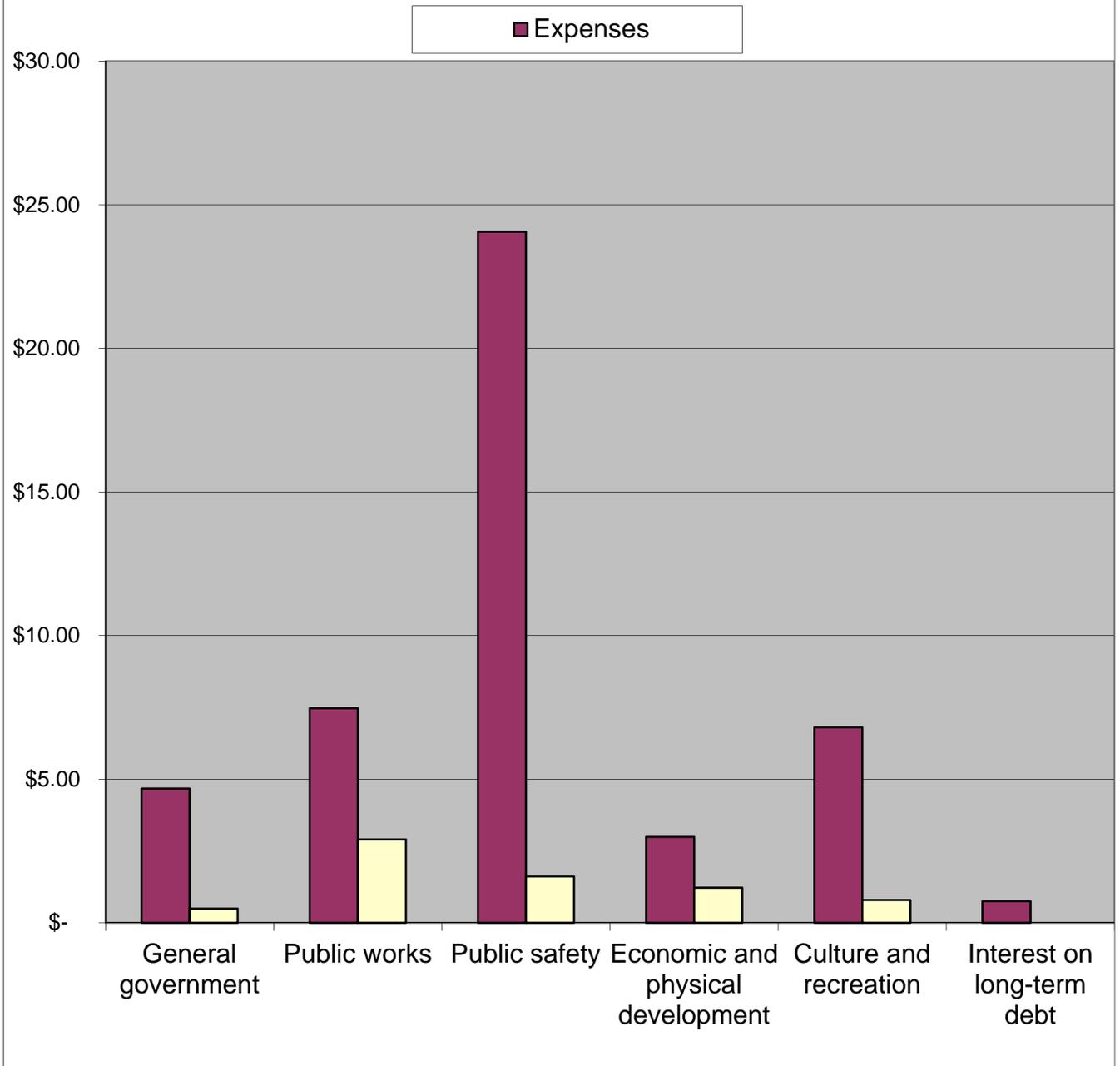


Public Safety accounts for 51.5 percent (\$24.06 million) of the total Governmental Activities expenses of \$46.74 million. Public Safety expenses increased 10.7 percent from the prior year. Within the Business-type Activities, the Water and Sewer expenses account for 77.2 percent of the \$33.07 million of total Business-type expenses.

The chart on the following page highlights the net cost (total cost less fees generated by the activities and operating grants and contributions) of the City's governmental programs – the three largest being Public Safety, Culture and Recreation and Public Works. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

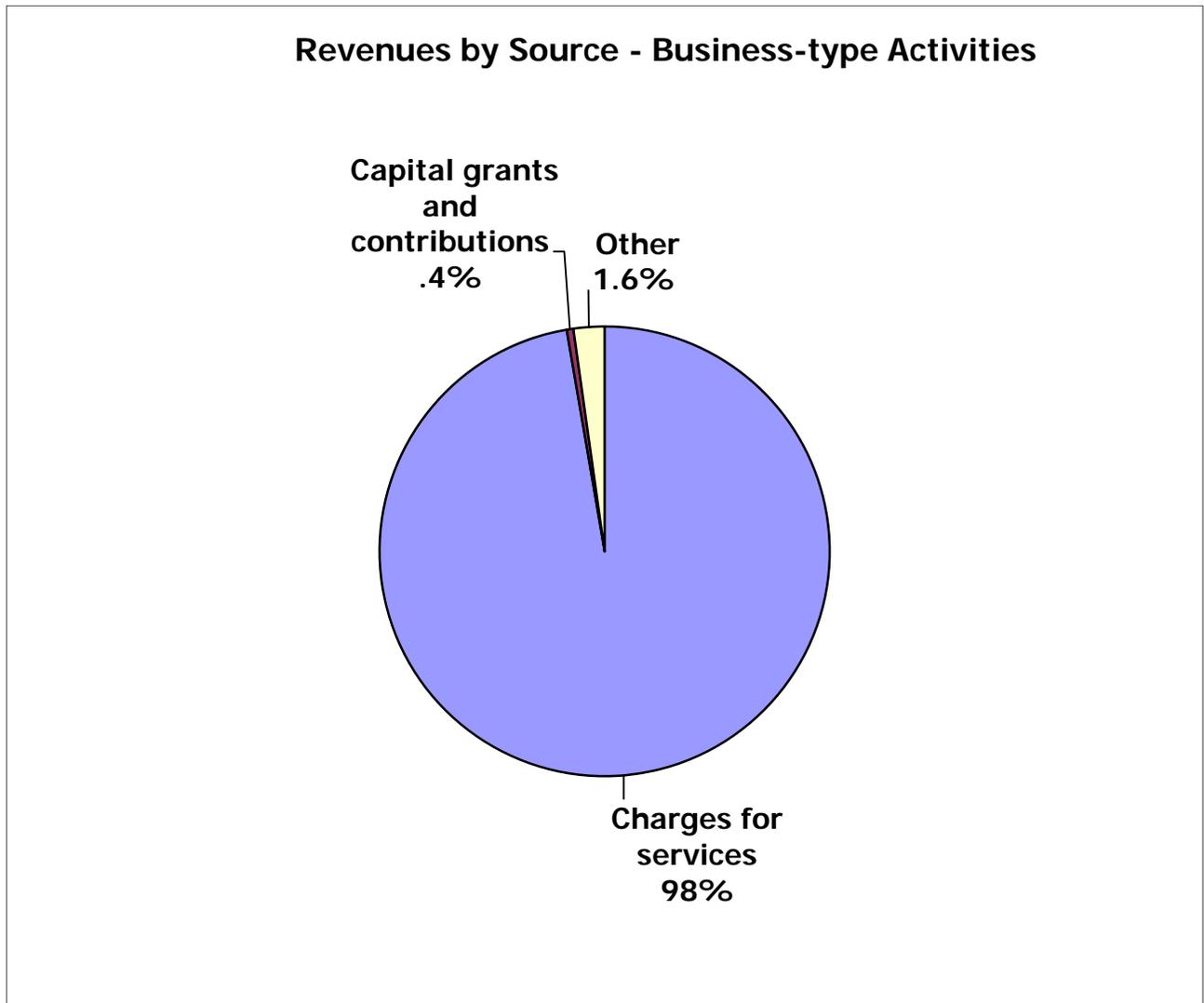
## Expenses and Program Revenues - Governmental Activities

(In Millions)



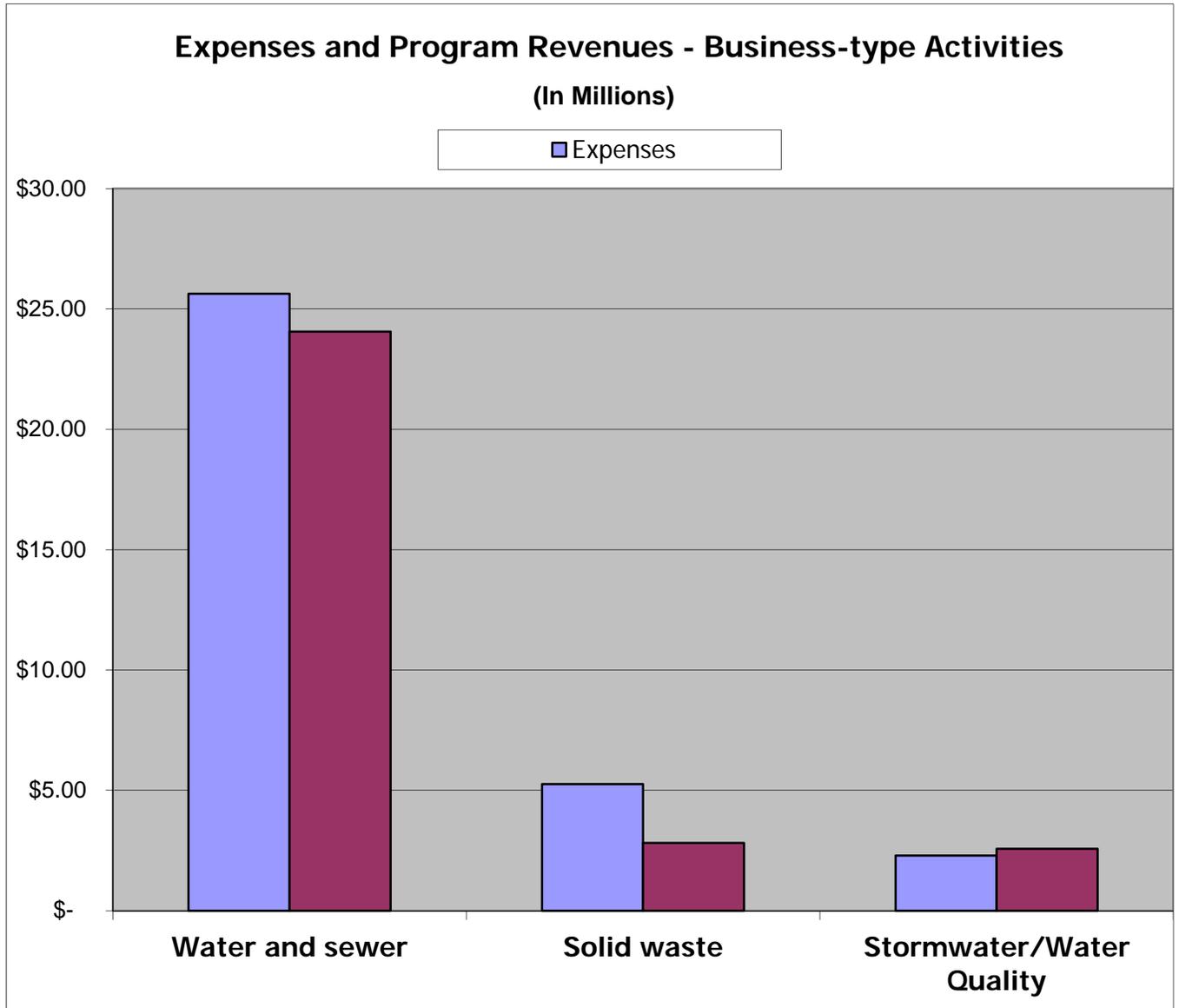
The total cost of governmental services of \$46.74 million was supported by \$1.91 million in fees, fines and charges from those who directly benefited from the programs. Another \$6.5 million was provided by other governments and organizations for specific programs.

## Business-type Activities



Revenues from the business-type activities were \$31.39 million, an increase of 1.8% from the prior year. This was primarily due to an increase of \$0.39 million in Charges for Services.

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



Total expenses for Business-type Activities were \$33.07 million, up \$0.41 million from the prior year. The Water and Sewer Fund experienced a decrease in Net Position of \$1.47 million. Operating expense increased by \$0.42 million or 1.7 percent.

The Solid Waste Fund ended 2016 with an increase in net position of \$0.48 million. Expenses increased slightly compared to the prior year and revenue increased due to the increase of the Commercial Dumpster collection service fee.

The Stormwater/Water Quality Fund had an increase in net position of \$0.59 million. Revenue and expenses increased slightly.

## 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, unassigned 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, 2016, the governmental funds reported a combined fund balance of \$37.88 million, a decrease of \$0.59 million, down only 1.5 percent from last year. This amount consists of the following:

### Governmental Funds Fund Balance

(a)	\$2.1 million in non-spendable:	
	Inventories	\$ 82,183
	Compensating Balance	2,000,000
	Prepaid items	5,670
		<u>\$ 2,087,853</u>
(b)	\$12.5 million restricted for specific purpose:	
	Stabilization by State Statute	\$ 5,622,969
	Restricted for Streets	2,603,875
	Other Functions	910,189
	Restricted for Public Safety	997,352
	Restricted for Community Development	2,341,453
		<u>\$ 12,475,838</u>
(c)	\$9.9 million committed by City Council	
	LEO Special Separation Allowance	\$ 312,733
	Assigned for Capital Projects	7,439,576
	Assigned for Subsequent year's expenditures	2,112,849
		<u>\$ 9,865,158</u>
(d)	\$13.4 million unassigned	<u>\$ 13,451,074</u>

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13.45 million, while total fund balance reached \$24.76 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to budgeted total fund expenditures for the next fiscal year. Unassigned fund balance represents 30.14 percent of fiscal year 2017 budgeted total General Fund expenditures, while total fund balance represents 52.35 percent of that same amount.

The fund balance, in the General Fund, increased by \$3.19 million, or 14.8 percent, during the current fiscal year. The key factor in this increase is the increase in tax collections, and restricted intergovernmental revenue.

The Major Capital Projects Fund has a total fund balance of \$5.62 million, which is restricted or assigned for future capital projects. The net decrease this year comes from the expenditures of funds to construct the various projects authorized and funded in the prior years. The bulk of expenditures were related to the Museum of the Marine and the completion of a section of trail to connect downtown Jacksonville to the existing trail system.

The non-major funds have a total fund balance of \$7.50 million, all of which is restricted for specific programs and streets-related capital projects.

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

Unrestricted net position, at the end of the year, amounted to \$27.24 million in the Water and Sewer fund, \$0.26 million in the Solid Waste fund and \$2.28 million in the Stormwater/Water Quality fund. The changes in total net position for the funds were \$(1.47) million, \$0.48 million and \$0.59 million, respectively. Other factors concerning the finances of these funds have previously 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) increases in appropriations that become necessary to maintain services. The changes in the fiscal year 2016 were insignificant in total with the largest being an amendment to re-appropriate encumbered funds at the end of 2015 to the new fiscal year.

General Fund revenues came in over budget amounts by 5.8% while the City's total expenditures in the General fund for the year were 8.7% less than the final budget. General Fund revenues and other financing sources exceeded expenses and other financing uses by \$2.88 million. The Appropriated Fund Balance in the final amended budget was \$3.48 million, however, as previously noted, \$2.88 million was added to the fund balance due to the diligence in spending by the departments.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2016, the City had \$219.40 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings, and infrastructure. This

represents a net increase of \$9.14 million, or 4.17% over last year. The summary of capital assets at June 30, 2016 and 2015 is as follows:

<b>City of Jacksonville's Capital Assets (net of depreciation) (in Millions)</b>							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2016	2015	2016	2015	2016	2015	
Land	\$ 12.12	\$ 11.47	\$ 4.53	\$ 4.50	\$ 16.65	\$ 15.97	
Land Rights	3.33	3.33	3.00	3.00	6.33	6.33	
Buildings	36.41	38.30	38.65	43.81	75.06	82.11	
Improvements other than buildings	8.39	8.82	66.04	69.66	74.43	78.48	
Equipment	2.38	2.90	0.32	0.48	2.70	3.38	
Software	0.18	0.29	0.01	0.01	0.19	0.30	
Heavy equipment	0.17	0.00	0.33	0.14	0.50	0.14	
Vehicles	2.76	3.09	1.80	2.03	4.56	5.12	
Infrastructure	27.52	26.84	3.66	3.75	31.18	30.59	
Construction in progress	2.19	2.66	5.61	4.23	7.80	6.89	
<b>Total</b>	<b>\$ 95.45</b>	<b>\$ 97.70</b>	<b>\$ 123.95</b>	<b>\$ 131.61</b>	<b>\$ 219.40</b>	<b>\$ 229.31</b>	

This year's major capital asset additions included:

- Water/Sewer system capital improvements \$ 4.08 million
- Donated Land \$ 0.15 million
- Construction in progress Water/Sewer \$ 2.45 million
- Construction in progress General \$ 0.83 million

At June 30, 2016, authorized and unexpended capital projects totaled \$21.48 million. The City plans to issue debt to finance some of these projects in addition to using resources currently available. The authorized and unexpended capital projects are as follows:

- Governmental \$ 11.34 million
- Water and Sewer \$ 9.55 million
- Stormwater \$ 0.41 million
- Internal Service (ITS) \$ 0.17 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, 2016, the City had \$106.40 million of debt outstanding in installment purchases, bonds, and revolving loans to the State of North Carolina. This was a decrease of \$15.77 million, or 12.9 percent less than last year. Details by type of debt are presented below.

<b>City of Jacksonville Outstanding Debt (in Millions)</b>						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment Purchases	\$27.76	\$ 30.79	\$ 5.88	\$ 9.19	\$ 33.64	\$ 39.98
Loans	-	-	44.90	47.57	44.90	47.57
Bonds	-	-	27.86	34.62	27.86	34.62
<b>Total</b>	<b>\$27.76</b>	<b>\$ 30.79</b>	<b>\$ 78.64</b>	<b>\$ 91.38</b>	<b>\$106.40</b>	<b>\$122.17</b>

New debt for 2016 resulted from installment purchases and loans for:

	2016
Vehicles & Equipment:	
General Fund	\$ 1,101,500
Solid Waste	551,331
Water/Sewer	103,500
Stormwater	568,474
Computer Equipment	180,000
	\$ 2,504,805

The City's sound financial condition is evidenced by the rating affirmed for the Revenue Bonds issued in May of 2016. This issue received ratings of Aa3 from Moody's. 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 appraised value of taxable property. The legal debt limit for the City at June 30, 2016 was \$289.25 million. At June 30, 2016 the City's debt applicable to the limit was \$31.49 million, which is 10.9 percent of the City's legal debt limit (see table 12).

More detailed information about the City's long-term obligations is presented in Note 9 of the financial statements. The debt margin is shown in Table 12.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The sales and use tax collections in the County increased slightly at \$48.5 million in fiscal year 2016, up from \$47.0 million in 2015. The County levies an additional sales tax that is not shared with the municipalities. When the additional tax is removed from the calculation, the County as a whole still showed an increase of \$1.31 million in sales tax, with the City gaining \$0.66 million.
- The June 2016 unemployment rate for Onslow County was 5.5 percent compared to 5.2 percent for the state and 4.9 percent for the nation. The rate for the County is significantly improved from the prior year at 6.2 percent.

The City continues a conservative attitude for budgeting in light of these uncertain times. Property taxes remain a fairly stable revenue source for the City.

The City appropriated \$2.48 million of General Fund unassigned fund balance for spending in the 2016 fiscal year amended budget. A strong, concerted effort was made by management to limit expenditures to revenues actually received, and revenues exceeded expectations. Due to these factors, \$2.88 million was actually added to the fund balance. For FY 2017, \$2.11 million has been assigned from the 2016 General Fund unassigned fund balance to balance revenues and expenditures anticipated for the budget year.

The following are highlights for the 2017 budgets:

- The Property tax rate and Charges for City Services remained unchanged for FY 2017.
- Health Insurance Plan changes and an increase in premiums were necessary to maintain the Health Insurance Fund balance.
- Two new areas were organized in the budget. One is the Office of Livable Neighborhoods within the Planning Department and the other was to establish the Transportation Services Department.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

# **BASIC FINANCIAL STATEMENTS**

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



**City of Jacksonville, North Carolina**  
**Statement of Net Position**  
June 30, 2016

	<b>Primary Government</b>			<b>Jacksonville Tourism Development Authority</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 27,534,748	\$ 28,023,179	\$ 55,557,927	\$ 1,919,599
Restricted cash and cash equivalents	9,044,108	1,751,373	10,795,481	-
Receivables:				
Taxes (net)	986,079	-	986,079	91,218
Accrued interest on taxes (net)	278,461	-	278,461	-
Accounts receivable (net)	5,848,585	3,395,387	9,243,972	-
Notes receivable (net)	1,751,827	-	1,751,827	-
Inventories	218,357	196,799	415,156	-
Prepaid items	85,766	23,029	108,795	-
Internal balances	246,000	(246,000)	-	-
Capital assets:				
Land	12,116,231	4,526,425	16,642,656	-
Land Rights	3,333,308	3,003,344	6,336,652	-
Buildings and other structures	54,597,831	113,956,073	168,553,904	-
Improvements other than buildings	14,438,467	126,620,608	141,059,075	-
Equipment	12,135,248	5,575,503	17,710,751	-
Software	1,480,879	104,400	1,585,279	-
Heavy equipment	524,639	1,473,820	1,998,459	-
Vehicles	12,232,423	7,839,697	20,072,120	-
Infrastructure	54,432,075	4,757,088	59,189,163	-
Construction in progress	2,190,693	5,611,940	7,802,633	-
Less accumulated depreciation	(72,028,366)	(149,522,612)	(221,550,978)	-
<b>Total Assets</b>	<b>141,447,359</b>	<b>157,090,053</b>	<b>298,537,412</b>	<b>2,010,817</b>
<b>Deferred Outflows of Resources</b>				
Deferred Charge related to Debt Refinancing	-	2,061,172	2,061,172	-
Contributions to pension plan in current fiscal year	1,306,424	356,112	1,662,536	-
Total deferred outflows of resources	1,306,424	2,417,284	3,723,708	-
<b>Liabilities</b>				
Accounts payable and accrued liabilities	3,735,924	1,794,471	5,530,395	97,328
Customer deposits	366,389	993,839	1,360,228	-
Net pension liability	1,655,435	400,172	2,055,607	-
Noncurrent liabilities:				
Due within one year	5,210,257	6,974,589	12,184,846	-
Due in more than one year	27,003,278	77,614,201	104,617,479	-
<b>Total Liabilities</b>	<b>37,971,283</b>	<b>87,777,272</b>	<b>125,748,555</b>	<b>97,328</b>
<b>Deferred Inflows of Resources</b>				
Unearned Revenue	69,243	90,154	159,397	-
Pension Deferrals	1,047,892	313,027	1,360,919	-
Total deferred inflows of resources	1,117,135	403,181	1,520,316	-
<b>Net Position</b>				
Net Investment in Capital Assets	71,029,630	41,547,420	112,577,050	-
Restricted:				
Stabilization by State Statute	5,622,969	-	5,622,969	91,218
Public Works	2,544,417	-	2,544,417	-
Public Safety	342,532	-	342,532	-
Economic Development	1,752,986	-	1,752,986	1,556,030
Unrestricted	22,372,831	29,779,464	52,152,295	266,241
<b>Total Net Position</b>	<b>\$ 103,665,365</b>	<b>\$ 71,326,884</b>	<b>\$ 174,992,249</b>	<b>\$ 1,913,489</b>

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 4,672,105	\$ 396,720	\$ 27,433	\$ 150,000
Public works	7,471,612	610,552	372,756	1,815,480
Public safety	24,059,681	191,778	718,204	-
Economic and physical development	2,985,321	-	2,523,738	-
Cultural and recreational	6,795,717	711,627	202,074	643,844
Interest on long-term debt	751,873	-	-	-
Total governmental activities	<u>46,736,309</u>	<u>1,910,677</u>	<u>3,844,205</u>	<u>2,609,324</u>
Business-type Activities:				
Water and sewer	25,522,986	22,940,859	-	13,371
Solid waste	5,261,666	4,685,085	48,745	-
Stormwater/Water Quality	2,291,507	2,975,883	-	-
Total business-type activities	<u>33,076,159</u>	<u>30,601,827</u>	<u>48,745</u>	<u>13,371</u>
Total primary government	<u>\$ 79,812,468</u>	<u>\$ 32,512,504</u>	<u>\$ 3,892,950</u>	<u>\$ 2,622,695</u>
<b>Component unit:</b>				
Jacksonville Tourism Development Authority	\$ 911,444	\$ -	\$ -	\$ -
Total component unit	<u>\$ 911,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

continued

City of Jacksonville, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Jacksonville Tourism Development Authority
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ (4,097,952)	\$ -	\$ (4,097,952)	\$ -
Public works	(4,672,824)	-	(4,672,824)	-
Public safety	(23,149,699)	-	(23,149,699)	-
Economic and physical development	(461,583)	-	(461,583)	-
Cultural and recreational	(5,238,172)	-	(5,238,172)	-
Interest on long-term debt	(751,873)	-	(751,873)	-
Total governmental activities	<u>(38,372,103)</u>	<u>-</u>	<u>(38,372,103)</u>	<u>-</u>
Business-type Activities:				
Water and sewer	-	(2,568,756)	(2,568,756)	-
Solid waste	-	(527,836)	(527,836)	-
Stormwater/Water Quality	-	684,376	684,376	-
Total business-type activities	<u>-</u>	<u>(2,412,216)</u>	<u>(2,412,216)</u>	<u>-</u>
Total primary government	<u>(38,372,103)</u>	<u>(2,412,216)</u>	<u>(40,784,319)</u>	<u>-</u>
<b>Component unit:</b>				
Jacksonville Tourism Development Authority	-	-	-	(911,444)
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(911,444)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose	22,886,482	-	22,886,482	-
Other taxes:				
Sales tax	11,295,715	-	11,295,715	-
E-911 surcharge	315,815	-	315,815	-
Utility Franchise tax	3,797,175	-	3,797,175	-
Beer and Wine tax	336,855	-	336,855	-
Gross receipts tax on short term vehicle leases	198,795	-	198,795	-
Occupancy Tax	-	-	-	852,774
Unrestricted investment earnings	96,487	87,394	183,881	906
Miscellaneous	483,155	645,668	1,128,823	-
Total general revenues	<u>39,410,479</u>	<u>733,062</u>	<u>40,143,541</u>	<u>853,680</u>
Transfers:	<u>(1,276,272)</u>	<u>1,276,272</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>38,134,207</u>	<u>2,009,334</u>	<u>40,143,541</u>	<u>853,680</u>
Change in net position	<u>(237,896)</u>	<u>(402,882)</u>	<u>(640,778)</u>	<u>(57,764)</u>
Net Position:				
Beginning of year, July 1	103,598,050	71,729,766	175,327,816	1,971,253
Restatement for accounting change-Note 17	305,211	-	305,211	-
Beginning of year, July 1, as restated	<u>103,903,261</u>	<u>71,729,766</u>	<u>175,633,027</u>	<u>1,971,253</u>
End of year, June 30	<u>\$ 103,665,365</u>	<u>\$ 71,326,884</u>	<u>\$ 174,992,249</u>	<u>\$ 1,913,489</u>

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

**City of Jacksonville, North Carolina**  
**Balance Sheet - Governmental Funds**  
June 30, 2016

	<b>Major</b>			<b>Total</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Total Non- Major Funds</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 18,628,364	\$ 1,950,028	\$ 3,972,796	\$ 24,551,188
Restricted cash and cash equivalents	2,985,540	3,729,482	2,329,086	9,044,108
Taxes receivable (net)	986,079	-	-	986,079
Accounts receivable (net)	4,881,323	334,734	590,928	5,806,985
Interfund receivable	-	-	663,000	663,000
Inventories	82,183	-	-	82,183
Prepaid items	5,670	-	-	5,670
Notes receivable (net)	-	-	1,751,827	1,751,827
<b>Total assets</b>	<b>\$ 27,569,159</b>	<b>\$ 6,014,244</b>	<b>\$ 9,307,637</b>	<b>\$ 42,891,040</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,466,806	\$ 163,827	\$ 1,407,944	\$ 3,038,577
Interfund payable	-	233,000	184,000	417,000
Customer deposits	366,389	-	-	366,389
<b>Total liabilities</b>	<b>1,833,195</b>	<b>396,827</b>	<b>1,591,944</b>	<b>3,821,966</b>
Deferred inflows of resources	977,145	-	212,006	1,189,151
<b>Fund balances:</b>				
<b>Non Spendable:</b>				
Inventories	82,183	-	-	82,183
Compensating Balance	2,000,000	-	-	2,000,000
Prepaid items	5,670	-	-	5,670
<b>Restricted:</b>				
Stabilization by State Statute	5,288,235	334,734	-	5,622,969
Streets - Powell Bill	520,535	-	2,083,340	2,603,875
Other Functions	910,189	-	-	910,189
Public Safety	75,351	-	922,001	997,352
Community Development - Grants	-	-	2,341,453	2,341,453
<b>Committed:</b>				
LEO Special Separation Allowance	312,733	-	-	312,733
Capital Projects	-	5,282,683	2,156,893	7,439,576
<b>Assigned:</b>				
Subsequent year's expenditures	2,112,849	-	-	2,112,849
Unassigned:	13,451,074	-	-	13,451,074
<b>Total fund balances</b>	<b>24,758,819</b>	<b>5,617,417</b>	<b>7,503,687</b>	<b>37,879,923</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,569,159</b>	<b>\$ 6,014,244</b>	<b>\$ 9,307,637</b>	<b>\$ 42,891,040</b>

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

continued

**City of Jacksonville, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2016

Total fund balances for governmental funds	\$ 37,879,923
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	95,453,428
Adjustment for assets attributable to internal service funds	(824,222)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Inflows of Resources - General Fund	1,119,906
Accrued interest on Property Taxes - Statement of Net Assets	278,461
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,306,424
Internal service funds are used to charge the costs of Technology, Insurance, 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	2,963,287
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(32,213,535)
Adjustment for internal service funds installment purchases and compensated absences	472,210
Net pension liability	(1,655,435)
Pension related deferrals	(1,047,892)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore not reported in the funds	<u>(67,190)</u>
Total net position of governmental activities	<u><u>\$ 103,665,365</u></u>

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

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

For the Fiscal Year Ended June 30, 2016

	<b>Major</b>		<b>Total</b>	<b>Total</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Non-Major Funds</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 23,421,769	\$ -	\$ -	\$ 23,421,769
Other taxes and licenses	11,501,666	-	-	11,501,666
Unrestricted intergovernmental revenues	4,218,634	-	-	4,218,634
Restricted intergovernmental revenues	2,550,371	641,500	3,155,466	6,347,337
Permits and fees	662,581	-	-	662,581
Sales and services	957,989	-	-	957,989
Investment earnings	82,616	1	7,979	90,596
Miscellaneous	327,749	58,954	527,075	913,778
<b>Total revenues</b>	<b>43,723,375</b>	<b>700,455</b>	<b>3,690,520</b>	<b>48,114,350</b>
<b>Expenditures:</b>				
Current:				
General Government	4,284,390	24,401	-	4,308,791
Public Works	5,071,826	-	-	5,071,826
Public Safety	18,217,463	591,828	2,603,354	21,412,645
Cultural and Recreational	4,351,390	741,895	1,272,850	6,366,135
Economic and Physical Development	-	-	1,792,938	1,792,938
Capital outlay	1,423,253	-	2,490,678	3,913,931
Non-capitalized expenditures	-	940,678	-	940,678
Debt service:				
Principal retirement	3,883,897	-	198,000	4,081,897
Interest and fees	1,099,521	-	2,745	1,102,266
<b>Total expenditures</b>	<b>38,331,740</b>	<b>2,298,802</b>	<b>8,360,565</b>	<b>48,991,107</b>
Revenues over (under) expenditures	5,391,635	(1,598,347)	(4,670,045)	(876,757)
<b>Other financing sources (uses):</b>				
Debt issued	1,101,500	-	-	1,101,500
Sales of capital assets	210,233	-	-	210,233
Transfers in	1,335,895	166,500	4,220,064	5,722,459
Transfers (out)	(5,157,738)	(622,181)	(1,273,285)	(7,053,204)
<b>Total other financing sources (uses)</b>	<b>(2,510,110)</b>	<b>(455,681)</b>	<b>2,946,779</b>	<b>(19,012)</b>
Net change in fund balances	2,881,525	(2,054,028)	(1,723,266)	(895,769)
<b>Fund balances:</b>				
Beginning of year, July 1 , as previously reported	21,572,083	7,671,445	9,226,953	38,470,481
Restatement for accounting change	305,211	-	-	305,211
Beginning of year, July 1 , as restated	21,877,294	7,671,445	9,226,953	38,775,692
End of year, June 30	<b>\$ 24,758,819</b>	<b>\$ 5,617,417</b>	<b>\$ 7,503,687</b>	<b>\$ 37,879,923</b>

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

continued

**City of Jacksonville, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (895,769)

The changes in net position 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 donated Capital Assets	120,411
Increase in purchased Capital Assets net of decrease in construction in progress	5,730,893
Adjustment for increases attributable to Internal Service Funds	(389,459)
Depreciation Expense	(8,102,569)
Adjustment for expense attributable to Internal Service Funds	453,652

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

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

(Decrease) in Beer & Wine Tax	(9,015)
(Decrease) in Deferred Property Tax Revenue	(454,115)
(Decrease) in Accrued Interest on Taxes	(81,172)
Increase in Investment Interest	7,616
(Decrease) in Accrual of FTA Grant	(182,875)

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 position in the government-wide statements. This amount is the net effect of these differences in the treatment of long-term liabilities:

Accrued Interest on Long-Term Debt	191,343
Additions to Long-Term Liabilities	(3,070,351)
Adjustment for additions attributable to Internal Service Funds	241,008
Retirements of Long-Term Liabilities	6,137,657
Adjustment for retirements attributable to Internal Service Funds	(257,362)

Expenses in the Statement of Activities that do not require the use of current financial resources are not reported as expenses in the funds.

Pension Expense	537,587
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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

(215,376)

Changes in net position of governmental activities \$ (237,896)

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

**City of Jacksonville, North Carolina**  
**General Fund Annually Budgeted Major Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 22,869,300	\$ 22,869,300	\$ 23,421,769	\$ 552,469
Other taxes and licenses	10,711,772	10,711,772	11,501,666	789,894
Unrestricted intergovernmental revenues	3,254,300	3,254,300	4,218,634	964,334
Restricted intergovernmental revenues	2,585,326	2,543,777	2,550,371	6,594
Permits and fees	752,950	752,950	662,581	(90,369)
Sales and services	875,879	894,599	957,989	63,390
Investment earnings	19,970	19,970	82,616	62,646
Miscellaneous	262,500	275,500	327,749	52,249
Total revenues	<u>41,331,997</u>	<u>41,322,168</u>	<u>43,723,375</u>	<u>2,401,207</u>
<b>Expenditures:</b>				
Current:				
General Government	4,945,171	5,418,101	4,308,275	1,109,826
Public Works	5,590,426	5,795,512	5,238,631	556,881
Public Safety	20,746,830	20,504,661	18,835,645	1,669,016
Cultural and Recreational	4,780,424	5,306,992	4,965,771	341,221
Debt service:				
Principal retirement	3,828,251	3,828,251	3,883,897	(55,646)
Interest and fees	1,109,005	1,109,005	1,099,521	9,484
Total expenditures	<u>41,000,107</u>	<u>41,962,522</u>	<u>38,331,740</u>	<u>3,630,782</u>
Revenues over (under) expenditures	<u>331,890</u>	<u>(640,354)</u>	<u>5,391,635</u>	<u>6,031,989</u>
<b>Other financing sources (uses):</b>				
Debt issued	643,800	1,101,500	1,101,500	-
Appropriated fund balance	2,832,790	3,484,709	-	(3,484,709)
Sales of general capital assets	80,000	80,000	210,233	130,233
Transfers in	1,218,621	1,335,897	1,335,895	(2)
Transfers (out)	(5,107,101)	(5,361,752)	(5,157,738)	204,014
Total other financing sources (uses)	<u>(331,890)</u>	<u>640,354</u>	<u>(2,510,110)</u>	<u>(3,150,464)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>2,881,525</u>	<u>\$ 2,881,525</u>
<b>Fund balances:</b>				
Beginning of year, July 1 , as previously reported			21,572,083	
Restatement for accounting change			305,211	
Beginning of year, July 1 , as restated			<u>21,877,294</u>	
End of year, June 30			<u>\$ 24,758,819</u>	

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

**City of Jacksonville, North Carolina**  
**Proprietary Funds**  
**Statement of Net Position**  
June 30, 2016

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater/ Water Quality Fund</b>		
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 25,049,708	\$ 477,603	\$ 2,495,868	\$ 28,023,179	\$ 2,983,560
Accounts receivable (net)	2,811,699	383,850	199,838	3,395,387	41,600
Inventories	196,799	-	-	196,799	136,176
Prepaid items	50	21,870	1,109	23,029	80,096
<b>Total Current Assets</b>	<b>28,058,256</b>	<b>883,323</b>	<b>2,696,815</b>	<b>31,638,394</b>	<b>3,241,432</b>
Noncurrent Assets:					
Restricted cash and cash equivalents	1,338,325	320,037	93,011	1,751,373	-
Land and other non-depreciable assets	10,170,919	-	2,970,790	13,141,709	-
Other capital assets, net of depreciation	105,624,935	1,296,171	3,883,471	110,804,577	824,222
<b>Total Noncurrent Assets</b>	<b>117,134,179</b>	<b>1,616,208</b>	<b>6,947,272</b>	<b>125,697,659</b>	<b>824,222</b>
<b>Total Assets</b>	<b>145,192,435</b>	<b>2,499,531</b>	<b>9,644,087</b>	<b>157,336,053</b>	<b>4,065,654</b>
<b>Deferred Outflows of Resources</b>					
Deferred Change related to Debt Refinancing	2,061,172	-	-	2,061,172	-
Contributions to pension plan	216,623	86,206	53,283	356,112	-
<b>Total deferred outflows of resources</b>	<b>2,277,795</b>	<b>86,206</b>	<b>53,283</b>	<b>2,417,284</b>	<b>-</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	1,335,510	395,155	63,806	1,794,471	630,157
Compensated absences payable - current	147,713	52,952	44,862	245,527	-
Interfund payable	-	-	246,000	246,000	-
Installment purchases payable - current	1,207,536	506,283	529,514	2,243,333	182,139
Loans payable - current	2,949,763	-	23,899	2,973,662	-
Bonds payable - current	1,512,067	-	-	1,512,067	-
<b>Total Current Liabilities</b>	<b>7,152,589</b>	<b>954,390</b>	<b>908,081</b>	<b>9,015,060</b>	<b>812,296</b>
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	63,372	41,959	7,901	113,232	110,587
Customer deposits	993,839	-	-	993,839	-
Other postemployment benefits	23,260	23,331	-	46,591	-
Net Pension Liability	236,292	104,807	59,073	400,172	-
Installment purchases payable - noncurrent	6,542,259	925,418	1,712,514	9,180,191	179,484
Loans payable - noncurrent	41,771,880	-	151,799	41,923,679	-
Bonds payable - noncurrent	26,350,508	-	-	26,350,508	-
<b>Total Noncurrent Liabilities</b>	<b>75,981,410</b>	<b>1,095,515</b>	<b>1,931,287</b>	<b>79,008,212</b>	<b>290,071</b>
<b>Total Liabilities</b>	<b>83,133,999</b>	<b>2,049,905</b>	<b>2,839,368</b>	<b>88,023,272</b>	<b>1,102,367</b>
<b>Deferred Inflows of Resources</b>					
Unearned Revenue	90,154	-	-	90,154	-
Pension deferrals	209,605	54,425	48,997	313,027	-
<b>Total deferred inflows of resources</b>	<b>299,759</b>	<b>54,425</b>	<b>48,997</b>	<b>403,181</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	36,800,166	217,708	4,529,546	41,547,420	462,599
Unrestricted	27,236,306	263,699	2,279,459	29,779,464	2,500,688
<b>Total Net Position</b>	<b>\$ 64,036,472</b>	<b>\$ 481,407</b>	<b>\$ 6,809,005</b>	<b>\$ 71,326,884</b>	<b>\$ 2,963,287</b>

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

**City of Jacksonville, North Carolina**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Year Ended June 30, 2016

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater/ Water Quality Fund</b>		
<b>Operating revenues:</b>					
Charges for services	\$ 22,940,859	\$ 4,685,085	\$ 2,975,883	\$ 30,601,827	\$ 10,440,134
Other operating revenue	-	-	-	-	14,052
Total operating revenues	<u>22,940,859</u>	<u>4,685,085</u>	<u>2,975,883</u>	<u>30,601,827</u>	<u>10,454,186</u>
<b>Operating expenses:</b>					
Solid Waste Fund	-	4,736,985	-	4,736,985	-
Stormwater/Water Quality	-	-	1,777,448	1,777,448	-
Water/Sewer Operations	7,161,531	-	-	7,161,531	-
Water Supply	2,121,026	-	-	2,121,026	-
Wastewater Treatment	2,540,058	-	-	2,540,058	-
Fleet Maintenance Operations	-	-	-	-	2,345,808
City Hall Maintenance Operations	-	-	-	-	202,252
Information Technology Services	-	-	-	-	2,088,437
Video/Media Services	-	-	-	-	454,851
Self Insurance	-	-	-	-	5,263,574
Depreciation	10,849,039	505,835	431,011	11,785,885	453,652
Total operating expenses	<u>22,671,654</u>	<u>5,242,820</u>	<u>2,208,459</u>	<u>30,122,933</u>	<u>10,808,574</u>
Operating income (loss)	<u>269,205</u>	<u>(557,735)</u>	<u>767,424</u>	<u>478,894</u>	<u>(354,388)</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings	81,721	434	5,239	87,394	4,643
Gain (loss) on sale of capital assets	88,245	-	(4,701)	83,544	84,298
Restricted revenue	-	48,745	-	48,745	-
Tax rebate - Build America Bond interest	-	-	25,423	25,423	-
Miscellaneous revenue	501,332	-	35,369	536,701	-
Interest and other charges	(2,575,889)	(18,846)	(83,048)	(2,677,783)	(4,402)
Debt Issuance Costs	(275,443)	-	-	(275,443)	-
Total nonoperating revenues (expenses)	<u>(2,180,034)</u>	<u>30,333</u>	<u>(21,718)</u>	<u>(2,171,419)</u>	<u>84,539</u>
Income (loss) before capital contributions and transfers	<u>(1,910,829)</u>	<u>(527,402)</u>	<u>745,706</u>	<u>(1,692,525)</u>	<u>(269,849)</u>
<b>Capital contributions:</b>					
ONWASA contribution	13,371	-	-	13,371	-
Total capital contributions	<u>13,371</u>	<u>-</u>	<u>-</u>	<u>13,371</u>	<u>-</u>
Income (loss) before transfers	<u>(1,897,458)</u>	<u>(527,402)</u>	<u>745,706</u>	<u>(1,679,154)</u>	<u>(269,849)</u>
<b>Transfers:</b>					
Transfers in	427,643	1,004,014	-	1,431,657	54,815
Transfers (out)	-	-	(155,385)	(155,385)	(342)
Total transfers	<u>427,643</u>	<u>1,004,014</u>	<u>(155,385)</u>	<u>1,276,272</u>	<u>54,473</u>
Change in Net Position	<u>(1,469,815)</u>	<u>476,612</u>	<u>590,321</u>	<u>(402,882)</u>	<u>(215,376)</u>
<b>Net Position:</b>					
Beginning of year, July 1	<u>65,506,287</u>	<u>4,795</u>	<u>6,218,684</u>	<u>71,729,766</u>	<u>3,178,663</u>
End of year, June 30	<u>\$ 64,036,472</u>	<u>\$ 481,407</u>	<u>\$ 6,809,005</u>	<u>\$ 71,326,884</u>	<u>\$ 2,963,287</u>

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

**City of Jacksonville, North Carolina**  
**Statement of Cash Flows**  
**All Proprietary Fund Types**  
For the Fiscal Year Ended June 30, 2016

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater/ Water Quality Fund</b>		
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 23,019,764	\$ 4,681,866	\$ 2,973,605	\$ 30,675,235	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	11,033,829
Cash payments for interfund services provided (used)	-	-	-	-	(10,418,228)
Cash paid for goods and services	(6,176,342)	(2,565,446)	(601,166)	(9,342,954)	-
Cash paid to employees	(5,747,727)	(2,076,129)	(1,342,394)	(9,166,250)	-
Customer deposits	61,796	-	-	61,796	-
Miscellaneous revenue	501,332	-	35,369	536,701	-
Net cash provided by operating activities	<u>11,658,823</u>	<u>40,291</u>	<u>1,065,414</u>	<u>12,764,528</u>	<u>615,601</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	427,643	1,004,014	-	1,431,657	54,473
Transfers (out)	-	-	(155,385)	(155,385)	-
Advances from other funds	-	-	76,000	76,000	-
Restricted Intergovernmental	-	48,745	-	48,745	-
Net cash provided by (used in) noncapital related financing activities	<u>427,643</u>	<u>1,052,759</u>	<u>(79,385)</u>	<u>1,401,017</u>	<u>54,473</u>
<b>Cash flows from capital and related financing activities:</b>					
Capital Contributions	13,371	-	-	13,371	-
Debt issued	29,830,835	551,330	332,043	30,714,208	180,000
Principal paid on long-term debt	(36,876,365)	(526,142)	(566,989)	(37,969,496)	(197,598)
Interest paid on long-term debt	(2,681,687)	(18,846)	(83,048)	(2,783,581)	(4,402)
Debt issuance costs	(275,443)	-	-	(275,443)	-
Deferred outflow related to Debt Refinancing	(2,061,172)	-	-	(2,061,172)	-
Tax rebate - Build America Bond interest	-	-	25,423	25,423	-
Acquisition and construction of capital assets	(3,485,924)	(408,323)	(252,098)	(4,146,345)	(389,459)
Proceeds from sale of capital assets	94,734	-	1,406	96,140	84,298
Net cash (used in) capital and related financing activities	<u>(15,441,651)</u>	<u>(401,981)</u>	<u>(543,263)</u>	<u>(16,386,895)</u>	<u>(327,161)</u>
<b>Cash flows from investing activities:</b>					
Investment earnings	81,721	434	5,239	87,394	4,643
Net cash provided by investing activities	<u>81,721</u>	<u>434</u>	<u>5,239</u>	<u>87,394</u>	<u>4,643</u>
Net increase (decrease) in cash and cash equivalents	(3,273,464)	691,503	448,005	(2,133,956)	347,556
Cash and cash equivalents, July 1	29,661,497	106,137	2,140,874	31,908,508	2,636,004
Cash and cash equivalents, June 30	<u>\$ 26,388,033</u>	<u>\$ 797,640</u>	<u>\$ 2,588,879</u>	<u>\$ 29,774,552</u>	<u>\$ 2,983,560</u>
			<b>Reconciliation to Exhibit F</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
			Cash and cash equivalents	\$ 28,023,179	\$ 2,983,560
			Restricted cash and cash equivalents	1,751,373	-
				<u>\$ 29,774,552</u>	<u>\$ 2,983,560</u>

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

continued

**City of Jacksonville, North Carolina**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
For the Fiscal Year Ended June 30, 2016

	<b>Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater/ Water Quality Fund</b>	<b>Total</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 269,205	\$ (557,735)	\$ 767,424	\$ 478,894	\$ (354,388)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>					
Depreciation	10,849,039	505,835	431,011	11,785,885	453,652
Pension (income) expense	(65,867)	(45,030)	(17,863)	(128,760)	-
Miscellaneous revenue	501,332	-	35,369	536,701	-
Bad debt expense	8,847	2,359	(5,409)	5,797	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	78,913	(3,219)	(2,278)	73,416	579,643
(Increase) decrease in inventories	18,221	(21,870)	-	(3,649)	(30,834)
(Increase) decrease in prepaid items	(35)	-	(1,109)	(1,144)	(3,996)
Increase (decrease) in accounts payable and accrued liabilities	(68,002)	163,435	(130,357)	(34,924)	(29,721)
Increase (decrease) in accrued compensated absences	5,382	(3,484)	(11,374)	(9,476)	1,245
Increase (decrease) in deferred inflows of resources	(8)	-	-	(8)	-
Increase (decrease) in customer deposits	61,796	-	-	61,796	-
Total adjustments	<u>11,389,618</u>	<u>598,026</u>	<u>297,990</u>	<u>12,285,634</u>	<u>969,989</u>
Net cash provided by operating activities	<u>\$ 11,658,823</u>	<u>\$ 40,291</u>	<u>\$ 1,065,414</u>	<u>\$ 12,764,528</u>	<u>\$ 615,601</u>
<b>Noncash investing, capital, and financing activities:</b>					
Gain (loss) on noncash disposal of capital assets	(6,494)	-	(6,106)	(12,600)	-
Total noncash investing, capital, and financing activities	<u>\$ (6,494)</u>	<u>\$ -</u>	<u>\$ (6,106)</u>	<u>\$ (12,600)</u>	<u>\$ -</u>

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

**City of Jacksonville, North Carolina**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2016

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the City of Jacksonville and its discretely presented component unit 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 unit, an entity 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. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

**Jacksonville Tourism Development Authority**

The Jacksonville Tourism Development Authority's (Authority) governing board is appointed by the City Council of the City of Jacksonville. Each month, the City of Jacksonville collects the room occupancy tax on behalf of the Authority and remits the amounts collected to the Authority. The Authority, which has a June 30 year-end, is presented as if it was a governmental fund (discrete presentation). Complete financial statements for the Authority may be obtained from the offices of the Jacksonville Tourism Development Authority at 815 New Bridge Street, Jacksonville, North Carolina 28540.

**B. Basis of Presentation**

**Government-wide and Fund Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the Fund Financial Statements. All remaining governmental 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. Non-operating 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 and proprietary.

**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** - 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 22 Capital Projects within the Major Capital Projects Fund: NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Vietnam Veterans Memorial, Police/Fire Facility, Relocation of Northwoods Fire Station, Freedom Fountain, Richard Ray Park Garden Improvements, Wooten Park, JTDA – Museum of the Marine, New Bridge Streetscape, Sturgeon City Civic and Environmental Education Center, Jacksonville Landing Park, Jack Amyette Phase II, Splash Pad, Phillips Park, Labyrinth Garden, Riverwalk Parking Lot, Median Improvement Phase I, Fair Winds Property, East Railroad Parking Lot Phase I, and Richard Ray Amphitheater.

**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.

**Stormwater Fund** - The Stormwater Fund accounts for funds used in the construction of facilities to manage stormwater runoff and maintain stormwater drainage ditches. The Stormwater Capital Project fund is consolidated with the Stormwater Fund (the operating fund) for financial reporting purposes. Although the Stormwater Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years.

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 five Internal Service Funds: the Fleet Maintenance Fund, the City Hall Maintenance Fund, the Information Technology Services Fund, the Video/Media Services Fund, and the Self Insurance 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.

### **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. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. 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. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the tap fees which are intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. General long-term debt issues are reported as other financing sources. Depreciation of capital assets is not recognized as an expenditure.

Ad valorem property tax receivable is not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the state of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Those revenues susceptible to accrual are sales taxes collected and held by the State at year-end on behalf of the City, utility sales and services and investment earnings. Sales taxes are considered a shared revenue for the City of Jacksonville because the tax is levied by Onslow County and then remitted to and distributed by the State. 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 deferred inflows of resources. 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 is both restricted and unrestricted net position 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, followed by categorical block grants, and then general revenues.

The City reports deferred inflows on its balance sheet for governmental funds. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows 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 inflow is removed from the combined balance sheet and revenue is recognized.

#### **D. Budgetary Data**

The City and the Authority'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 Major Capital Project Funds. The City's Internal Service Funds operate under a Council-adopted 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 \$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 and the Authority are made in council-designated official depositories and are secured as required by G.S. 159-31. The City and the Authority may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City and Authority 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 and the Authority 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 (NCCMT). The City's and the Authority's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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.

**F. Cash and Cash Equivalents**

The City pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all fund amounts in the pool are essentially demand deposits and thus considered cash and cash equivalents. The Authority considers highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be 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 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 zero-interest Certificate of Deposit held, as a compensating balance in lieu of monthly fees, by the City's primary banking institution and sureties held for developers who have not completed infrastructure improvements in subdivisions that are under construction. In addition there are restricted grant funds included.

The detail of these balances is as follows:

Governmental Activities:			
General Fund			
	Powell Bill (Streets)	\$	546,134
	Unexpended Debt Proceeds		75,419
	Compensating Balance		2,000,000
	Customer Deposits		362,145
	Other		1,842
	Capital Project Fund		
	Unexpended Debt Proceeds		3,729,482
	Non-Major Governmental Funds		
	Powell Bill (Streets)		1,949,344
	E-911		236,571
	Drug Enforcement Assets		135,147
	Economic Development		8,024
	Total Governmental Activities	<u>\$</u>	<u>9,044,108</u>
Business-type Activities			
	Water/Sewer Fund		
	Unexpended Debt Proceeds		1,338,325
	Solid Waste Fund		
	Unexpended Debt Proceeds		320,037
	Stormwater Fund		
	Unexpended Debt Proceeds		93,011
	Total Business-type Activities	<u>\$</u>	<u>1,751,373</u>
	Total Restricted	<u>\$</u>	<u>10,795,481</u>

**H. Ad Valorem Taxes Receivable and Deferred Inflows**

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, 2015.

Privilege licenses collected prior to the fiscal year to which they apply are recorded as deferred inflows.

## **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 first-in, first-out (FIFO) method, which approximates market. The inventory of the General Fund consists of fuel held for consumption and repair parts. 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 non-spendable fund balance 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, FIFO method, or market. The inventory consists of materials and supplies held for subsequent use. The cost is recorded as an expense when the inventory is consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, and are expensed as the items are used.

## **K. Capital Assets**

Capital assets, which include land, buildings, equipment, infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), and intangibles (e.g., software and land rights), 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, land rights and easements) 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 received prior to June 15, 2015 are recorded at estimated fair market value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

General infrastructure assets acquired prior to July 1, 2003, consist of the road networks that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using the deflated replacements method.

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 term depreciation includes amortization of intangible assets. The estimated useful lives of depreciable assets are as follows:

Buildings and Other Structures	20 years
Improvements Other Than Buildings	20 years
Equipment	3 to 5 years
Software	3 years
Heavy Equipment	5 years
Vehicles	3 to 5 years
Infrastructure	20 years

## **L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion – contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. The City has several items that met the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68. Details of the City's Deferred Inflows and Deferred Outflows can be found in Note 11.

## **M. Interfund 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 Governmental Funds Fund Financial Statements, are offset by a restricted fund balance account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

## **N. Interfund Transfers**

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.

## O. 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 Position. Bond premiums and discounts 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the 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.

## P. 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 FIFO method of using accumulated compensated time. The portion of that 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.

## Q. Net Position/Fund Balances

**Net position:** Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents 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.

**Fund Balances:** In the Governmental Fund Financial Statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The Governmental Funds classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Prepays and inventories** – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories or prepaids, which are not spendable resources.

**Compensating Balance** – portion of fund balance that is not an available resource as it is contractually required to remain intact as part of an agreement for banking services in lieu of fees.

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State Statute [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred inflows.

**Restricted for Streets** – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**Restricted for Other Functions** – portion of fund balance that is restricted cash and cash equivalents.

**Restricted for Capital Projects** – portion of fund balance that is restricted by third party contractual arrangements and encumbrances for the construction of specific assets of the City.

**Restricted for Public Safety** – portion of fund balance that is restricted by revenue source for public safety expenditures including drug enforcement, school patrols and other elements of public safety.

**Restricted for Community Development** – portion of fund balance that is restricted by revenue source for community development activities of the City.

**Committed Fund Balance** – the committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Committed for LEO pension obligation** – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

**Committed for Capital Projects** – portion of fund balance committed by the City Council for the construction of specific assets held in the capital project funds and capital reserve fund.

**Assigned Fund Balance** – portion of fund balance that the City intends to use for specific purposes.

**Assigned for Subsequent year’s expenditures** – portion of fund balance that is appropriated in the next year’s budget, not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation in certain circumstances.

**Unassigned Fund Balance** – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Jacksonville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy; bond proceeds, federal funds, State funds, local non-City funds, City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City. The City has not adopted a minimum fund balance policy.

## **R. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Jacksonville's employer contributions are recognized when due and the City of Jacksonville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## **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 collateralized.

At June 30, 2016, the City's deposits had a book balance of \$5,693,248, which includes a \$2,000,000 compensating balance, while the bank balance was \$6,022,697. Of the bank balance, \$1,257,230 was covered by federal depository insurance, and \$4,765,467 in deposits was covered by collateral held under the Pooling Method (State Treasurer). The carrying amount of deposits for the Tourism and Development Authority was \$1,919,599 and the bank balance was \$1,916,747. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,666,747 was covered by collateral held under the Pooling Method (State Treasurer). At June 30, 2016, the City's petty cash fund totaled \$7,849.

## Investments

At June 30, 2016, the City had the following investments:

Investment Type	Valuation Measurement	Fair Value	Less than	
	Method		6 Months	6-12 Months
US Government Agencies	Fair Value Level 1	\$ 996,927	-	\$ 996,927
Commercial Paper	Cost	7,941,646	-	7,941,646
NC CMT- Cash Portfolio	Amortized Cost	42,631,595	N/A	N/A
NC CMT- Term Portfolio	Fair Value Level 1	5,040,221	N/A	N/A
Other Investments - Loan proceeds held in escrow - NC CMT	Fair Value Level 1	4,041,922	N/A	N/A
Total		\$60,652,311	\$ -	\$ 8,938,573

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*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 to not 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 Statute 159-30) for allowable investment types. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2016.

*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. This year at June 30, the City's investments are made up of 14% Commercial Paper, 2% with agencies and 84% with the North Carolina Capital Management Trust.

### 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	\$ 1,799,948	\$ 813,868	\$ 986,079
Accrued interest on taxes	556,921	278,461	278,461
Accounts receivable	6,454,824	1,573,500	4,881,323
Major Funds			
Accounts receivable	334,734	-	334,734
Non-Major Funds			
Accounts receivable	590,928	-	590,928
Notes receivable	1,751,827	-	1,751,827
Internal Service Fund	41,600	-	41,600
Total Governmental Activities	11,530,782	2,665,830	8,864,952
Business-Type			
Water/Sewer	3,084,665	276,425	2,808,239
Water/Sewer Capital Projects	3,460	-	3,460
Solid Waste	403,692	19,842	383,850
Stormwater	208,478	8,640	199,838
Total Business-Type Activities	3,700,294	304,907	3,395,387
Discretely Presented			
Component Unit	91,218	-	91,218
Total Discrete Units	91,218	-	91,218
	\$ 15,322,294	\$ 2,970,737	\$ 12,351,557

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

Gross notes receivable as of June 30, 2016, of \$1,751,827, consists of low interest or interest free loans to homeowners and others. These loans range from a five-year term to a thirty-year term with various loans being deferred, forgiven or repaid and were originally funded by Federal Grants.

## Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

### Primary Government

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,472,329	\$ 643,902	\$ -	\$ 12,116,231
Land Rights	3,333,308	-	-	3,333,308
Construction in progress	2,657,554	829,121	(1,295,982)	2,190,693
Total capital assets not being depreciated	<u>17,463,191</u>	<u>1,473,023</u>	<u>(1,295,982)</u>	<u>17,640,232</u>
Capital assets being depreciated:				
Buildings	54,327,007	652,483	(381,659)	54,597,831
Improvements other than buildings	14,156,048	282,419	-	14,438,467
Equipment	11,730,024	659,516	(254,292)	12,135,248
Software	1,613,196	63,185	(195,502)	1,480,879
Heavy equipment	457,469	185,713	(118,543)	524,639
Vehicles	12,277,264	959,391	(1,004,232)	12,232,423
Infrastructure	51,469,613	2,962,462	-	54,432,075
Total capital assets being depreciated	<u>146,030,621</u>	<u>5,765,169</u>	<u>(1,954,228)</u>	<u>149,841,562</u>
Less accumulated depreciation for:				
Buildings	(16,031,622)	(2,534,215)	381,659	(18,184,178)
Improvements other than buildings	(5,337,725)	(711,897)	-	(6,049,622)
Equipment	(8,829,748)	(1,182,650)	253,441	(9,758,957)
Software	(1,322,479)	(174,107)	195,502	(1,301,084)
Heavy equipment	(453,716)	(19,644)	118,543	(354,817)
Vehicles	(9,183,382)	(1,235,160)	952,740	(9,465,802)
Infrastructure	(24,630,443)	(2,283,463)	-	(26,913,906)
Total accumulated depreciation	<u>(65,789,115)</u>	<u>(8,141,136)</u>	<u>1,901,885</u>	<u>(72,028,366)</u>
Total capital assets being depreciated, net	<u>80,241,506</u>			<u>77,813,196</u>
Governmental activity capital assets, net	<u>\$ 97,704,697</u>			<u>\$ 95,453,428</u>

### Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 1,473,023
Total capital assets being depreciated	5,765,169
	<u>\$ 7,238,192</u>

General Fund	\$ 1,423,254
Non-Major Governmental	887,243
Major Capital	4,326,919
Internal Service	389,460
Transfer from Water and Sewer	38,566
Donated infrastructure & Trade In-Values	172,750
	<u>\$ 7,238,192</u>

Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 4,501,878	\$ 24,547	\$ -	\$ 4,526,425
Land Rights	32,554	-	-	32,554
Construction in progress	4,231,387	2,450,718	(1,070,165)	5,611,940
Total capital assets not being depreciated	<u>8,765,819</u>	<u>2,475,265</u>	<u>(1,070,165)</u>	<u>10,170,919</u>
Capital assets being depreciated:				
Buildings	113,784,307	130,783	-	113,915,090
Improvements other than buildings	125,100,945	1,474,355	-	126,575,300
Equipment	5,454,781	46,941	(114,398)	5,387,324
Software	104,400	-	-	104,400
Heavy Equipment	843,151	404,653	(94,175)	1,153,629
Vehicles	1,873,326	157,496	(130,772)	1,900,050
Total capital assets being depreciated	<u>247,160,910</u>	<u>2,214,228</u>	<u>(339,345)</u>	<u>249,035,793</u>
Less accumulated depreciation for:				
Buildings	(69,975,210)	(5,292,911)	-	(75,268,121)
Improvements other than buildings	(55,462,266)	(5,091,598)	-	(60,553,864)
Equipment	(5,008,067)	(216,198)	114,397	(5,109,868)
Software	(104,400)	-	-	(104,400)
Heavy Equipment	(726,574)	(177,995)	81,575	(822,994)
Vehicles	(1,484,748)	(197,635)	130,772	(1,551,611)
Total accumulated depreciation	<u>(132,761,265)</u>	<u>\$(10,976,337)</u>	<u>\$ 326,744</u>	<u>(143,410,858)</u>
Total capital assets being depreciated, net	<u>114,399,645</u>			<u>105,624,935</u>
Business-type activities capital assets, net	<u>\$ 123,165,464</u>			<u>\$ 115,795,854</u>

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

Total capital assets not being depreciated	\$ 2,475,265
Total capital assets being depreciated	2,214,228
	<u>\$ 4,689,493</u>
Water and Sewer Fund	\$ 475,682
Water Capital Projects	454,309
Sewer Capital Projects	3,626,096
Transfers from Primary Government	113,053
Transfer from Stormwater/Water Quality Fund	20,353
	<u>\$ 4,689,493</u>

## Capital Assets (continued)

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Business-type activities:				
Solid Waste Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings	40,983	-	-	40,983
Improvements other than buildings	-	-	-	-
Equipment	-	-	-	-
Software	38,744	-	(38,744)	-
Heavy Equipment	-	-	-	-
Vehicles	4,421,215	408,323	-	4,829,538
Total capital assets being depreciated	<u>4,500,942</u>	<u>408,323</u>	<u>(38,744)</u>	<u>4,870,521</u>
Less accumulated depreciation for:				
Buildings	(40,983)	-	-	(40,983)
Improvements other than buildings	-	-	-	-
Equipment	-	-	-	-
Software	(38,744)	-	38,744	-
Heavy Equipment	-	-	-	-
Vehicles	(3,027,532)	(505,835)	-	(3,533,367)
Total accumulated depreciation	<u>(3,107,259)</u>	<u>\$ (505,835)</u>	<u>\$ 38,744</u>	<u>(3,574,350)</u>
Total capital assets being depreciated, net	<u>1,393,683</u>			<u>1,296,171</u>
Business-type activities capital assets, net	<u>\$ 1,393,683</u>			<u>\$ 1,296,171</u>

### Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	408,323
	<u>\$ 408,323</u>
Solid Waste Fund	<u>\$ 408,323</u>
	<u>\$ 408,323</u>

Capital Assets (continued)

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Business-type activities:				
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Land Rights	2,970,790	-	-	2,970,790
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>2,970,790</u>	<u>-</u>	<u>-</u>	<u>2,970,790</u>
Capital assets being depreciated:				
Buildings	-	-	-	-
Infrastructure	4,619,777	137,311	-	4,757,088
Improvements other than buildings	45,308	-	-	45,308
Equipment	160,884	27,295	-	188,179
Heavy Equipment	320,191	-	-	320,191
Vehicles	1,048,140	87,492	(25,523)	1,110,109
Total capital assets being depreciated	<u>6,194,300</u>	<u>252,098</u>	<u>(25,523)</u>	<u>6,420,875</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Infrastructure	(866,265)	(234,422)	-	(1,100,687)
Improvements other than buildings	(19,495)	(2,265)	-	(21,760)
Equipment	(127,984)	(14,191)	-	(142,175)
Heavy Equipment	(311,684)	(8,507)	-	(320,191)
Vehicles	(800,381)	(171,626)	19,416	(952,591)
Total accumulated depreciation	<u>(2,125,809)</u>	<u>\$ (431,011)</u>	<u>\$ 19,416</u>	<u>(2,537,404)</u>
Total capital assets being depreciated, net	<u>4,068,491</u>			<u>3,883,471</u>
Business-type activities capital assets, net	<u>\$ 7,039,281</u>			<u>\$ 6,854,261</u>

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

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	252,098
	<u>\$ 252,098</u>
Stormwater/Water Quality Fund	\$ 32,841
Stormwater Capital Projects	137,311
Transfers from Primary Government	81,946
	<u>\$ 252,098</u>

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

Governmental activities:	
General government	\$ 511,186
Public Works	2,419,977
Public Safety	3,277,803
Cultural and Recreational	1,186,803
Economic Development	253,148
Internal Service Funds	453,652
Total depreciation expense - governmental activities	<u>\$ 8,102,569</u>
Reconciliation of depreciation:	
Depreciation expense	\$ 8,102,569
Transfer of vehicles to General Fund	24,225
Transfer of equipment to General Fund	14,342
Total depreciation - governmental activities	<u>\$ 8,141,136</u>
Business-type activities:	
Water and Sewer Fund	\$ 10,849,039
Solid Waste Fund	505,835
Stormwater/Water Quality Funds	431,011
Total depreciation expense - business-type activities	<u>\$ 11,785,885</u>
Reconciliation of depreciation:	
Depreciation expense	\$ 11,785,885
Transfer of heavy equipment and vehicles to Water & Sewer Fund	127,298
	<u>\$ 11,913,183</u>

## Construction Commitments

As of June 30, 2016, the City has active construction projects. The City's commitments with contractors at June 30, 2016, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment</u>
Water and Sewer Improvements	\$ 2,498,896	\$ 1,066,054
Public Safety Bldg	-	4,334
Street/Storm Water Improvements	41,180	708,862
Engineering	-	234,237
Recreation & Parks	663,059	858,373
<b>Total</b>	<u>\$ 3,203,135</u>	<u>\$ 2,871,860</u>

## NOTE 5. Pension Plan and Postemployment Obligations

### A. Local Governmental Employees' Retirement System

**Plan Description.** The City of Jacksonville is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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 at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Jacksonville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Jacksonville's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of

benefits earned by employees during the year. Contributions to the pension plan from the City of Jacksonville were \$1,631,358 for the year ended June 30, 2016.

**Refunds of Contributions** . City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2016, the City reported a liability of \$1,905,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City’s proportion was 0.4246%, which was a decrease of 0.049 % points from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$783,455. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 447,920
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	542,513
Changes in proportion and differences between City contributions and proportionate share of contributions	31,178	370,486
City contributions subsequent to the measurement date	1,631,358	-
	<u>\$ 1,662,536</u>	<u>\$ 1,360,919</u>

\$1,631,358 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ending June 30:**

2017	\$ (718,680)
2018	(718,680)
2019	(718,099)
2020	825,719
2021	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.** The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate</u> <u>(7.25%)</u>	<u>1%</u> <u>Increase</u> <u>(8.25%)</u>
City's proportionate share of the net pension liability (asset)	\$ 13,287,868	\$ 1,905,579	\$ (7,683,747)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

## B. Law Enforcement Officers' Special Separation Allowance

**Plan Description.** The 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 0.85 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.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>128</u>
Total	<u>143</u>

### Summary of Significant Accounting Policies:

**Basis of Accounting.** The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

**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 on a pay as you go basis through appropriations made in the General Fund operating budget. 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 administration costs of the Separation Allowance are financed through the General Fund appropriations.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 3.57% investment rate of return, and (b) projected salary increases ranging from 3.50% to 7.35% per year. Both items (a) and (b) included an inflation component of 3.00%. 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, 2015 was 15 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	\$ 315,062
Interest on net pension obligation	2,575
Adjustment to annual required contribution	<u>(4,526)</u>
Annual pension cost	313,111
Benefits paid	<u>(214,587)</u>
Increase in net pension obligation	98,524
Net pension obligation beginning of fiscal year	<u>51,504</u>
Net pension obligation end of fiscal year	<u><u>\$ 150,028</u></u>

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

### Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
6/30/2014	255,106	98%	(19,152)
6/30/2015	312,695	77%	51,504
6/30/2016	313,111	69%	150,028

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$3,639,879. The covered payroll (annual payroll of active employees covered by the plan) was \$6,381,438, and the ratio of the UAAL to the covered payroll was 57.04% percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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.osc.nc.gov](http://www.osc.nc.gov).

**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, 2016, were \$371,740, which consisted of \$283,804 from the City and \$87,936 from the law enforcement officers.

### **D. Supplemental Retirement Income Plan for Non-Law Enforcement Employees**

**Plan Description.** The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan with services provided by Prudential, administered by the Department of State Treasurer. The Plan provides retirement benefits to all full-time and qualified part-time non-law enforcement employees of the City. The City Council has the authority to establish and amend the plan's provisions.

**Funding Policy.** The adopted plan requires the City to contribute each pay period an amount equal to two percent (2%) of each non-law enforcement employee's salary. The City Council has the authority to establish or amend contribution requirements. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$575,070, which consisted of \$363,256 from the City and \$211,814 from the employees.

**E. Other Postemployment Benefits**

**Healthcare Benefits**

**Plan Description.**

Provided by a City Council Action, during a regular meeting on July 27, 1999, the City’s Employee Health Benefit Plan (the Plan), was amended to allow eligible City retirees to stay on the City’s health insurance plan, with the retiree paying the full actuarially determined premium cost. The Plan is a single-employer defined benefit plan. The Plan provides postemployment healthcare benefits to retirees of the City who qualify for retirement from the North Carolina Local Governmental Employees’ Retirement System (NCLGERS) and have at least 10 years of continuous service with the City immediately preceding retirement. Additionally, employees who have worked with the City for 20 years (regardless of age) are eligible to continue coverage. Health care and prescription drug coverage insurance are offered within the City’s health care plan until the retiree reaches age 65. Retirees may also elect dependent coverage, paying the full premium cost. Retirees who qualify for coverage receive the same benefits as active employees. During a meeting on May 25, 2010, the City Council placed a freeze on the retiree health insurance benefits for all employees hired as of July 1, 2010. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the plan included the following at December 31, 2014, the date of the latest actuarial valuation:

Active Members	
Law Enforcement Officers	76
Firefighters	59
General employees	211
Retired Members	<u>31</u>
Total	<u>377</u>

**Funding Policy.**

Contribution rates for the Plan are established on an annual basis by the City Council. Eligible retirees and their covered dependents receiving benefits contribute 100% on their premium costs. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 1.2% of annual covered payroll. For the fiscal year ended June 30, 2016, the total retiree contributions for health insurance were \$211,831. The City’s medical coverage is self insured, which is administered by an outside provider.

**Summary of Significant Accounting Policies.**

Post-employment expenditures are made from the City’s Self Insurance Internal Service Fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due.

**Annual OPEB Cost and Net OPEB Obligation.**

The City’s annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 194,000
Interest on net OPEB obligation	26,596
Adjustment to annual required contribution	<u>(36,971)</u>
Annual OPEB cost	183,625
Contributions made	<u>(173,620)</u>
Increase (Decrease) in net OPEB obligation	10,005
 Net OPEB obligation, beginning of year	 <u>664,891</u>
 Net OPEB obligation, end of year	 <u><u>\$ 674,896</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015 and 2014 were as follows:

Three-Year Trend Information			
Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Liability
6/30/2014	184,117	64.20%	753,928
6/30/2015	183,090	148.60%	664,891
6/30/2016	183,625	94.55%	674,896

**Funded Status and Funding Progress.**

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$1,961,334. The covered payroll (annual payroll of active employees covered by the plan) was \$16,599,943, and the ratio of the UAAL to the covered payroll was 11.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include

techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5 to 5 percent over 5 years. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

**Note 6. Other Employment Benefits**

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

The City also provides additional death benefit through a Group Term Life Insurance program, which is provided on a non-contributory basis to all members of the retirement system after 90 days of employment. The benefit pays the designated beneficiary an amount equal to one and a half times the employee's annual salary, but the benefit may not exceed \$75,000. Under the IRS regulations, the value of employer-paid Group Term Life Insurance coverage in excess of \$50,000 is considered taxable to the employee as a fringe benefit.

**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 (\$600,000), general liability (\$2 million), municipal equipment (\$3.2 million), computer equipment (\$7.8 million), and property (\$132.1 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 million for general liability and property damage, and single occurrence losses of \$1 million 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 \$327,093 reported in the Self Insurance Fund at June 30, 2016, 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, 2006 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2006-2007	\$ 255,635	\$ 3,267,020	\$ 3,264,923	\$ 257,732
2007-2008	257,732	3,445,020	3,319,655	383,097
2008-2009	383,097	3,410,997	3,307,659	486,435
2009-2010	486,435	4,087,736	3,825,332	748,839
2010-2011	748,839	2,552,373	2,988,879	312,333
2011-2012	312,333	3,350,959	3,331,339	331,953
2012-2013	331,953	3,314,858	3,329,464	317,347
2013-2014	317,347	2,863,383	2,985,381	195,349
2014-2015	195,349	3,653,639	3,549,927	299,061
2015-2016	299,061	3,733,564	3,705,532	327,093

The City carries commercial insurance for all other risks of loss. Settled claims resulting from 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 of the City's assets 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 totaling \$500,000 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 Director 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 per occurrence.

## **Note 8. Claims and Judgments**

At June 30, 2016, the City was a party to various lawsuits. In the opinion of the City's management and City Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial statements. In the event of an unfavorable outcome, the City could be liable up to its general liability insurance deductible.

In regard to the August 19, 2016 North Carolina Supreme Court ruling on impact fees, the City's staff and City Attorney did extensive research into the City's impact fee structure and attended a webinar given by the UNC School of Government. Based upon that research and legal analysis, it is the City Attorney's legal opinion that the case does not pertain to the City and its assessing of fees. The City's fees are calculated to cover known or predictable future maintenance/upgrade costs necessary to provide service to said properties and would be allowed by case law. No claims have been filed with the City in reference to refunding any said fees as of this date.

## **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 position.

As of June 30, 2016, the City had a legal debt margin of \$257,767,165.

### **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 0.75% to 3.95%.

The installment purchase contracts payable at June 30, 2016 are comprised of the following individual contracts:

**Serviced by the General Fund:**

	<b>Principal Balance</b>
	<b>June 30, 2016</b>
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 17 equal principal payments of \$27,778 not including interest at 3.95%	\$ 472,226
\$867,182 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 3 monthly payments of \$15,286 including interest at 1.64%	45,813
\$28,550,221 limited obligation bonds, Series 2012 – for construction of Public Safety Building, Fire Station #2, Sturgeon City Environmental Education Center, and to refund \$1,740,221 of outstanding 2007 installment agreement; principal payments due annually on April 1 in installments ranging from \$1,330,000 to \$1,544,231 through April 1, 2032; semiannual interest payments due April 1 and October 1 at rates from 2.50% - 5.00%	22,554,067
\$1,147,000 installment agreement - for the Jacksonville Landing real property purchase with First Bank dated February 21, 2013; remaining balance payable in 18 monthly payments of \$20,201 including interest at 1.60%	359,139
\$383,005 installment agreement - for vehicles and equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$5,925 including interest at 1.183%	94,092
\$860,000 installment agreement - for vehicle and equipment with US Bancorp dated June 21, 2013; remaining balance payable in 34 monthly payments of \$14,997 including interest at 1.183%	326,300
\$341,000 installment agreement - for vehicles and equipment with First Bank dated January 27, 2014; remaining balance payable in 6 monthly payments of \$9,472 not including interest at 0.75%	56,832
\$2,054,532 installment agreement - for vehicles and equipment with Bank of America dated February 10, 2014; remaining balance payable in 30 monthly payments of \$34,823 not including interest at 1.31%	1,044,690
\$1,024,000 installment agreement - for vehicles and equipment with US Bancorp dated April 30, 2014; remaining balance payable in 32 monthly payments of \$17,907 including interest at 1.30%	562,973
\$594,000 installment agreement - for 911 equipment with First Bank dated June 4, 2014; remaining balance payable in 11 monthly payments of \$16,500 not including interest at 0.95%	181,500
\$541,000 installment agreement - for vehicles and equipment with PNC bank dated December 5, 2014; remaining balance payable in 17 monthly payments of \$15,028 not including interest at 1.29%	255,476

**Serviced by the General Fund (continued):**

\$797,528 installment agreement - for vehicles and equipment with PNC bank dated December 5, 2014; remaining balance payable in 40 monthly payments of \$13,570 not including interest at 1.29%	542,800
\$457,000 installment agreement - for Old Town Marina real property purchase with First Bank dated December 12, 2015; remaining balance payable in 29 monthly payments of \$12,694 not including interest at 1.10%	368,126
\$482,000 installment agreement - for vehicles and equipment with First Bank dated December 12, 2015; remaining balance payable in 29 monthly payments of \$13,389 not including interest at 1.08%	388,281
\$162,500 installment agreement - for vehicles and equipment with First Bank dated December 14, 2015; remaining balance payable in 52 monthly payments of \$2,754 not including interest at 1.38%	143,204
<b>Total</b>	<u><u>\$ 27,395,519</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$8,154,519 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	3,934,910	1,008,288	4,943,198
2018	3,169,667	911,647	4,081,314
2019	2,205,786	834,611	3,040,397
2020	1,623,431	769,492	2,392,923
2021	1,555,245	708,962	2,264,207
2022-2026	6,896,480	2,590,019	9,486,499
2027-2031	6,680,000	1,266,000	7,946,000
2032-2036	1,330,000	65,500	1,395,500
<b>Total</b>	<u><u>\$ 27,395,519</u></u>	<u><u>\$ 8,154,519</u></u>	<u><u>\$ 35,550,038</u></u>

**Serviced by the Water and Sewer Fund:**

	<u>Principal Balance</u> <u>June 30, 2016</u>
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 26 monthly payments of \$23,838 not including interest at 3.235%	\$ 619,788
\$1,660,132 installment agreement – for an elevated water storage tank with PNC Bank dated May 14, 2004; remaining balance payable in 34 monthly payments of \$9,223 not including interest at 3.27%	313,582
\$7,700,000 installment agreement – water and sewer line replacements with Wells Fargo dated October 20, 2006; remaining balance payable in 3 monthly payments of \$76,985 including interest at 3.80%	229,276

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

\$432,556 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 3 monthly payments of \$7,625 including interest at 1.64%	22,708
\$5,554,779 limited obligation bonds, Series 2012 – to refund \$950,000 of outstanding 1996 State Bond Fund Loan; \$2,840,000 of outstanding 1996 State Revolving Fund Loan; \$665,000 of outstanding 1997 Sanitary Sewer Revolving Loan; \$700,000 of outstanding 1997 Sanitary Sewer Revolving Loan; and \$399,779 of outstanding 2007 installment agreement, principal payments due annually on April 1 in installments ranging from \$43,901 to \$1,275,494 through April 1, 2022; semiannual interest payments due April 1 and October 1 at rates from 2.50% - 5.00%	530,929
\$401,185 installment agreement - for vehicles and equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$6,996 including interest at 1.183%	110,818
\$335,092 installment agreement - for vehicles and equipment with Bank of America dated February 10, 2014; remaining balance payable in 30 monthly payments of \$5,680 not including interest at 1.31%	170,400
\$177,470 installment agreement - for vehicles and equipment with PNC bank dated December 5, 2014; remaining balance payable in 40 monthly payments of \$3,008 not including interest at 1.29%	120,320
\$103,500 installment agreement - for vehicles and equipment with First Bank dated December 14, 2015; remaining balance payable in 52 monthly payments of \$1,754 not including interest at 1.38%	91,208
Total	<u><u>\$ 2,209,029</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$97,869 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	1,171,659	52,687	1,224,346
2018	591,043	23,288	614,331
2019	273,153	10,061	283,214
2020	76,984	6,013	82,997
2021	52,787	4,064	56,851
2022-2026	43,403	1,756	45,159
Total	<u><u>\$ 2,209,029</u></u>	<u><u>\$ 97,869</u></u>	<u><u>\$ 2,306,898</u></u>

## Serviced by the Solid Waste Fund:

	<u>Principal Balance June 30, 2016</u>
\$348,633 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 3 monthly payments of \$6,145 including interest at 1.64%	18,382
\$407,714 installment agreement - for vehicles and equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$7,110 including interest at 1.183%	112,805
\$276,552 installment agreement - for vehicles and equipment with Bank of America dated February 10, 2014; remaining balance payable in 30 monthly payments of \$4,687 not including interest at 1.31%	140,610
\$1,039,915 installment agreement - for vehicles and equipment with US Bancorp dated April 30, 2014; remaining balance payable in 32 monthly payments of \$15,904 including interest at 1.30%	496,932
\$249,082 installment agreement - for vehicles and equipment with PNC bank dated December 5, 2014; remaining balance payable in 40 monthly payments of \$4,132 including interest at 1.29%	165,269
\$320,000 installment agreement - for vehicles and equipment with First Bank dated December 14, 2015; remaining balance payable in 52 monthly payments of \$5,424 not including interest at 1.38%	282,048
\$231,330 installment agreement - for vehicle with First Bank dated March 14, 2016; remaining balance payable in 55 monthly payments of \$3,921 not including interest at 2.25%	215,655
Total	<u>\$ 1,431,701</u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$35,800 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	506,283	17,468	523,751
2018	434,254	10,853	445,107
2019	313,362	5,189	318,551
2020	128,662	2,021	130,683
2021	49,140	269	49,409
Total	<u>\$ 1,431,701</u>	<u>\$ 35,800</u>	<u>\$ 1,467,501</u>

**Serviced by the Fleet Maintenance Fund:**

	<u>Principal Balance June 30, 2016</u>
\$30,900 installment agreement - for vehicles and equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$539 including interest at 1.183%	\$ 8,550
\$56,315 installment agreement - for vehicles and equipment with US Bancorp dated April 30, 2014; remaining balance payable in 32 monthly payments of \$994 including interest at 1.30%	30,715
\$103,370 installment agreement - for vehicles and equipment with PNC Bank dated December 5, 2014; remaining balance payable in 40 monthly payments of \$1,789 not including interest at 1.29%	71,560
Total	<u>\$ 110,825</u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$2,191 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 39,462	\$ 1,193	\$ 40,655
2018	35,366	703	36,069
2019	28,841	276	29,117
2020	7,156	19	7,175
Total	<u>\$ 110,825</u>	<u>2,191</u>	<u>113,016</u>

**Serviced by the City Hall Maintenance Fund:**

	<u>Principal Balance June 30, 2016</u>
\$12,925 installment agreement - for building equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$225 including interest at 1.183%	\$ 3,576
Total	<u>\$ 3,576</u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$30 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,677	\$ 28	\$ 2,705
2017	899	2	901
Total	<u>\$ 3,576</u>	<u>\$ 30</u>	<u>\$ 3,606</u>

**Serviced by the Information Technology Services Fund:**

	<u>Principal Balance June 30, 2016</u>
\$160,000 installment agreement - for vehicles and equipment with First Bank dated January 27, 2014; remaining balance payable in 6 monthly payments of \$4,445 not including interest at 0.75%	26,670
\$160,000 installment agreement - for vehicles and equipment with PNC Bank dated December 5, 2014; remaining balance payable in 17 monthly payments of \$4,444 not including interest at 1.29%	75,552
\$180,000 installment agreement - for vehicles and equipment with First Bank dated December 12, 2015; remaining balance payable in 29 monthly payments of \$5,000 not including interest at 1.08%	\$ 145,000
	<u>\$ 247,222</u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$2,734 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 140,000	\$ 1,978	\$ 141,978
2018	82,222	689	82,911
2019	25,000	67	25,067
Total	<u>\$ 247,222</u>	<u>\$ 2,734</u>	<u>\$ 249,956</u>

**Serviced by the Stormwater Fund:**

	<u>Principal Balance</u> <u>June 30, 2016</u>
\$4,100,000 installment agreement/Build America Bond - for stormwater improvements with PNC Bank dated December 16, 2010; remaining balance payable in 9 semi-annual payments of \$243,304 including interest at 3.38%. The City receives a subsidy of 35% of interest cost from the Federal Government reducing the effective interest rate to 2.20%.	\$ 2,015,614
\$192,629 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 3 monthly payments of \$3,396 including interest at 1.64%	9,969
\$237,271 installment agreement - for vehicles and equipment with US Bancorp dated December 3, 2012; remaining balance payable in 16 monthly payments of \$4,891 including interest at 1.183%	77,402
\$68,824 installment agreement - for vehicles and equipment with Bank of America dated February 10, 2014; remaining balance payable in 30 monthly payments of \$1,167 not including interest at 1.31%	35,010
\$32,550 installment agreement - for vehicles and equipment with PNC Bank dated December 5, 2014; remaining balance payable in 40 monthly payments of \$552 not including interest at 1.29%	22,080
\$93,000 installment agreement - for vehicles and equipment with First Bank dated December 14, 2015; remaining balance payable in 52 monthly payments of \$1,576 not including interest at 1.38%	81,952
Total	<u>\$ 2,242,027</u>

The future minimum payments of the installment purchases payable as of June 30, 2016, including \$178,436 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	529,514	66,877	596,391
2018	495,735	51,374	547,109
2019	483,811	35,934	519,745
2020	487,781	20,189	507,970
2021	245,186	4,062	249,248
Total	<u>\$ 2,242,027</u>	<u>\$ 178,436</u>	<u>\$ 2,420,463</u>

## B. Loans Payable

### Water and Sewer Fund:

	<b>Principal Balance June 30, 2016</b>
\$27,955,716 State Revolving Loan dated June 3, 2008 due in 15 annual installments of \$1,397,786 each; interest at 2.10%	\$ 20,966,790
\$10,535,297 State Revolving Loan dated June 3, 2008 due in 15 annual installments of \$601,977 each and one payment of \$400,200; interest at 2.01%	9,429,855
\$17,500,000 State Revolving Loan dated March 26, 2009 due in 15 annual installments of \$875,000 each; interest at 2.10%	13,125,000
\$1,500,000 State Revolving Loan dated July 7, 2009 due in 16 annual installments of \$75,000 each; interest at 0.0%	1,200,000
Total	<u><u>\$ 44,721,645</u></u>

The future minimum payments of the loans payable as of June 30, 2016, including \$6,908,925 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2,949,763	875,016	3,824,779
2018	2,949,763	815,188	3,764,951
2019	2,949,763	755,359	3,705,122
2020	2,949,763	695,531	3,645,294
2021	2,949,763	635,703	3,585,466
2022-2026	14,748,816	2,281,091	17,029,907
2027-2031	14,748,816	814,738	15,563,554
2032-2036	475,198	36,299	511,497
Total	<u><u>\$ 44,721,645</u></u>	<u><u>\$ 6,908,925</u></u>	<u><u>\$ 51,630,570</u></u>

### Stormwater Fund:

	<b>Principal Balance June 30, 2016</b>
\$477,988 State Revolving Loan dated October 6, 2015 due in 7 annual installments of \$23,899 each and one payment of \$8,406; interest at 0.0%	\$ 175,699
Total	<u><u>\$ 175,699</u></u>

The future minimum payments of the loans payable as of June 30, 2016, including no interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	23,899	-	23,899
2018	23,899	-	23,899
2019	23,899	-	23,899
2020	23,899	-	23,899
2021	23,899	-	23,899
2022-2026	56,204	-	56,204
Total	<u>\$ 175,699</u>	<u>\$ -</u>	<u>\$ 175,699</u>

### C. Revenue Bonds Payable

#### Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2016</u>
	\$ 33,646
\$501,235 Revenue Bond Payable dated September 10, 2009 due in 5 monthly installments of \$6,695 including interest at 3.95%	3,684,427
\$25,000,000 Revenue Bond Payable dated September 10, 2009 due in 3 annual installments with semi-annual interest payments at 4.55%	24,145,000
\$24,145,000 Revenue Bond Payable dated May 18, 2016 due in 15 annual installments with semi-annual interest payments at various interest rates	<u>\$ 27,863,072</u>

The future minimum payments of the bonds payable as of June 30, 2016, including \$10,538,823 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,512,067	\$ 1,226,446	\$ 2,738,513
2018	1,732,829	1,219,066	2,951,895
2019	1,803,176	1,148,072	2,951,248
2020	1,785,000	1,068,888	2,853,888
2021	1,855,000	997,488	2,852,488
2022-2026	10,450,000	3,798,838	14,248,838
2027-2031	8,725,000	1,080,025	9,805,025
Total	<u>\$ 27,863,072</u>	<u>\$ 10,538,823</u>	<u>\$ 38,401,895</u>

The City is in compliance with the rate covenants contained in the General Trust Indenture, Section 6, dated September 1, 2009 and adopted by the City Council on September 8, 2009 authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2009. Section 6.6 of the General Indenture requires that the coverage ratios be no less than 120% of the debt service on the revenue bonds and

100% of the debt service on all other debt. The debt service coverage requirements for the year ended June 30, 2016, are as follows:

For the Fiscal Year Ending June 30th	2016
Net Revenues	\$ 11,514,099
20% of Surplus Account	\$ 5,150,799
Net Revenues <u>Plus</u> 20% of Surplus Account	\$ 16,664,898
Debt Service on Bonds	3,805,739
120% of Debt Service on Bonds	4,566,887
Debt Service on Subordinate and Other Indebtedness	6,965,032

Debt Service Coverage on Bonds <u>Excluding</u> 20% of Surplus Account	3.03
Debt Service Coverage on Bonds <u>Including</u> 20% of Surplus Account	4.38

Debt Service Coverage on 120% Debt Service on Bonds, Plus 100% Debt Service on Subordinated, and Other Indebtedness <u>Including</u> 20% of Surplus Account	1.45
Debt Service Coverage on 100% Debt Service on Bonds, Plus 100% Debt Service on Subordinated, and Other Indebtedness <u>Excluding</u> 20% of Surplus Account	1.07

## D. Changes in General Long-Term Liabilities - Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Installment purchases	\$ 30,793,871	\$ 1,281,500	\$ 4,318,229	\$ 27,757,142	\$ 4,117,049
Unamortized premiums - I/P	2,456,902	-	159,051	2,297,851	180,950
Other postemployment benefits	619,551	865,556	856,803	628,305	-
Net pension liability (LGERS)	-	1,505,407	-	1,505,407	-
Net pension liability (LEO)	51,504	98,524	-	150,028	-
*Compensated absences	1,509,040	824,771	803,574	1,530,237	912,258
<b>Total</b>	<b><u>\$ 35,430,868</u></b>	<b><u>\$ 4,575,758</u></b>	<b><u>\$ 6,137,657</u></b>	<b><u>\$ 33,868,970</u></b>	<b><u>\$ 5,210,257</u></b>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>By purpose</b>					
General government	\$ 4,854,075	\$ -	\$ 664,913	\$ 4,189,162	\$ 664,109
Fire equipment	4,204,318	67,500	787,408	3,484,410	664,837
Police equipment	21,371,680	482,000	2,148,091	19,705,589	2,100,294
Recreation	2,232,027	552,000	608,811	2,175,216	657,370
Streets	209,451	-	70,459	138,992	29,250
Fleet Maintenance	150,063	-	39,238	110,825	39,462
City Hall Maintenance	6,221	-	2,645	3,576	2,677
Information Technology Services	222,938	180,000	155,715	247,223	140,000
Video/Media Services	-	-	-	-	-
Other postemployment benefits	619,551	865,556	856,803	628,305	-
Net pension liability (LGERS)	-	1,505,407	-	1,505,407	-
Net pension liability (LEO)	51,504	98,524	-	150,028	-
*Compensated absences	1,509,040	824,771	803,574	1,530,237	912,258
<b>Total</b>	<b><u>\$ 35,430,868</u></b>	<b><u>\$ 4,575,758</u></b>	<b><u>\$ 6,137,657</u></b>	<b><u>\$ 33,868,970</u></b>	<b><u>\$ 5,210,257</u></b>

\*The General Fund is used to liquidate the liability for compensated absences, other postemployment benefits, and net pension obligation for governmental activities.

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

Long-term liability activity for Business-Type Activities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Loans	\$ 47,572,893	\$ 298,112	\$ 2,973,661	\$ 44,897,344	\$ 2,973,662
Revenue Bonds	34,620,214	24,145,000	30,902,142	27,863,072	1,512,067
Installment purchases	9,189,181	787,276	4,093,700	5,882,757	2,207,456
Unamortized premiums	162,244	5,483,821	105,798	5,540,267	35,877
Other postemployment benefits	45,340	25,066	23,815	46,591	-
Net pension liability (LGERS)	-	400,172	-	400,172	-
*Compensated absences	368,235	229,782	239,258	358,759	245,527
<b>Total</b>	<b>\$ 91,958,107</b>	<b>\$ 31,369,229</b>	<b>\$ 38,338,374</b>	<b>\$ 84,988,962</b>	<b>\$ 6,974,589</b>

<b>By purpose</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Water Supply	\$ 41,515,672	\$ 5,535,202	\$ 9,318,040	\$ 37,732,834	\$ 2,420,576
Metering	45,329	-	14,623	30,706	10,660
Utilities Maintenance	339,322	-	166,313	173,009	94,826
Sewer	45,585,024	24,295,633	27,483,193	42,397,464	3,143,304
Solid Waste/Sanitation	1,406,513	551,331	526,143	1,431,701	506,283
Stormwater/Water Quality	2,652,672	332,043	566,989	2,417,726	553,413
Other postemployment benefits	45,340	25,066	23,815	46,591	-
Net pension liability (LGERS)	-	400,172	-	400,172	-
*Compensated absences	368,235	229,782	239,258	358,759	245,527
<b>Total</b>	<b>\$ 91,958,107</b>	<b>\$ 31,369,229</b>	<b>\$ 38,338,374</b>	<b>\$ 84,988,962</b>	<b>\$ 6,974,589</b>

\*The Water/Sewer, Solid Waste, and Stormwater/Water Quality Funds are used to liquidate the liability for compensated absences for business-type activities. The Water/Sewer and Solid Waste Funds are used to liquidate the liability for other postemployment benefits and net pension obligations for business-type activities.

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

## F. Advance and Current Refundings

On May 18, 2016, the City issued \$15,110,000 of revenue advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments \$16,523,777 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,954,448. This amount is being netted against the new debt and amortized over the life of the refunded debt which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 9 years by \$1,613,802 and resulted in an economic gain of \$1,392,433.

In addition, the government issued \$9,035,000 of revenue bonds for a current refunding of \$12,547,624 of revenue bonds of the Water and Sewer Fund. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$125,476. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The transaction also resulted in an economic gain of \$1,166,658 and a reduction of \$3,331,943 in future debt service payments.

## Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2016, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reconciliation to Exhibit A</u>	
			<u>Governmental</u>	<u>Business-Type</u>
Non-Major Governmental	Major Governmental	\$ 233,000	\$ -	\$ -
Non-Major Governmental	Stormwater Fund	246,000	246,000	(246,000)
		<u>\$ 479,000</u>	<u>\$ 246,000</u>	<u>(246,000)</u>
			<u>\$ 246,000</u>	<u>\$ (246,000)</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) grant expenditures are incurred and reimbursement is received, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system, and (4) 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 Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Sturgeon City	80	-
Harmony Grant	1,924	-
Special Olympics	100	-
Recreation fees not yet earned	4,605	-
Recreation - Sponsorships	11,000	-
Police - Memorial Fountain	18,853	-
National Night Out	27,963	-
Fire Department Materials	397	-
Mayor's Disabilities Comm	100	-
Tree fund donations not yet earned, included in restricted assets	246	-
Beirut memorial donations not yet earned, included in restricted assets	1,595	-
Privilege licenses for next year	2,380	-
Taxes receivable	816,072	-
Beer and wine tax receivable	84,214	-
Investment interest receivable	7,616	-
FTA Grant receivable	212,006	-
Deferred Inflow (Exhibit C)	<u>1,189,151</u>	<u>-</u>
Less:		
Taxes receivable	\$ (816,072)	\$ -
Beer and wine tax receivable	(84,214)	-
Investment interest receivable	(7,616)	-
FTA Grant receivable	(212,006)	-
Add:		
Pension Deferrals	1,047,892	313,027
Scientific Study Deposit	-	24,000
Special assessments receivable	-	66,154
Deferred Inflow (Exhibit A)	<u>\$ 1,117,135</u>	<u>\$ 403,181</u>

Deferred outflows of resources at year-end is comprised of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Deferred Charge related to Debt Refinancing	\$ -	\$ 2,061,172
Pension Deferrals	1,306,424	356,112
Deferred Outflow (Exhibit A)	<u>\$ 1,306,424</u>	<u>\$ 2,417,284</u>

## Note 12. Intergovernmental Assistance Programs

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

## Note 13. Interfund Transfers

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

Interfund transfers for the year ended June 30, 2016 are as follows:

Transfers in:							
Transfers out:	Major General	Non-Major Government	Major Capital Projects	Non-Major Internal Service Fund	Major Solid Waste	Major Water and Sewer	Total
Major General Fund	\$ -	\$ 4,091,776	\$ -	\$ 54,815	\$ 1,004,014	\$ 7,133	\$ 5,157,738
Non-Major Government	766,575	-	166,500	-	-	340,210	1,273,285
Major Capital Projects	494,235	127,946	-	-	-	-	622,181
Non-Major Enterprise Fund	75,085	-	-	-	-	80,300	155,385
Internal Service Fund	-	342	-	-	-	-	342
Major Solid Waste Fund	-	-	-	-	-	-	-
Major Water and Sewer	-	-	-	-	-	-	-
<b>Total transfers out</b>	<b>\$ 1,335,895</b>	<b>\$ 4,220,064</b>	<b>\$ 166,500</b>	<b>\$ 54,815</b>	<b>\$ 1,004,014</b>	<b>\$ 427,643</b>	<b>\$ 7,208,931</b>

Transfers consist primarily of the following:

\$ 755,692	From Capital Reserve to General Fund for debt retirement
\$ 311,187	From Capital Reserve to Water Sewer Fund for debt retirement
\$ 1,422,920	From General Fund to Capital Reserve to fund Council Initiatives
\$ 591,265	From General Fund to Non-Major Governmental funds to match grants
\$ 1,004,014	From General Fund to fund Solid Waste Operations
\$ 212,574	From General Fund to fund NCDOT grant match
\$ 1,865,017	From General Fund Powell Bill distribution to Powell Bill projects
\$ 166,500	From Capital Reserve to fund capital projects
\$ 494,236	From Major Capital Projects to close projects and return funds to General Fund
\$ 75,085	From Non-Major Enterprise fund to repay General Fund for start up costs
\$ 127,946	From Non-major to close projects and return funds to Capital Reserve
\$ 80,300	From Non-Major Enterprise Fund to fund Stormwater Improvements in a Water and Sewer Project

## Note 14. Encumbrances

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the Governmental fund types at June 30, 2016 are as follows:

General Fund	\$	321,117
Capital Projects		986,455
Non Major Funds		873,965

## Note 15. Jointly Governed Organizations

The City, in conjunction with Marine Corps Base Camp Lejeune, Onslow County, and the other four municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to 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 four other municipalities. The City has elected to be a wholesale member of ONWASA providing and obtaining services from ONWASA. The City has partnered with ONWASA to install three interconnections between the individual water systems. These connections will allow either system to supply water to the other in case of emergency. As of June 30, 2016, two of the three connections have been installed.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to foster sports as an economic development activity. In fiscal year 2011, funding of the 501(c)3 nonprofit was assumed by the Jacksonville Tourism Development Authority (JTDA). The City and Onslow have appointment power for Directors of the nonprofit.

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 a portion of the cost for this organization. The City's funding for fiscal year 2016 was \$30,000.

The City established the Wilson Bay Initiative in fiscal year 1998. The successful cleanup of the New River led to the creation of the Sturgeon City Project in fiscal year 2000 and the creation of a nonprofit. In fiscal year 2007 the Board of Directors and the nonprofit became free-standing since the Mayor and Council had served as the governing board for Sturgeon City of Jacksonville, Inc. In fiscal year 2011, funding support for the nonprofit was transferred from the general fund to the Jacksonville Tourism Development Authority. In May 2013, the City committed to long-term debt in order to build a \$4 million facility, the Sturgeon City Civic and Environmental Education Center. The JTDA will be contributing \$150,000 annually towards the long-term debt, while Sturgeon City of Jacksonville, Inc. will be contributing \$75,000 annually.

## Note 16. 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 17. Change in Accounting Principles/Restatement**

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 73, the City reclassified the assets of the fund formerly reported as the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund because it did not meet the definition of a trust. As a result, beginning net position for the governmental activities and the General Fund increased by \$305,211.

## **Note 18. Pronouncements Issued, Not Yet Effective**

The GASB has issued several pronouncements prior to June 30, 2016 that have effective dates applicable to future years and may impact future financial presentations. Of these pronouncements, the following may have an impact on the City's future financial presentations:

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This Statement is effective for fiscal years beginning after June 15, 2017.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will require governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local

governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The requirements of this Statement enhance the comparability of financial statements among governments. Greater comparability improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement will enhance accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016.

In March 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement will address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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



# REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

## **Law Enforcement Officers' Special Separation Allowance:**

Schedule of Funding Progress

## **Other Postemployment Benefits:**

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

## **Local Governmental Employees' Retirement System:**

Schedule of Proportionate Share of Net Pension Liability  
for Local Governmental Employees' Retirement System

Schedule of Contributions to Local Governmental Employees'  
Retirement System

**City of Jacksonville, North Carolina**  
**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)
12/31/08	\$ -	\$ 1,931,842	\$ 1,662,369	-	\$ 5,249,250	36.80
12/31/09	-	2,392,379	1,959,545	-	5,207,150	45.94
12/31/10	-	2,185,924	1,747,084	-	5,176,879	42.22
12/31/11	-	2,540,061	2,111,710	-	5,555,744	45.72
12/31/12	-	2,651,627	2,214,632	-	5,601,541	47.34
12/31/13	-	2,704,828	2,302,930	-	5,825,554	46.43
12/31/14	-	2,676,525	2,299,139	-	5,701,237	46.95
12/31/15	-	3,639,879	3,639,879	-	6,381,438	57.04

**City of Jacksonville, North Carolina  
Other Postemployment Benefits  
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)
12/31/08	\$ -	\$ 2,758,133	\$ 2,758,133	0.0 %	\$ 20,265,645	13.6 %
12/31/10	-	2,350,959	2,350,959	0.0	20,600,953	11.4
12/31/12	-	1,832,974	1,832,974	0.0	19,524,160	9.4
12/31/14	-	1,961,334	1,961,334	0.0	16,599,943	11.8

Note: Seasonal, temporary, and part-time employees as well as employees hired on and after July 1, 2010 are ineligible to participate in the City's health care plan upon leaving employment with the City, therefore covered payroll will decrease over time.

**City of Jacksonville, North Carolina  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions**

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
2012	\$ 265,915	19.3 %
2013	243,994	71.5
2014	194,856	60.7
2015	194,856	139.7

**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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend *	7.50% - 5.00%
* Includes inflation at	3.00%

**City of Jacksonville, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Three Fiscal Years \***

**Local Governmental Employees' Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Jacksonville's proportion of the net pension liability (asset) (%)	0.42460%	0.47368%	0.45270%
Jacksonville's proportion of the net pension liability (asset) (\$)	\$ 1,905,579	\$ (2,793,509)	\$ 5,456,773
Jacksonville's covered-employee payroll	\$ 23,853,363	\$ 23,528,476	\$ 23,656,201
Jacksonville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.99%	-11.87%	23.07%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**City of Jacksonville, North Carolina  
Schedule of Contributions  
Required Supplementary Information  
Last Three Fiscal Years**

**Local Governmental Employees' Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,631,358	\$ 1,703,047	\$ 1,668,987
Contributions in relation to the contractually required contribution	\$ 1,631,358	\$ 1,703,047	\$ 1,668,987
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Jacksonville's covered-employee payroll	\$ 22,516,732	\$ 23,853,363	\$ 23,528,476
Contributions as a percentage of covered-employee payroll	7.25%	7.14%	7.09%

# MAJOR FUNDS

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



# GENERAL FUND

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

**City of Jacksonville, North Carolina**  
**General Fund**  
**Comparative Balance Sheets**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 18,628,364	\$ 15,024,168
Restricted cash and cash equivalents	2,985,540	3,912,372
Taxes receivable (net)	986,079	1,424,344
Accounts receivable (net)	4,881,323	4,720,851
Interfund receivables	-	27,536
Inventories	82,183	39,851
Prepaid items	5,670	3,611
Total Assets	<u>\$ 27,569,159</u>	<u>\$ 25,152,733</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,466,806	\$ 1,426,588
Interfund payable	-	-
Total Current Liabilities	<u>1,466,806</u>	<u>1,426,588</u>
Noncurrent Liabilities:		
Customer deposits	<u>366,389</u>	<u>390,765</u>
Total Noncurrent Liabilities	<u>366,389</u>	<u>390,765</u>
Total Liabilities	<u>1,833,195</u>	<u>1,817,354</u>
Total Deferred Inflows of Resources	<u>977,145</u>	<u>1,763,297</u>
Fund Balances:		
Non Spendable:		
Inventories	82,183	39,851
Compensating balance	2,000,000	2,000,000
Prepaid items	5,670	3,611
Restricted:		
Stabilization by State Statute	5,288,235	5,505,397
Law Enforcement		
Streets	520,535	1,248,420
Other Functions	910,189	-
Public Safety	75,351	245,883
Committed:		
LEO Special Separation Allowance	312,733	-
Assigned:		
Subsequent year's expenditures	2,112,849	1,832,675
Unassigned	<u>13,451,074</u>	<u>10,696,246</u>
Total Fund Balances	<u>24,758,819</u>	<u>21,572,083</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,569,159</u>	<u>\$ 25,152,733</u>

**City of Jacksonville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current year (net of discounts)	\$ 22,356,366	\$ 22,848,736	\$ 492,370	\$ 22,461,384
Prior years	394,064	413,757	19,693	365,693
Penalties and interest	118,870	159,276	40,406	135,089
Total	22,869,300	23,421,769	552,469	22,962,166
Other taxes and licenses:				
Privilege licenses	-	7,156	7,156	712,683
Local option sales tax	3,889,627	3,958,606	68,979	3,795,282
One-half cent sales tax (2003)	2,222,173	2,626,592	404,419	2,439,629
One-half cent sales tax (1983)	2,392,712	2,637,107	244,395	2,493,757
One-half cent sales tax (1986)	2,034,260	2,073,410	39,150	1,990,656
Gross receipt on short term vehicle tax	173,000	198,795	25,795	189,345
Total	10,711,772	11,501,666	789,894	11,621,352
Unrestricted intergovernmental revenues:				
Utility franchise tax	2,842,500	3,797,175	954,675	3,678,597
Beer and wine tax	335,000	336,855	1,855	372,917
Payment in lieu of taxes (PILOT)	5,000	4,365	(635)	5,019
State Owned Buildings Fire Protection	1,800	1,795	(5)	1,735
ABC revenue	70,000	78,444	8,444	42,851
Total	3,254,300	4,218,634	964,334	4,101,119
Restricted intergovernmental revenues:				
Federal – 104F transportation grant	220,398	214,640	(5,758)	266,364
Federal – FTA Section 5303 grant	27,840	27,840	-	23,818
Federal – NHTSA-Thru GHSP & OSFM	847	847	-	-
Federal – DEA Task Force	5,000	6,570	1,570	5,013
Federal – NCDOT Pass Thru	-	115,744	115,744	-
State – Mosquito Control grant	-	-	-	-
State – CAMA permits	90	95	5	-
State – Street-aid Allocation	1,815,481	1,815,480	(1)	1,860,405
State – 5305 State grant funds	3,480	3,480	-	2,976
State – Arts Council	1,000	-	(1,000)	1,000
State – Traffic	303,597	188,845	(114,752)	86,725
Local – Juvenile Transportation	100	396	296	171
Local – EAP ongoing grant	-	-	-	-
Local – NCLM Safety grant	-	-	-	-
Local – Police Dept Community Services Contribution	-	-	-	-
Local – TDA Contribution for Sturgeon City	150,000	150,000	-	150,000
Local – NARTEST-Court Ordered Payment	-	257	257	-
Local – Transit System (OUTS)	-	-	-	-
Local – Metropolitan Planning Organization	14,784	14,784	-	53,851
Local – Signal Preemption Maintenance	1,160	11,393	10,233	-
Total	2,543,777	2,550,371	6,594	2,450,323

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>2016</b>		<b>Variance</b>	<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>Actual</b>
<b>Permits and fees:</b>				
Taxi permits	\$ 11,750	\$ 9,324	\$ (2,426)	\$ 13,436
Development review fees	42,000	33,805	(8,195)	54,340
Planning fees	25,000	2,590	(22,410)	6,500
Inspection fees	615,000	559,471	(55,529)	621,141
Erosion control fees	5,000	2,613	(2,387)	4,900
Fire protection permit	22,000	20,965	(1,035)	23,345
Nuisance abatement fees	32,000	33,513	1,513	36,730
Police Department	200	300	100	200
Total	<u>752,950</u>	<u>662,581</u>	<u>(90,369)</u>	<u>760,592</u>
<b>Sales and services:</b>				
Utility patching service	16,000	8,604	(7,396)	16,593
Recreation fees	639,918	654,508	14,590	669,236
Recreation concession	60,000	55,119	(4,881)	64,552
Photocopy and map sales	350	360	10	525
Credit reports	8,000	10,738	2,738	10,413
Powell Bill equipment use allowance	15,000	6,092	(8,908)	14,892
Property leases	84,220	84,802	582	75,350
Youth Center	-	-	-	-
Annexation/street closing petition	1,500	500	(1,000)	1,500
Funeral escorts	5,000	6,975	1,975	4,500
Wrecker rotation member	8,500	7,000	(1,500)	9,250
Miscellaneous sales	250	50	(200)	962
NC DOT	3,361	-	(3,361)	-
Passport Services	52,500	121,600	69,100	41,048
Fiber Repair	-	1,641	1,641	-
Total	<u>894,599</u>	<u>957,989</u>	<u>63,390</u>	<u>908,821</u>
<b>Investment earnings:</b>				
Investment earnings	19,835	80,891	61,056	13,001
Investment earnings - Powell Bill	135	1,725	1,590	219
Total	<u>19,970</u>	<u>82,616</u>	<u>62,646</u>	<u>13,220</u>
<b>Miscellaneous:</b>				
Police court fees	62,000	52,512	(9,488)	52,035
Parking fines	-	-	-	-
Program income—Powell Bill	17,350	179	(17,171)	-
Miscellaneous	176,650	248,486	71,836	223,305
Contributions	11,000	11,000	-	10,469
Refund	8,500	15,572	7,072	11,969
Total	<u>275,500</u>	<u>327,749</u>	<u>52,249</u>	<u>297,778</u>
Total revenues	<u>41,322,168</u>	<u>43,723,375</u>	<u>2,401,207</u>	<u>43,115,371</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Expenditures:</b>				
General government				
Mayor and Council				
Salaries and employee benefits		\$ 60,563		\$ 60,595
Operating expenses		138,958		138,230
Other departmental expenses		227,948		199,896
Overhead allocation from General Fund		(147,599)		(186,063)
Total		279,870		212,658
City Manager				
Salaries and employee benefits		464,045		479,431
Operating expenses		37,185		50,129
Maintenance and repair		-		-
Contracted services		7,663		-
Other departmental expenses		89,387		86,100
Overhead allocation from General Fund		(348,626)		(350,824)
Total		249,654		264,836
Passport Operations				
Operating expenses		4,295		2,376
Other departmental expenses		337		882
Total		4,632		3,258
Human Resources				
Salaries and employee benefits		419,302		404,047
Operating expenses		129,395		164,449
Maintenance and repair		-		-
Contracted services		12,379		9,797
Other departmental expenses		78,628		87,838
Capital outlay		-		-
Overhead allocation from General Fund		(178,517)		(175,445)
Total		461,187		490,686
City Clerk				
Salaries and employee benefits		127,669		131,940
Operating expenses		16,579		16,527
Contracted services		-		5,834
Other departmental expenses		36,755		40,694
Overhead allocation from General Fund		(35,996)		(43,934)
Total		145,007		151,061
Elections				
Contracted services		25,767		-
Total		25,767		-
Finance				
Salaries and employee benefits		1,413,647		1,378,532
Operating expenses		283,046		327,865
Maintenance and repairs		-		731
Contracted services		548,363		506,358
Other departmental expenses		179,266		202,307
Overhead allocation from General Fund		(1,085,306)		(1,089,572)
Total		1,339,016		1,326,221

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Community Programs				
Salaries and employee benefits		\$ 186,147		\$ 184,108
Operating expenses		15,390		47,335
Maintenance and repairs		-		46
Contracted services		7,622		32,500
Other departmental expenses		27,129		42,286
Overhead allocation from General Fund		(49,325)		(48,621)
Total		186,963		257,654
Legal				
Salaries and employee benefits		186,223		185,436
Operating expenses		11,320		12,232
Contracted services		15,626		7,421
Other departmental expenses		6,829		8,171
Overhead allocation from General Fund		(176,736)		(141,958)
Total		43,262		71,302
Planning				
Salaries and employee benefits		603,287		707,153
Operating expenses		51,483		53,902
Contracted services		5,145		6,289
Other departmental expenses		59,362		89,626
Capital outlay		5,600		3,840
Overhead allocation from General Fund		-		-
Total		724,877		860,810
Transportation				
Salaries and employee benefits		222,620		216,326
Operating expenses		26,713		22,928
Maintenance and repairs		-		1,769
Contracted services		87,765		164,801
Other departmental expenses		24,759		26,902
Total		361,857		432,726
Non-departmental				
Salaries and employee benefits		-		-
Operating expenses		93,816		113,612
Utilities, maintenance and repairs		4,936		5,059
Contracted services		41,500		13,367
Other departmental expenses		-		120
Reserve for insurance deductible		144,959		151,866
Miscellaneous payments		152,018		155,743
Capital outlay		18,285		14,748
Bad debts		30,669		17,139
Total		486,183		471,654
Total general government	5,418,101	4,308,275	1,109,826	4,542,866

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Public works				
Inspections				
Salaries and employee benefits		\$ 469,106		\$ 527,775
Operating expenses		56,962		61,712
Other departmental expenses		112,784		104,575
Total		638,852		694,062
Code Enforcement				
Salaries and employee benefits		228,474		228,136
Operating expenses		16,382		19,296
Contracted services		8,090		9,097
Other departmental expenses		28,014		30,580
Capital outlay		-		24,562
Total		280,960		311,671
Administration				
Salaries and employee benefits		27,585		13,184
Operating expenses		7,153		2,790
Other departmental expenses		10,996		13,793
Total		45,734		29,767
Engineering				
Salaries and employee benefits		151,819		150,065
Operating expenses		9,543		10,396
Contracted services		1,000		8,849
Other departmental expenses		41,520		34,435
Total		203,882		203,745
Maintenance				
Salaries and employee benefits		637,876		591,022
Operating expenses		91,986		91,166
Utilities		13,563		13,365
Maintenance and repairs		190,406		102,889
Contracted services		17,432		15,696
Other departmental expenses		57,906		65,298
Capital outlay		31,731		-
Overhead allocation from General Fund		(163,604)		(130,582)
Total		877,296		748,854

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015	
	Budget	Actual		Actual	Actual
Streets - Powell Bill					
Salaries and employee benefits		\$ 274,088		\$ 324,311	
Operating expenses		390,331		389,182	
Maintenance and repairs		31,106		38,377	
Contracted services		3,770		7,540	
Total		699,295		759,410	
Streets - Non-Powell Bill					
Salaries and employee benefits		673,168		628,692	
Operating expenses		148,989		129,957	
Utilities		586,619		586,352	
Maintenance and repairs		4,214		733	
Street lighting		405,872		417,096	
Contracted services		1,196		36,094	
Other departmental expenses		78,811		91,828	
Mosquito control		18,134		19,130	
Capital outlay		123,846		24,811	
Overhead allocation from General Fund		(40,858)		(37,622)	
Total		1,999,991		1,897,071	
Streets - Traffic Signal Control					
Salaries and employee benefits		296,793		281,393	
Operating expenses		78,265		109,166	
Utilities		1,603		754	
Maintenance and repairs		3,120		255	
Contracted services		52,606		13,300	
Other departmental expenses		49,006		25,061	
Capital outlay		11,228		60,712	
Total		492,621		490,641	
Total public works	5,795,512	5,238,631	556,881	5,135,221	
Public safety					
Police					
Salaries and employee benefits		9,056,798		8,948,943	
Employer contribution to separation allowance trust fund		234,662		293,543	
Operating expenses		1,270,534		1,407,970	
Utilities		132,640		100,875	
Maintenance and repairs		16,987		21,117	
Contracted services		28,985		17,853	
Other departmental expenses		1,266,289		1,341,951	
Capital outlay		558,896		618,985	
Total		12,565,791		12,751,237	

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>2016</b>		<b>Variance Positive (Negative)</b>	<b>2015</b>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Fire</b>				
Salaries and employee benefits		\$ 5,222,413		\$ 5,371,087
Operating expenses		460,049		462,525
Utilities		124,383		108,820
Maintenance and repairs		28,534		46,068
Contracted services		39,825		34,300
Other departmental expenses		335,364		351,250
Capital outlay		59,286		574,141
Total		<u>6,269,854</u>		<u>6,948,191</u>
Total public safety	<u>20,504,661</u>	<u>18,835,645</u>	<u>1,669,016</u>	<u>19,699,428</u>
<b>Cultural and recreational</b>				
Recreation				
Salaries and employee benefits		2,247,970		2,143,091
Operating expenses		681,684		639,063
Utilities		302,069		295,850
Maintenance and repairs		41,877		110,523
Contracted services		789,917		844,535
Other departmental expenses		287,873		335,895
Capital outlay		614,381		187,488
Total cultural and recreational	<u>5,306,992</u>	<u>4,965,771</u>	<u>341,221</u>	<u>4,556,445</u>
<b>Debt service</b>				
Principal retirements	3,828,251	3,883,897	(55,646)	3,791,325
Interest and fees	1,109,005	1,099,521	9,484	1,184,253
Total debt service	<u>4,937,256</u>	<u>4,983,418</u>	<u>(46,162)</u>	<u>4,975,578</u>
Total expenditures	<u>41,962,522</u>	<u>38,331,740</u>	<u>3,630,781</u>	<u>38,909,538</u>
Revenues over (under) expenditures	<u>(640,354)</u>	<u>5,391,635</u>	<u>6,031,989</u>	<u>4,205,833</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Other financing sources (uses):				
Debt issued	\$ 1,101,500	\$ 1,101,500	\$ -	\$ 1,338,526
Appropriated fund balance	3,484,709	-	(3,484,709)	-
Sales of general capital assets	80,000	165,194	85,194	5,078
Sales of capital assets - Powell Bill		45,039	45,039	-
Transfers in--				
From Major Capital Project Fund	494,237	494,235	(2)	453,559
From Major Enterprise Fund	75,085	75,085	-	-
From Non-Major Governmental Fund	766,575	766,575	-	793,688
From Non-Major Enterprise Fund	-	-	-	-
From Internal Service Fund	-	-	-	-
Transfers (out)--				
To Major Capital Project Fund	-	-	-	-
To Major Enterprise Fund	(1,215,161)	(1,011,147)	204,014	(974,096)
To Non-Major Governmental Fund	(4,091,776)	(4,091,776)	-	(3,010,589)
To Non-Major Enterprise Fund	-	-	-	-
To Internal Service Fund	(54,815)	(54,815)	-	-
Total other financing (uses)	640,354	(2,510,110)	(3,150,464)	(1,393,834)
Net change in fund balance	\$ -	2,881,525	\$ 2,881,525	2,811,999
Fund balance:				
Beginning of year, July 1 , as previously reported		21,572,083		18,760,084
Restatement for accounting change		305,211		-
Beginning of year, July 1 , as restated		21,877,294		18,760,084
End of year, June 30		\$ 24,758,819		\$ 21,572,083

# MAJOR CAPITAL PROJECTS FUND

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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:**

**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 Museum of the Marine.

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

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

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

**Relocation of Northwoods Fire Station Capital Project** – accounts for funds used in the relocation of the Northwoods Fire Station.

**Freedom Fountain Capital Project** – accounts for funds used in the design and initial construction of the Freedom Fountain.

**Richard Ray Park Garden Improvements Capital Project** – accounts for funds used for improvements to the garden area of Richard Ray All American Park.

**Wooten Park Capital Project** – accounts for funds used to make improvements to Wooten Park.

**JTDA – Museum of the Marine Capital Project** – accounts for the Jacksonville Tourism Development Authority (JTDA) contribution to the Museum of the Marine.

**New Bridge Streetscape Capital Project** – accounts for funds for streetscape improvements to New Bridge Street and Johnson Boulevard.

# MAJOR CAPITAL PROJECTS FUND

(Continued)

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**Sturgeon City Civic and Environmental Education Center Capital Project** – accounts for funds used for construction of the Sturgeon City Civic and Environmental Education Center.

**Jacksonville Landing Park Capital Project** – accounts for funds used to construct a Welcome Center and Park.

**Jack Amyette Center Phase II Capital Project** – accounts for funds used for continued upgrades to the Jack Amyette Center.

**Splash Pad Capital Project** – accounts for funds used in the construction of an interactive splash pad/ spray ground.

**Phillips Park Capital Project** – accounts for funds used for new construction and improvements at Phillips Park.

**Labyrinth Garden Capital Project** – accounts for funds used for the construction of a Labyrinth Garden at Sturgeon City.

**Riverwalk Parking Lot Capital Project** – accounts for funds used for the construction of a parking lot at Riverwalk Park.

**Median Improvement Phase I Capital Project** – accounts for funds used for the median improvements on Johnson Blvd.

**Fair Winds Property Capital Project** – accounts for funds used for the purchase of the Fair Winds Property

**East Railroad Parking Lot Phase I Capital Project** – accounts for funds used for the construction of a parking facility on East Railroad Road and Old Bridge Street

**Richard Ray Amphitheater Capital Project** – accounts for funds used for the construction of an amphitheater at Richard Ray Park.

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Comparative Balance Sheets**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and investments	\$ 1,950,028	\$ 4,237,483
Restricted cash and investments	3,729,482	4,056,803
Accounts receivable (net)	334,734	5,500
Total Assets	<u>\$ 6,014,244</u>	<u>\$ 8,299,786</u>
<b>Liabilities and Fund Balances</b>		
Accounts payable and accrued liabilities	\$ 163,827	\$ 628,341
Interfund payable	233,000	-
Total Liabilities	<u>396,827</u>	<u>628,341</u>
Fund Balances:		
Restricted:		
Stabilization by State Statute	334,734	5,500
Capital Projects	-	515,779
Committed:		
Capital Projects	5,282,683	7,150,166
Total Fund Balances	<u>5,617,417</u>	<u>7,671,445</u>
Total Liabilities and Fund Balances	<u>\$ 6,014,244</u>	<u>\$ 8,299,786</u>

**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, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
NC Transp Enhancement Grant	\$ 1,791,000	\$ 49,633	\$ 641,500	\$ 691,133	\$ (1,099,867)
Part F Grant			-	-	
104F Transportation	120,899	120,898	-	120,898	(1)
Contribution - Onslow County	450,000	400,000	-	400,000	(50,000)
NCDENR	68,020	68,020	-	68,020	-
Contributions - JTDA	550,000	550,000	-	550,000	-
Total Restricted Intergovernmental Revenues	<u>2,979,919</u>	<u>1,188,551</u>	<u>641,500</u>	<u>1,830,051</u>	<u>(1,149,868)</u>
Investment earnings	141,110	140,215	1	140,216	(894)
Miscellaneous Revenues	5,700	5,700	-	5,700	-
Contributions	792,724	783,878	58,954	842,832	50,108
Total revenues	<u>3,919,453</u>	<u>2,118,344</u>	<u>700,455</u>	<u>2,818,799</u>	<u>(1,100,654)</u>
<b>Expenditures:</b>					
General Government	1,123,607	1,071,107	24,401	1,095,508	(28,099)
Public Works	4,994,193	1,067,965	-	1,067,965	(3,926,228)
Public Safety	33,389,128	31,674,234	591,828	32,266,062	(1,123,066)
Cultural and Recreation	6,701,460	4,319,323	741,895	5,061,218	(1,640,242)
Non Capitalized Expenditures	1,057,922	116,350	940,678	1,057,028	(894)
Total expenditures	<u>47,266,310</u>	<u>38,248,979</u>	<u>2,298,802</u>	<u>40,547,781</u>	<u>(6,718,528)</u>
Revenues (under) expenditures	<u>(43,346,857)</u>	<u>(36,130,634)</u>	<u>(1,598,347)</u>	<u>(37,728,982)</u>	<u>5,617,875</u>
Other financing sources (uses):					
Debt issued	31,363,955	31,363,500	-	31,363,500	(455)
Premium on debt issued	-	-	-	-	-
Transfers in--					
From Capital Reserve Fund	4,577,475	4,410,975	166,500	4,577,475	-
From General Fund	9,835,172	9,835,172	-	9,835,172	-
From Major Enterprise Fund	100,000	100,000	-	100,000	-
Transfers (out)--					
To Capital Reserve Fund	(623,939)	(495,998)	(127,946)	(623,944)	(5)
To General Fund	(1,905,806)	(1,411,569)	(494,235)	(1,905,804)	2
Total other financing sources	<u>43,346,857</u>	<u>43,802,080</u>	<u>(455,681)</u>	<u>43,346,399</u>	<u>(458)</u>
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ 7,671,445</u>	<u>\$ (2,054,028)</u>	<u>\$ 5,617,417</u>	<u>\$ 5,617,417</u>

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Combining Balance Sheet**  
June 30, 2016  
With Comparative Totals for June 30, 2015

	<b>NC24 Culvert Trail</b>	<b>Marine Corps Museum</b>	<b>Wilson Bay Initiative</b>	<b>Police/Fire Facility</b>	<b>Relocation of Northwoods Fire Station</b>
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 229	\$ 94,069	\$ 3,000	\$ 983,528	\$ 150,833
Restricted cash and cash equivalents	-	-	-	-	-
Accounts receivable	334,734	-	-	-	-
<b>Total Current Assets</b>	<b>334,963</b>	<b>94,069</b>	<b>3,000</b>	<b>983,528</b>	<b>150,833</b>
<b>Total Assets</b>	<b>\$ 334,963</b>	<b>\$ 94,069</b>	<b>\$ 3,000</b>	<b>\$ 983,528</b>	<b>\$ 150,833</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 57,857	\$ 94,068	\$ -	\$ 11,750	\$ -
Interfund payable	233,000	-	-	-	-
<b>Total Liabilities</b>	<b>290,857</b>	<b>94,068</b>	<b>-</b>	<b>11,750</b>	<b>-</b>
Fund Balances:					
Restricted					
Stabilization by State Statute	334,734	-	-	-	-
Capital Projects	-	-	-	-	-
Committed:					
Capital Projects	(290,628)	1	3,000	971,778	150,833
<b>Total Fund Balance</b>	<b>44,106</b>	<b>1</b>	<b>3,000</b>	<b>971,778</b>	<b>150,833</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 334,963</b>	<b>\$ 94,069</b>	<b>\$ 3,000</b>	<b>\$ 983,528</b>	<b>\$ 150,833</b>

continued

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Combining Balance Sheet**  
 June 30, 2016  
 With Comparative Totals for June 30, 2015

	<b>Freedom Fountain</b>	<b>Richard Ray Park Garden Improvements</b>	<b>New Bridge Streetscape</b>	<b>Sturgeon City Education Center</b>	<b>Jacksonville Landing Park</b>
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 28,361	\$ 7,835	\$ 44,493	\$ 115,006	\$ 357,684
Restricted cash and cash equivalents	-	-	-	3,729,482	-
Accounts receivable	-	-	-	-	-
<b>Total Current Assets</b>	<b>28,361</b>	<b>7,835</b>	<b>44,493</b>	<b>3,844,488</b>	<b>357,684</b>
<b>Total Assets</b>	<b>\$ 28,361</b>	<b>\$ 7,835</b>	<b>\$ 44,493</b>	<b>\$ 3,844,488</b>	<b>\$ 357,684</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 152	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:					
Restricted					
Stabilization by State Statute	-	-	-	-	-
Capital Projects	-	-	-	-	-
Committed:					
Capital Projects	28,209	7,835	44,493	3,844,488	357,684
<b>Total Fund Balance</b>	<b>28,209</b>	<b>7,835</b>	<b>44,493</b>	<b>3,844,488</b>	<b>357,684</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,361</b>	<b>\$ 7,835</b>	<b>\$ 44,493</b>	<b>\$ 3,844,488</b>	<b>\$ 357,684</b>

continued

City of Jacksonville, North Carolina  
Major Capital Projects Fund  
Combining Balance Sheet  
June 30, 2016  
With Comparative Totals for June 30, 2015

	Jack Amyette Phase II	Phillips Park	Labyrinth Garden	Riverwalk Parking Lot
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 15,079	\$ 58,567	\$ 2,100	\$ 11,990
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable	-	-	-	-
Total Current Assets	15,079	58,567	2,100	11,990
Total Assets	\$ 15,079	\$ 58,567	\$ 2,100	\$ 11,990
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted				
Stabilization by State Statute	-	-	-	-
Capital Projects	-	-	-	-
Committed:				
Capital Projects	15,079	58,567	2,100	11,990
Total Fund Balance	15,079	58,567	2,100	11,990
Total Liabilities and Fund Balances	\$ 15,079	\$ 58,567	\$ 2,100	\$ 11,990

continued

City of Jacksonville, North Carolina  
Major Capital Projects Fund  
Combining Balance Sheet  
June 30, 2016  
With Comparative Totals for June 30, 2015

	East Railroad Parking Phase I	Richard Ray Amphitheater	June 30, 2016	June 30, 2015
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 16,891	\$ 60,363	\$ 1,950,028	\$ 4,237,483
Restricted cash and cash equivalents	-	-	3,729,482	4,056,803
Accounts receivable	-	-	334,734	5,500
Total Current Assets	16,891	60,363	6,014,244	8,299,786
Total Assets	\$ 16,891	\$ 60,363	\$ 6,014,244	\$ 8,299,786
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 163,827	\$ 628,341
Interfund payable	-	-	233,000	-
Total Liabilities	-	-	396,827	628,341
Fund Balances:				
Restricted				
Stabilization by State Statute	-	-	334,734	5,500
Capital Projects	-	-	-	515,779
Committed:				
Capital Projects	16,891	60,363	5,282,683	7,150,166
Total Fund Balance	16,891	60,363	5,617,417	7,671,445
Total Liabilities and Fund Balances	\$ 16,891	\$ 60,363	\$ 6,014,244	\$ 8,299,786

**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, 2016

With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>NC24 Culvert Trail</b>	<b>Marine Corps Museum</b>	<b>Wilson Bay Initiative</b>	<b>Vietnam Veterans Memorial</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 641,500	\$ -	\$ -	\$ -
Investment earnings	-	1	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>641,500</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	659,258	-	-	-
Non-capitalized expenditures	-	756,432	-	-
Total expenditures	<u>659,258</u>	<u>756,432</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(17,758)</u>	<u>(756,431)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(6)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Net change in fund balance	(17,758)	(756,431)	-	(6)
Fund balances:				
Beginning of year, July 1	<u>61,864</u>	<u>756,432</u>	<u>3,000</u>	<u>6</u>
End of year, June 30	<u>\$ 44,106</u>	<u>\$ 1</u>	<u>\$ 3,000</u>	<u>\$ -</u>

continued

**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, 2016

With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Police/Fire Facility</b>	<b>Relocation of Northwoods Fire Station</b>	<b>Freedom Fountain</b>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ -	\$ -	\$ -
Investment earnings	-	-	-
Contributions	-	-	8,954
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>8,954</u>
<b>Expenditures:</b>			
Capital Outlay:			
General Government	-	-	24,401
Public Works	-	-	-
Public Safety	595,396	(3,568)	-
Cultural and Recreation	-	-	-
Non-capitalized expenditures	-	-	-
Total expenditures	<u>595,396</u>	<u>(3,568)</u>	<u>24,401</u>
Revenues over (under) expenditures	<u>(595,396)</u>	<u>3,568</u>	<u>(15,447)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers (out)	(469,429)	-	-
Total other financing sources (uses)	<u>(469,429)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,064,825)	3,568	(15,447)
Fund balances:			
Beginning of year, July 1	<u>2,036,603</u>	<u>147,265</u>	<u>43,656</u>
End of year, June 30	<u>\$ 971,778</u>	<u>\$ 150,833</u>	<u>\$ 28,209</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Richard Ray Park Garden Improvements</b>	<b>Wooten Park</b>	<b>JTDA-Museum of the Marine</b>	<b>New Bridge Streetscape</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	-	-	-	-
Non-capitalized expenditures	-	-	184,246	-
Total expenditures	<u>-</u>	<u>-</u>	<u>184,246</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(184,246)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	(10,173)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(10,173)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(10,173)	(184,246)	-
Fund balances:				
Beginning of year, July 1	7,835	10,173	184,246	44,493
End of year, June 30	<u>\$ 7,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,493</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Sturgeon City Education Center</b>	<b>Jacksonville Landing Park</b>	<b>Jack Amyette Phase II</b>	<b>Splash Pad</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	50,000	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	-	6,000	-	-
Non-capitalized expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>44,000</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	29,500
Transfers (out)	-	-	-	(125,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,500)</u>
Net change in fund balance	-	44,000	-	(95,500)
Fund balances:				
Beginning of year, July 1	<u>3,844,488</u>	<u>313,684</u>	<u>15,079</u>	<u>95,500</u>
End of year, June 30	<u>\$ 3,844,488</u>	<u>\$ 357,684</u>	<u>\$ 15,079</u>	<u>\$ -</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<u>Phillips Park</u>	<u>Labyrinth Garden</u>	<u>Riverwalk Parking Lot</u>	<u>Median Improvement Phase 1 - Johnson</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	-	-	-	-
Non-capitalized expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(2,940)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	(2,940)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	(2,940)
Fund balances:				
Beginning of year, July 1	58,567	2,100	11,990	2,940
	<hr/>	<hr/>	<hr/>	<hr/>
End of year, June 30	<u>\$ 58,567</u>	<u>\$ 2,100</u>	<u>\$ 11,990</u>	<u>\$ -</u>

continued

**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, 2016

With Comparative Totals for the Fiscal Year Ended June 30, 2015

				<b>Totals</b>	
	<b>Fair Winds Property</b>	<b>East Railroad Parking Phase I</b>	<b>Richard Ray Amphitheater</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 641,500	\$ 49,633
Investment earnings	-	-	-	1	190
Contributions	-	-	-	58,954	22,473
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,455</u>	<u>72,296</u>
<b>Expenditures:</b>					
Capital Outlay:					
General Government	-	-	-	24,401	81,449
Public Works	-	-	-	-	96,893
Public Safety	-	-	-	591,828	5,231,882
Cultural and Recreation	-	-	76,637	741,895	422,554
Non-capitalized expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>940,678</u>	<u>88,854</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>76,637</u>	<u>2,298,802</u>	<u>5,921,632</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(76,637)</u>	<u>(1,598,347)</u>	<u>\$ (5,849,336)</u>
Other financing sources (uses):					
Transfers in	-	-	137,000	166,500	58,300
Transfers (out)	<u>(14,633)</u>	<u>-</u>	<u>-</u>	<u>(622,181)</u>	<u>(903,761)</u>
Total other financing sources (uses)	<u>(14,633)</u>	<u>-</u>	<u>137,000</u>	<u>(455,681)</u>	<u>(845,461)</u>
Net change in fund balance	(14,633)	-	60,363	(2,054,028)	(6,694,797)
Fund balances:					
Beginning of year, July 1	<u>14,633</u>	<u>16,891</u>	<u>-</u>	<u>7,671,445</u>	<u>14,366,242</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 16,891</u>	<u>\$ 60,363</u>	<u>\$ 5,617,417</u>	<u>\$ 7,671,445</u>

**City of Jacksonville, North Carolina**  
**NC24 Culvert Trail Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
104F Transportation	\$ 120,899	\$ 120,898	\$ -	\$ 120,898	\$ (1)
NCDOT Enhancement grant	1,736,000	-	641,500	641,500	(1,094,500)
Total revenues	1,856,899	120,898	641,500	762,398	(1,094,501)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		416,034	659,258	1,075,292	
Total expenditures	2,213,899	416,034	659,258	1,075,292	1,138,607
Revenues (under) expenditures	(357,000)	(295,136)	(17,758)	(312,894)	44,106
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	357,000	357,000	-	357,000	-
Total other financing sources	357,000	357,000	-	357,000	-
Net change in fund balance	\$ -	\$ 61,864	(17,758)	\$ 44,106	\$ 44,106
Fund Balance:					
Beginning of year, July 1			61,864		
End of year, June 30			\$ 44,106		

**City of Jacksonville, North Carolina**  
**Marine Corps Museum Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 57,290	\$ 56,432	\$ 1	\$ 56,433	\$ (857)
Total revenues	57,290	56,432	1	56,433	(857)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		100,000	756,432	856,432	
Total expenditures	857,290	100,000	756,432	856,432	858
Revenues over (under) expenditures	(800,000)	(43,568)	(756,431)	(799,999)	1
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	800,000	800,000	-	800,000	-
Total other financing sources	800,000	800,000	-	800,000	-
Net change in fund balance	\$ -	\$ 756,432	(756,431)	\$ 1	\$ 1
Fund Balance:					
Beginning of year, July 1			756,432		
End of year, June 30			\$ 1		

**City of Jacksonville, North Carolina**  
**Wilson Bay Initiative Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		285,628	-	285,628	
Total expenditures	288,627	285,628	-	285,628	2,999
Revenues (under) expenditures	(288,627)	(285,628)	-	(285,628)	2,999
Other financing sources (uses):					
Transfers in--					
From General Fund	1,391	1,391	-	1,391	-
From Capital Reserve Fund	309,925	309,925	-	309,925	-
Transfers out--					
To General Fund	(1,391)	(1,391)	-	(1,391)	-
To Capital Reserve Fund	(21,298)	(21,297)	-	(21,297)	(1)
Total other financing sources (uses)	288,627	288,628	-	288,628	(1)
Net change in fund balance	\$ -	\$ 3,000	-	\$ 3,000	\$ 3,000
Fund Balance:					
Beginning of year, July 1			3,000		
End of year, June 30			\$ 3,000		

**City of Jacksonville, North Carolina**  
**Vietnam Veterans Memorial Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Jacksonville TDA	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -
Investment earnings	83,188	83,189	-	83,189	1
Total revenues	433,188	433,189	-	433,189	1
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		1,133,182	-	1,133,182	
Total expenditures	1,133,180	1,133,182	-	1,133,182	(2)
Revenues over (under) expenditures	(699,992)	(699,993)	-	(699,993)	(1)
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	700,000	700,000	-	700,000	-
Transfer out--					
To Capital Reserve Fund	(8)	(1)	(6)	(7)	(1)
Total other financing sources (uses)	699,992	699,999	(6)	699,993	(1)
Net change in fund balance	\$ -	\$ 6	(6)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			6		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Police/Fire Facility Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
NCDENR	\$ 68,020	\$ 68,020	\$ -	\$ 68,020	\$ -
Total revenues	68,020	68,020	-	68,020	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		28,623,499	595,396	29,218,895	
Total expenditures	30,191,128	28,623,499	595,396	29,218,895	972,233
Revenues (under) expenditures	(30,123,108)	(28,555,479)	(595,396)	(29,150,875)	972,233
Other financing sources (uses):					
Debt issued	21,469,455	21,469,000	-	21,469,000	(455)
Premium on debt issued	1,755,000	1,755,000	-	1,755,000	-
Transfers in --					
From General Fund	8,698,260	8,698,260	-	8,698,260	-
Transfers (out) --					
To General Fund	(1,799,607)	(1,330,178)	(469,429)	(1,799,607)	-
Total other financing sources (uses)	30,123,108	30,592,082	(469,429)	30,122,653	(455)
Net change in fund balance	\$ -	\$ 2,036,603	(1,064,825)	\$ 971,778	\$ 971,778
Fund Balance:					
Beginning of year, July 1			2,036,603		
End of year, June 30			\$ 971,778		

**City of Jacksonville, North Carolina**  
**Relocation of Northwoods 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, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Contributions	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Total revenues	13,000	13,000	-	13,000	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		3,050,735	(3,568)	3,047,167	
Total expenditures	3,198,000	3,050,735	(3,568)	3,047,167	150,833
Revenues (under) expenditures	(3,185,000)	(3,037,735)	3,568	(3,034,167)	150,833
Other financing sources (uses):					
Debt Issued	2,760,000	2,760,000	-	2,760,000	-
Premium on debt issued	220,000	220,000	-	220,000	-
Transfers in --					
From General Fund	206,250	206,250	-	206,250	-
From Capital Reserve Fund	91,750	91,750	-	91,750	-
Transfers (out) --					
To General Fund	(80,000)	(80,000)	-	(80,000)	-
To Capital Reserve Fund	(13,000)	(13,000)	-	(13,000)	-
Total other financing sources	3,185,000	3,185,000	-	3,185,000	-
Net change in fund balance	\$ -	\$ 147,265	3,568	\$ 150,833	\$ 150,833
Fund Balance:					
Beginning of year, July 1			147,265		
End of year, June 30			\$ 150,833		

**City of Jacksonville, North Carolina**  
**Freedom Fountain Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Contributions	\$ 642,217	\$ 633,372	\$ 8,954	\$ 642,326	\$ 109
Total revenues	642,217	633,372	8,954	642,326	109
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		1,002,640	24,401	1,027,041	
Total expenditures	1,055,141	1,002,640	24,401	1,027,041	28,100
Revenues over (under) expenditures	(412,924)	(369,268)	(15,447)	(384,715)	28,209
Other financing sources:					
Transfers in --					
From General Fund	412,924	412,924	-	412,924	-
Total other financing sources	412,924	412,924	-	412,924	-
Net change in fund balance	\$ -	\$ 43,656	(15,447)	\$ 28,209	\$ 28,209
Fund Balance:					
Beginning of year, July 1			43,656		
End of year, June 30			\$ 28,209		

**City of Jacksonville, North Carolina**  
**Richard Ray Park Garden Improvements**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contributions	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
Total revenues	20,000	20,000	-	20,000	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		12,427	-	12,427	
Total expenditures	20,262	12,427	-	12,427	7,835
Revenues over (under) expenditures	(262)	7,573	-	7,573	7,835
Other financing sources:					
Transfers in --					
From General Fund	262	262	-	262	-
Total other financing sources	262	262	-	262	-
Net change in fund balance	\$ -	\$ 7,835	-	\$ 7,835	\$ 7,835
Fund Balance:					
Beginning of year, July 1			7,835		
End of year, June 30			\$ 7,835		

**City of Jacksonville, North Carolina**  
**Wooten 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, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		293,327	-	293,327	
Total expenditures	293,326	293,327	-	293,327	(1)
Revenues (under) expenditures	(293,326)	(293,327)	-	(293,327)	(1)
Other financing sources (uses):					
Transfers in --					
From General Fund	146,500	146,500	-	146,500	-
From Capital Reserve	57,000	57,000	-	57,000	-
From Water Sewer Fund	100,000	100,000	-	100,000	-
Transfers (out) --					
To General Fund	(10,174)	-	(10,173)	(10,173)	1
Total other financing sources (uses)	293,326	303,500	(10,173)	293,327	-
Net change in fund balance	\$ -	\$ 10,173	(10,173)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			10,173		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**JTDA - Museum of the Marine Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contributions - JTDA	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ -
Investment earnings	632	596	-	596	(36)
Total revenues	200,632	200,596	-	200,596	(36)
<b>Expenditures:</b>					
Capital outlay:					
Non-capitalized expenditures		16,350	184,246	200,596	
Total expenditures	200,632	16,350	184,246	200,596	(36)
Revenues over (under) expenditures	-	184,246	(184,246)	-	-
Net change in fund balance	\$ -	\$ 184,246	(184,246)	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year, July 1			184,246		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**New Bridge Streetscape Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		20,807	-	20,807	
Total expenditures	65,300	20,807	-	20,807	44,493
Revenues (under) expenditures	(65,300)	(20,807)	-	(20,807)	44,493
<b>Other financing sources (uses):</b>					
Transfers in --					
From Capital Reserve Fund	127,000	127,000	-	127,000	-
Transfers (out) --					
To Capital Reserve Fund	(61,700)	(61,700)	-	(61,700)	-
Total other financing sources (uses)	65,300	65,300	-	65,300	-
Net change in fund balance	\$ -	\$ 44,493	-	\$ 44,493	\$ 44,493
<b>Fund Balance:</b>					
Beginning of year, July 1			44,493		
End of year, June 30			\$ 44,493		

**City of Jacksonville, North Carolina**  
**Sturgeon City Civic and Environmental Education 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, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sturgeon City Contribution	\$ 115,007	\$ 115,007	\$ -	\$ 115,007	\$ -
Total revenues	115,007	115,007	-	115,007	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		270,519	-	270,519	
Total expenditures	4,115,007	270,519	-	270,519	3,844,488
Revenues (under) expenditures	(4,000,000)	(155,512)	-	(155,512)	3,844,488
Other financing sources:					
Debt Issued	3,685,000	3,685,000	-	3,685,000	-
Premium on debt issued	315,000	315,000	-	315,000	-
Total other financing sources	4,000,000	4,000,000	-	4,000,000	-
Net change in fund balance	\$ -	\$ 3,844,488	-	\$ 3,844,488	\$ 3,844,488
Fund Balance:					
Beginning of year, July 1			3,844,488		
End of year, June 30			\$ 3,844,488		

**City of Jacksonville, North Carolina**  
**Jacksonville Landing 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, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Contributions - Onslow County	\$ 450,000	\$ 400,000	\$ 50,000	\$ 450,000	\$ -
Miscellaneous Revenue	5,700	5,700	-	5,700	-
Total revenues	<u>455,700</u>	<u>405,700</u>	<u>50,000</u>	<u>455,700</u>	<u>-</u>
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		1,747,016	6,000	1,753,016	
Total expenditures	<u>2,110,700</u>	<u>1,747,016</u>	<u>6,000</u>	<u>1,753,016</u>	<u>357,684</u>
Revenues over (under) expenditures	<u>(1,655,000)</u>	<u>(1,341,316)</u>	<u>44,000</u>	<u>(1,297,316)</u>	<u>357,684</u>
Other financing sources:					
Debt Issued	1,147,000	1,147,000	-	1,147,000	-
Transfers in --					
From General Fund	188,000	188,000	-	188,000	-
From Capital Reserve Fund	320,000	320,000	-	320,000	-
Total other financing sources	<u>1,655,000</u>	<u>1,655,000</u>	<u>-</u>	<u>1,655,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 313,684</u>	<u>44,000</u>	<u>\$ 357,684</u>	<u>\$ 357,684</u>
Fund Balance:					
Beginning of year, July 1			<u>313,684</u>		
End of year, June 30			<u>\$ 357,684</u>		

**City of Jacksonville, North Carolina**  
**Jack Amyette 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, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		663,006	-	663,006	
Total expenditures	678,085	663,006	-	663,006	15,079
Revenues (under) expenditures	(678,085)	(663,006)	-	(663,006)	15,079
<b>Other financing sources:</b>					
Transfers in --					
From General Fund	78,085	78,085	-	78,085	-
From Capital Reserve Fund	600,000	600,000	-	600,000	-
Total other financing sources	678,085	678,085	-	678,085	-
Net change in fund balance	\$ -	\$ 15,079	-	\$ 15,079	\$ 15,079
<b>Fund Balance:</b>					
Beginning of year, July 1			15,079		
End of year, June 30			\$ 15,079		

**City of Jacksonville, North Carolina**  
**Splash Pad Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	125,000	-	-	-	125,000
Revenues (under) expenditures	(125,000)	-	-	-	125,000
Other financing sources (uses):					
Transfers in --					
From Capital Reserve Fund	125,000	95,500	29,500	125,000	-
Transfers out --					
To Capital Reserve Fund	-	-	(125,000)	(125,000)	-
Total other financing sources (uses)	125,000	95,500	(95,500)	-	-
Net change in fund balance	\$ -	\$ 95,500	(95,500)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			95,500		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Phillips 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, 2016

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
PART F Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		41,433	-	41,433	
Total expenditures	100,000	41,433	-	41,433	58,567
Revenues (under) expenditures	(100,000)	(41,433)	-	(41,433)	58,567
<b>Other financing sources:</b>					
Transfers in --					
From Capital reserve Fund	500,000	500,000	-	500,000	-
Transfers (out) --					
To Capital Reserve	(400,000)	(400,000)	-	(400,000)	-
Total other financing sources (uses)	100,000	100,000	-	100,000	-
Net change in fund balance	\$ -	\$ 58,567	-	\$ 58,567	\$ 58,567
<b>Fund Balance:</b>					
Beginning of year, July 1			58,567		
End of year, June 30			\$ 58,567		

**City of Jacksonville, North Carolina**  
**Labyrinth Garden Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Contributions	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Total revenues	15,000	15,000	-	15,000	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		12,900	-	12,900	
Total expenditures	15,000	12,900	-	12,900	2,100
Revenues over expenditures	-	2,100	-	2,100	2,100
Net change in fund balance	\$ -	\$ 2,100	-	\$ 2,100	\$ 2,100
<b>Fund Balance:</b>					
Beginning of year, July 1			2,100		
End of year, June 30			\$ 2,100		

**City of Jacksonville, North Carolina**  
**Riverwalk Parking Lot Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		392,510	-	392,510	
Total expenditures	404,500	392,510	-	392,510	11,990
Revenues (under) expenditures	(404,500)	(392,510)	-	(392,510)	11,990
Other financing sources:					
Transfers in --					
From General Fund	60,000	60,000	-	60,000	-
From Capital Reserve Fund	344,500	344,500	-	344,500	-
Total other financing sources	404,500	404,500	-	404,500	-
Net change in fund balance	\$ -	\$ 11,990	-	\$ 11,990	\$ 11,990
Fund Balance:					
Beginning of year, July 1			11,990		
End of year, June 30			\$ 11,990		

**City of Jacksonville, North Carolina**  
**Median Improvement 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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Total revenues	\$ 55,000	\$ 49,633	\$ -	\$ 49,633	\$ 5,367
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		71,893	-	71,893	
Total expenditures	80,200	71,893	-	71,893	8,307
Revenues over (under) expenditures	(25,200)	(22,260)	-	(22,260)	2,940
Other financing sources (uses):					
Transfers in--					
From Capital Reserve Fund	25,200	25,200	-	25,200	-
Transfers (out) --					
To Capital Reserve Fund	-	-	(2,940)	(2,940)	(2,940)
Total other financing sources (uses)	25,200	25,200	(2,940)	22,260	(2,940)
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,940</u>	<u>(2,940)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>2,940</u>		
End of year, June 30			<u>\$ -</u>		

**City of Jacksonville, North Carolina**  
**Fair Winds Property Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		68,467	-	68,467	
Total expenditures	68,466	68,467	-	68,467	(1)
Revenues over (under) expenditure	(68,466)	(68,467)	-	(68,467)	(1)
Other financing sources (uses):					
Transfers in--					
From Capital Reserve Fund	83,100	83,100	-	83,100	-
To General Fund	(14,634)	-	(14,633)	(14,633)	1
Total other financing sources	68,466	83,100	(14,633)	68,467	-
Net change in fund balance	\$ -	\$ 14,633	(14,633)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			14,633		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**East Railroad Parking Lot 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, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		26,609	-	26,609	
Total expenditures	43,500	26,609	-	26,609	16,891
Revenues over (under) expenditures	(43,500)	(26,609)	-	(26,609)	16,891
Other financing sources:					
Transfers in--					
From General Fund	43,500	43,500	-	43,500	-
Total other financing sources	43,500	43,500	-	43,500	-
Net change in fund balance	\$ -	\$ 16,891	-	\$ 16,891	\$ 16,891
<b>Fund Balance:</b>					
Beginning of year, July 1			16,891		
End of year, June 30			\$ 16,891		

**City of Jacksonville, North Carolina**  
**Richard Ray Amphitheater Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		-	76,637	76,637	
Total expenditures	137,000	-	76,637	76,637	60,363
Revenues over (under) expenditures	(137,000)	-	(76,637)	(76,637)	60,363
<b>Other financing sources (uses):</b>					
Debt issued	-	-	-	-	-
Transfers in--					
From General Fund	-	-	-	-	-
From Capital Reserve	137,000	-	137,000	137,000	-
Transfers (out)--					
To Capital Reserve	-	-	-	-	-
Total other financing sources	137,000	-	137,000	137,000	-
Net change in fund balance	\$ -	\$ -	60,363	\$ 60,363	\$ 60,363
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 60,363		

# **WATER AND SEWER FUND**

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

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 25,049,708	\$ 25,589,321
Accounts receivable (net)	2,811,699	2,899,459
Inventories	196,799	215,019
Prepaid items	50	15
Total Current Assets	<u>28,058,256</u>	<u>28,703,814</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,338,325	4,072,176
Net Pension Asset	-	363,156
Capital assets (net)	<u>115,795,854</u>	<u>123,165,464</u>
Total Noncurrent Assets	<u>117,134,179</u>	<u>127,600,796</u>
Total Assets	<u>145,192,435</u>	<u>156,304,610</u>
<b>Deferred Outflows of Resources</b>		
Deferred Charge related to Debt Refinancing	2,061,172	-
Contributions to pension plan in current fiscal year	216,623	226,805
Total deferred outflows of resources	<u>2,277,795</u>	<u>226,805</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	1,335,510	1,404,263
Compensated absences payable-current	147,713	137,807
Installment purchases payable-current	1,207,536	3,116,987
Loans payable-current	2,949,763	2,949,763
Bonds payable-current	<u>1,512,067</u>	<u>1,831,238</u>
Total Current Liabilities	<u>7,152,589</u>	<u>9,440,058</u>
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	63,372	67,896
Customer deposits	993,839	932,043
Other postemployment benefits	23,260	22,509
Net pension liability	236,292	-
Installment purchases payable-noncurrent	6,542,259	2,175,253
Loans payable-noncurrent	41,771,880	44,623,130
Bonds payable-noncurrent	<u>26,350,508</u>	<u>32,788,976</u>
Total Noncurrent Liabilities	<u>75,981,410</u>	<u>80,609,807</u>
Total Liabilities	<u>83,133,999</u>	<u>90,049,865</u>
<b>Deferred Inflows of Resources</b>		
Unearned revenue	90,154	90,162
Pension deferrals	209,605	885,101
Total deferred inflows of resources	<u>299,759</u>	<u>975,263</u>
<b>Net Position</b>		
Net investment in capital assets	36,800,166	39,752,293
Unrestricted	<u>27,236,306</u>	<u>25,753,994</u>
Total Net Position	<u>\$ 64,036,472</u>	<u>\$ 65,506,287</u>

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating revenues:</b>		
Charges for services	\$ 22,940,859	\$ 22,736,359
Total operating revenues	<u>22,940,859</u>	<u>22,736,359</u>
<b>Operating expenses:</b>		
Water/Sewer Operations	7,161,531	7,047,121
Water Supply	2,121,026	2,046,575
Wastewater Treatment	2,540,058	2,366,139
Depreciation	<u>10,849,039</u>	<u>10,776,551</u>
Total operating expenses	<u>22,671,654</u>	<u>22,236,386</u>
Operating income (loss)	<u>269,205</u>	<u>499,973</u>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	81,721	18,424
Gain (loss) on sale of capital assets	88,245	4,570
Miscellaneous revenues	501,332	485,422
Interest on long-term debt	(2,575,889)	(2,862,938)
Debt issuance costs	<u>(275,443)</u>	<u>-</u>
Total nonoperating (expenses)	<u>(2,180,034)</u>	<u>(2,354,522)</u>
Loss before capital contributions and transfers	<u>(1,910,829)</u>	<u>(1,854,549)</u>
<b>Capital contributions:</b>		
ONWASA contribution	13,371	45,321
Developer contributions	<u>-</u>	<u>111,000</u>
Total capital contributions	<u>13,371</u>	<u>156,321</u>
Loss before transfers	<u>(1,897,458)</u>	<u>(1,698,228)</u>
<b>Transfers:</b>		
Transfers in	<u>427,643</u>	<u>320,378</u>
Total transfers	<u>427,643</u>	<u>320,378</u>
Increase (Decrease) in Net Position	<u>(1,469,815)</u>	<u>(1,377,850)</u>
<b>Net Position</b>		
Total net position, previously reported	65,506,287	67,376,549
Restatement	<u>-</u>	<u>(492,412)</u>
Prior period adjustment	<u>-</u>	<u>-</u>
Total net position, restated	<u>65,506,287</u>	<u>66,884,137</u>
End of year, June 30	<u>\$ 64,036,472</u>	<u>\$ 65,506,287</u>

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 23,019,764	\$ 22,803,102
Cash paid for goods and services	(6,176,342)	(5,925,571)
Cash paid to employees	(5,747,727)	(5,838,435)
Customer deposits	61,796	49,999
Miscellaneous revenues	501,332	485,422
Net cash provided by operating activities	<u>11,658,823</u>	<u>11,574,517</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	427,643	320,378
Transfers (out)	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>427,643</u>	<u>320,378</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions	13,371	45,321
Debt issued	29,830,835	177,470
Principal paid on long-term debt	(36,876,365)	(7,941,338)
Interest paid on long-term debt	(2,681,687)	(2,971,767)
Debt issuance costs	(275,443)	-
Deferred Charge related to Debt Refinancing	(2,061,172)	-
Acquisition and construction of capital assets	(3,485,924)	(4,628,513)
Proceeds from sale of capital assets	94,734	4,570
Net cash provided (used) by capital and related financing activities	<u>(15,441,651)</u>	<u>(15,314,257)</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	<u>81,721</u>	<u>18,424</u>
Net cash provided by investing activities	<u>81,721</u>	<u>18,424</u>
Net increase (decrease) in cash and cash equivalents	(3,273,464)	(3,400,938)
Cash and cash equivalents, July 1	<u>29,661,497</u>	<u>33,062,435</u>
Cash and cash equivalents, June 30	<u>\$ 26,388,033</u>	<u>\$ 29,661,497</u>

continued

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income (loss)	\$ 269,205	\$ 499,973
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	10,849,039	10,776,551
Pension (Income) Expense	(65,867)	(197,273)
Miscellaneous revenues	501,332	485,422
Bad debt expense	8,847	61,912
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	78,913	66,858
(Increase) decrease in inventories	18,221	(11,963)
(Increase) decrease in prepaid items	(35)	1,048
Increase (decrease) in accounts payable and accrued liabilities	(68,002)	(173,245)
Increase (decrease) in compensated absences payable	5,382	15,351
Increase (decrease) in deferred inflows of resources	(8)	(116)
Increase (decrease) in customer deposits	61,796	49,999
Total adjustments	<u>11,389,618</u>	<u>11,074,544</u>
Net cash provided by operating activities	<u>\$ 11,658,823</u>	<u>\$ 11,574,517</u>
<b>Noncash investing, capital, and financing activities:</b>		
Gain (loss) on noncash disposal of capital assets	\$ (6,494)	\$ -
Capital contributed by developers	<u>-</u>	<u>111,000</u>
Total noncash investing, capital, and financing activities	<u>\$ (6,494)</u>	<u>\$ 111,000</u>

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

For the Fiscal Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<u>2016</u>		<b>Variance Positive (Negative)</b>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 7,662,975	\$ 8,173,990	\$ 511,015	\$ 8,085,408
Water tap fees	7,500	5,450	(2,050)	10,129
Water facility fees	225,000	225,011	11	243,163
Water Meter Purchases	23,000	14,086	(8,914)	19,318
Sewer sales	11,886,696	12,761,214	874,518	12,559,206
Sewer tap fees	-	31,005	31,005	-
Sewer facility fees	350,000	354,460	4,460	474,525
Sewer grease trap violations	8,075	12,540	4,465	9,560
Late penalty charges	275,868	253,885	(21,983)	249,505
New account service charges	215,000	224,910	9,910	212,820
Inflow and Infiltration Fee	820,100	881,695	61,595	867,825
Other operating revenue	4,500	2,613	(1,887)	4,900
Total	<u>21,478,714</u>	<u>22,940,859</u>	<u>1,462,145</u>	<u>22,736,359</u>
Nonoperating revenues:				
Interest earned on investments	26,855	81,721	54,866	18,424
Sale of capital assets	29,727	88,245	58,518	4,570
ONWASA contributions	-	13,371	13,371	45,321
Developer contributions	-	-	-	111,000
Miscellaneous revenue	665,478	501,332	(164,146)	485,422
Total	<u>722,060</u>	<u>684,669</u>	<u>(37,391)</u>	<u>664,737</u>
Total revenues	<u>22,200,774</u>	<u>23,625,528</u>	<u>1,424,754</u>	<u>23,401,096</u>
<b>Expenditures:</b>				
Water/Sewer operations				
Administration				
Salaries and employee benefits		148,763		140,584
Supplies		8,348		24,316
Insurance		3,201		2,736
Maintenance and repair		2,405		-
Contracted services-info technology		72,434		63,755
Contracted services		69,228		3,110
Bad debt		8,847		61,912
Overhead allocation from General Fund		1,587,693		1,592,306
Other departmental expenditures		369,785		355,110
Total	<u>3,009,015</u>	<u>2,270,704</u>	<u>738,311</u>	<u>2,243,829</u>

continued

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

For the Fiscal Year Ended June 30, 2016  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Engineering				
Salaries and employee benefits		\$ 624,094		\$ 589,802
Supplies		1,665		2,582
Insurance		4,080		3,572
Contracted services		121,442		340,523
Contracted services-info technology		71,704		80,273
Other departmental expenditures		362,427		42,985
Total	2,681,117	1,185,412	1,495,705	1,059,737
Metering distribution				
Salaries and employee benefits		208,447		204,231
Supplies		105,197		79,451
Insurance		6,079		5,926
Utilities		3,515		3,560
Maintenance and repair		617		761
Contracted services		6,090		9,942
Contracted services-info technology		34,145		38,225
Other departmental expenditures		24,378		31,781
Total	433,109	388,468	44,641	373,877
Utilities maintenance				
Salaries and employee benefits		1,494,226		1,506,065
Supplies		160,251		182,411
Insurance		24,939		25,715
Utilities		358,696		358,549
Maintenance and repair		504,990		471,781
Contracted services		414,061		438,835
Contracted services-info technology		95,605		103,208
Other departmental expenditures		264,179		283,114
Total	3,671,844	3,316,947	354,897	3,369,678
Total Water/Sewer operations	9,795,085	7,161,531	2,633,554	7,047,121
Water supply				
Salaries and employee benefits		752,163		725,150
Supplies		37,340		152,939
Insurance		93,626		93,310
Utilities		668,495		657,142
Maintenance and repair		182,696		153,901
Contracted services		93,313		92,920
Contracted services-info technology		81,947		91,741
Other departmental expenditures		211,446		79,472
Total water supply	2,382,540	2,121,026	261,514	2,046,575

continued

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

For the Fiscal Year Ended June 30, 2016  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Wastewater treatment				
Salaries and employee benefits		\$ 872,608		\$ 886,387
Supplies		76,824		177,052
Insurance		43,616		41,761
Utilities		652,730		643,925
Maintenance and repair		207,841		195,817
Contracted services		284,283		134,003
Contracted services-info technology		51,217		57,338
Other departmental expenditures		350,939		229,856
Total wastewater treatment	<u>3,207,277</u>	<u>2,540,058</u>	<u>667,219</u>	<u>2,366,139</u>
Total	<u>15,384,902</u>	<u>11,822,615</u>	<u>3,562,287</u>	<u>11,459,835</u>
<b>Budgetary appropriations:</b>				
Interest paid	2,905,215	2,575,889	329,326	2,862,938
Debt principal	7,807,494	7,804,964	2,530	7,941,338
Debt refunding	30,886,845	29,071,401	1,815,444	-
Bond Issuance costs	281,095	275,443	5,652	-
Increase (decrease) in inventory	-	(18,221)	18,221	11,963
(Increase) decrease in compensated absences payable	-	(5,382)	5,382	(15,351)
Increase (decrease) in prepaid expenditures	-	35	(35)	(1,048)
Debt issued	(24,248,500)	(24,347,014)	98,514	(177,470)
Premium on debt issued	(5,483,821)	(5,483,821)	-	-
Appropriated retained earnings	(4,955,835)	-	(4,955,835)	-
Transfers (in)--				
From General Fund	(7,133)	(7,133)	-	-
From Water/Sewer Capital Projects	(5,771,122)	(5,771,119)	(3)	(3,392,900)
From Non-Major Governmental Funds	(340,210)	(340,210)	-	(320,378)
From Proprietary Funds	-	(80,300)	80,300	-
Transfers out--				
To Water/Sewer Capital Projects	5,341,844	5,341,844	-	5,429,116
To Water/Sewer Capital Reserve	400,000	400,000	-	-
Capital outlay	-	475,685	(475,685)	174,722
Total budgetary appropriations	<u>6,815,872</u>	<u>9,892,061</u>	<u>(3,076,189)</u>	<u>12,512,930</u>
Total expenditures	<u>\$ 22,200,774</u>	<u>\$ 21,714,676</u>	<u>\$ 486,098</u>	<u>\$ 23,972,765</u>
Transfers in	\$ 6,198,762	Transfers out	\$ 5,741,844	
Transfers within the Water/Sewer Fund	(5,771,119)	Transfers within the Water/Sewer Fund	(5,741,844)	
Exhibit G	<u>\$ 427,643</u>	Exhibit G	<u>\$ -</u>	

continued

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

For the Fiscal Year Ended June 30, 2016  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		2015
	Budget	Actual	Actual
<b>Reconciliation of modified accrual basis to full accrual basis:</b>			
Total revenues		\$ 23,625,528	\$ 23,401,096
Total expenditures		21,714,676	23,972,765
Excess of revenues over (under) expenditures		<u>1,910,852</u>	<u>(571,669)</u>
Budgetary appropriations (above):			
Payment of debt principal		7,804,964	7,941,338
Payment of refunded debt		29,071,401	-
Debt issued		(24,347,014)	(177,470)
Premium on debt issued		(5,483,821)	-
Increase (decrease) in inventory		(18,221)	11,963
(Increase) decrease in compensated absences payable		(5,382)	(15,351)
Increase (decrease) in prepaid expenditures		35	(1,048)
Capital outlay		475,685	174,722
Transfers		(29,275)	2,036,216
Total budgetary appropriations		<u>7,468,373</u>	<u>9,970,370</u>
Depreciation (Statement 30)		<u>(10,849,039)</u>	<u>(10,776,551)</u>
Increase (Decrease) in net position (Statement 30)		<u>\$ (1,469,815)</u>	<u>\$ (1,377,850)</u>

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

**City of Jacksonville, North Carolina**  
**Water Capital Projects Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 63,516	\$ 63,515	\$ -	\$ 63,515	\$ (1)
ONWASA	124,000	104,700	13,371	118,071	(5,929)
Water Interconnect - Camp Lejeune	71,250	-	-	-	(71,250)
NC Dept. of Commerce	125,000	125,000	-	125,000	-
ARRA funds-SRF	1,500,000	1,500,000	-	1,500,000	-
Contractor reimbursement	426,298	426,298	-	426,298	-
Total revenues	<u>2,310,064</u>	<u>2,219,513</u>	<u>13,371</u>	<u>2,232,884</u>	<u>(77,180)</u>
<b>Expenditures:</b>					
Water Treatment Plant	46,051,067	43,269,711	130,784	43,400,495	2,650,572
Water Interconnection MCBCL	142,500	-	-	-	142,500
Water System Improvements Ph II	4,997,259	4,997,259	-	4,997,259	-
Piney Green & 17 Water Service Area	2,654,500	903,209	575	903,784	1,750,716
Water Line Replacement (Hargett St.)	1,148,586	1,148,586	-	1,148,586	-
New Base Entry Utility Relocation	324,292	216,195	5,962	222,157	102,135
Commerce Grant - Test Well	517,000	462,484	61,182	523,666	(6,666)
FY14 Water Line Replacement	80,203	180,088	75,053	255,141	(174,938)
Park Lane/ Stratford	6,875	10,075	-	10,075	(3,200)
FY 15 Water Line Replacement	270,500	2,825	161,578	164,403	106,097
Blue Creek School Road Improvement	140,000	-	10,349	10,349	129,651
Rehabilitation to Wells 1 & 5	88,000	-	-	-	88,000
Street Repair - College/Warlick	123,494	-	-	-	123,494
Total expenditures	<u>56,544,276</u>	<u>51,190,432</u>	<u>445,483</u>	<u>51,635,915</u>	<u>4,908,361</u>
Revenues over (under) expenditures	<u>(54,234,212)</u>	<u>(48,970,919)</u>	<u>(432,112)</u>	<u>(49,403,031)</u>	<u>4,831,181</u>
<b>Other financing sources (uses):</b>					
Debt issued--					
Installment purchases	1,992,152	1,992,152	-	1,992,152	-
Loans payable - SRF	41,495,263	39,991,013	98,514	40,089,527	(1,405,736)
Revenue bonds	7,190,542	7,190,542	-	7,190,542	-
Transfers in--					
From Water/Sewer Fund	7,180,790	5,802,086	1,736,444	7,538,530	357,740
From Water/Sewer Capital Reserve	16,990	16,990	-	16,990	-
From Proprietary Fund	80,300	-	80,300	80,300	-
Transfers (out)--					
To Water/Sewer Fund	<u>(3,721,825)</u>	<u>(129,679)</u>	<u>(3,614,826)</u>	<u>(3,744,505)</u>	<u>(22,680)</u>
Total other financing sources	<u>54,234,212</u>	<u>54,863,104</u>	<u>(1,699,568)</u>	<u>53,163,536</u>	<u>(1,070,676)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 5,892,185</u>	<u>(2,131,680)</u>	<u>\$ 3,760,505</u>	<u>\$ 3,760,505</u>
<b>Fund Balance</b>					
Beginning of year, July 1			<u>5,892,185</u>		
End of year, June 30			<u>\$ 3,760,505</u>		

**City of Jacksonville, North Carolina**  
**Sewer Capital Projects Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 9,220	\$ 9,220	\$ -	\$ 9,220	\$ -
Total revenues	9,220	9,220	-	9,220	-
<b>Expenditures:</b>					
Pump Station Rehabilitation	5,117,088	5,117,089	-	5,117,089	(1)
Public Service Complex Phase II	527,542	426,033	3,210	429,243	98,299
Western Pkwy Utilities Relocation	377,049	377,049	-	377,049	-
Parkwood Regional Lift Station	-	(1)	-	(1)	1
Western Trunk Sewer Lower	3,333,600	426,490	1,343,466	1,769,956	1,563,644
Piney Green Sewer w/ ONWASA	3,881,009	3,194,800	42,574	3,237,374	643,635
SCADA Upgrade	1,194,000	875,615	18,195	893,810	300,190
Canterbury Lift Station Replacement	324,823	324,824	-	324,824	(1)
Memorial Lift Station Replacement	518,310	116,424	210,217	326,641	191,669
NCDOT Sewer Relocation PG Rd.	388,028	255,614	-	255,614	132,414
Brookview Forcemain Replacement	320,404	320,406	-	320,406	(2)
Barn Street Sewer Replacement	640,935	640,936	-	640,936	(1)
FY14 Sewer Replacement	100,000	100,000	-	100,000	-
Bell Fork Sewer Upgrade	398,355	39,605	284,154	323,759	74,596
FY15 I & I	937,856	9,555	323,582	333,137	604,719
Automated Screen LTS	511,000	11,330	55,270	66,600	444,400
Solids Dewatering at LTS	152,000	-	-	-	152,000
US 17 N Water/Sewer Extensions	90,000	-	734	734	89,266
Bio-dredging Sludge Removal	300,000	-	283,352	283,352	16,648
Total expenditures	19,111,999	12,235,769	2,564,754	14,800,523	4,311,476
Revenues (under) expenditures	(19,102,779)	(12,226,549)	(2,564,754)	(14,791,303)	4,311,476
<b>Other financing sources (uses):</b>					
Debt issued--					
Installment purchases	1,720,553	1,720,553	-	1,720,553	-
Revenue bonds	2,919,976	2,919,976	-	2,919,976	-
Transfers in--					
From Water/Sewer Fund	19,572,977	15,967,577	3,605,400	19,572,977	-
From General Capital Reserve	634,120	634,120	-	634,120	-
Transfers (out)--					
To Water/Sewer Fund	(5,360,875)	(3,204,576)	(2,156,295)	(5,360,871)	4
To General Capital Reserve	(383,972)	(383,972)	-	(383,972)	-
Total other financing sources	19,102,779	17,653,678	1,449,105	19,102,783	(4)
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ 5,427,129	(1,115,649)	\$ 4,311,480	\$ 4,311,480
<b>Fund Balance</b>					
Beginning of year, July 1			5,427,129		
End of year, June 30			\$ 4,311,480		

**City of Jacksonville, North Carolina**  
**Water/Sewer Capital Reserve Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 468,556	\$ 467,222	\$ 1,764	\$ 468,986	\$ 430
Total revenues	468,556	467,222	1,764	468,986	430
<b>Expenditures:</b>					
Water supply and distribution	563,727	-	-	-	563,727
Sewage collection and treatment	349,712	-	-	-	349,712
Total expenditures	913,439	-	-	-	913,439
Revenues over (under) expenditures	(444,883)	467,222	1,764	468,986	913,869
<b>Other financing sources (uses):</b>					
Transfers in--					
From Water/Sewer Fund	1,441,931	1,041,931	400,000	1,441,931	-
From Water Capital Projects	2,062,326	590,435	-	590,435	1,471,891
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 sources (uses)	444,883	44,883	400,000	444,883	-
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ 512,105	401,764	\$ 913,869	\$ 913,869
<b>Fund Balance</b>					
Beginning of year, July 1			512,105		
End of year, June 30			\$ 913,869		

# **SOLID WASTE FUND**

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

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 477,603	\$ 84,287
Accounts receivable (net)	383,850	382,990
Prepaid Items	21,870	-
Total Current Assets	<u>883,323</u>	<u>467,277</u>
Non-current Assets:		
Restricted cash and cash equivalents	320,037	21,850
Net pension asset	-	145,263
Capital assets (net)	1,296,171	1,393,683
Total Noncurrent Assets	<u>1,616,208</u>	<u>1,560,796</u>
Total Assets	<u>2,499,531</u>	<u>2,028,073</u>
<b>Deferred Outflows of Resources</b>		
Contributions to pension plan in current fiscal year	<u>86,206</u>	<u>90,722</u>
Total deferred outflows of resources	<u>86,206</u>	<u>90,722</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	395,155	232,221
Compensated absences payable - current	52,952	51,935
Installment purchases payable - current	506,283	472,492
Total Current Liabilities	<u>954,390</u>	<u>756,648</u>
Noncurrent Liabilities:		
Compensated absences payable - noncurrent	41,959	46,460
Other postemployment benefits	23,331	22,831
Net pension liability	104,807	-
Installment purchases payable - noncurrent	925,418	934,021
Total Noncurrent Liabilities	<u>1,095,515</u>	<u>1,003,312</u>
Total Liabilities	<u>2,049,905</u>	<u>1,759,960</u>
<b>Deferred Inflows of Resources</b>		
Pension deferrals	<u>54,425</u>	<u>354,040</u>
Total deferred inflows of resources	<u>54,425</u>	<u>354,040</u>
<b>Net Position</b>		
Net investment in capital assets	217,708	54,378
Unrestricted	263,699	(49,583)
Total Net Position	<u>\$ 481,407</u>	<u>\$ 4,795</u>

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating revenues:</b>		
Charges for services	\$ 4,685,085	\$ 4,542,269
Total operating revenues	<u>4,685,085</u>	<u>4,542,269</u>
<b>Operating expenses:</b>		
Solid Waste Operations	4,736,985	4,745,753
Depreciation	505,835	482,521
Total operating expenses	<u>5,242,820</u>	<u>5,228,274</u>
Operating income (loss)	<u>(557,735)</u>	<u>(686,005)</u>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	434	83
Gain (loss) on sale of capital assets	-	(119,145)
Restricted revenue - State	48,745	51,301
Miscellaneous revenue	-	330
Interest on long-term debt	(18,846)	(21,520)
Total nonoperating revenues (expenses)	<u>30,333</u>	<u>(88,951)</u>
Income (loss) before contributions and transfers	<u>(527,402)</u>	<u>(774,956)</u>
<b>Transfers:</b>		
Transfers in	1,004,014	974,096
Total transfers	<u>1,004,014</u>	<u>974,096</u>
<b>Change in Net Position</b>	<u>476,612</u>	<u>199,140</u>
Net Position:		
Total net position, previously reported	4,795	2,619
Restatement	-	(196,964)
Total net position, restated	<u>4,795</u>	<u>(194,345)</u>
End of year, June 30	<u>\$ 481,407</u>	<u>\$ 4,795</u>

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,681,867	\$ 4,445,104
Cash paid for goods and services	(2,565,447)	(2,758,695)
Cash paid to employees	(2,076,129)	(2,127,038)
Miscellaneous revenue	-	330
Net cash provided (used) by operating activities	<u>40,291</u>	<u>(440,299)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	1,004,014	974,096
Restricted Intergovernmental - State	<u>48,745</u>	<u>51,301</u>
Net cash provided by noncapital financing activities	<u>1,052,759</u>	<u>1,025,397</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt issued	551,330	249,082
Principal paid on long-term debt	(526,142)	(634,569)
Interest paid on long-term debt	(18,846)	(21,520)
Purchase of capital assets	<u>(408,323)</u>	<u>(455,737)</u>
Net cash (used) by capital and related financing activities	<u>(401,981)</u>	<u>(862,744)</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	<u>434</u>	<u>83</u>
Net cash provided by investing activities	<u>434</u>	<u>83</u>
Net increase (decrease) in cash and cash equivalents	691,503	(277,563)
Cash and cash equivalents, July 1	<u>106,137</u>	<u>383,700</u>
Cash and cash equivalents, June 30	<u>\$ 797,640</u>	<u>\$ 106,137</u>

continued

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating (loss)	<u>\$ (557,735)</u>	<u>\$ (686,005)</u>
<b>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</b>		
Depreciation	505,835	482,521
Pension (income) expense	(45,030)	(78,908)
Miscellaneous revenue	-	330
Bad debt expense	2,359	5,057
Change in assets and liabilities:		
(Increase) in accounts receivable	(3,219)	(97,165)
(Increase) in prepaid items	(21,870)	-
Increase (decrease) in accounts payable and accrued liabilities	163,435	(75,909)
Increase (decrease) in compensated absences payable	<u>(3,484)</u>	<u>9,780</u>
Total adjustments	<u>598,026</u>	<u>245,706</u>
Net cash provided (used) by operating activities	<u><u>\$ 40,291</u></u>	<u><u>\$ (440,299)</u></u>

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<u>2016</u>		<b>Variance Positive (Negative)</b>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,496,200	\$ 1,501,612	\$ 5,412	\$ 1,502,969
Commercial pickups	-	-	-	416
Residential fees	2,050,000	2,057,106	7,106	2,042,487
Recycling revenues	-	168	168	78
Other operating revenues	1,097,367	1,126,199	28,832	996,319
Total operating revenues	<u>4,643,567</u>	<u>4,685,085</u>	<u>41,518</u>	<u>4,542,269</u>
Nonoperating revenues:				
Restricted revenue - State	42,000	48,745	6,745	51,301
Gain (Loss) on sale of capital assets	-	-	-	(119,145)
Miscellaneous revenue	250	-	(250)	330
Interest earned on investments	107	434	327	83
Total nonoperating revenues	<u>42,357</u>	<u>49,179</u>	<u>6,822</u>	<u>(67,431)</u>
Total revenues	<u>4,685,924</u>	<u>4,734,264</u>	<u>48,340</u>	<u>4,474,838</u>
<b>Expenditures:</b>				
Solid Waste Disposal				
Salaries and employee benefits		1,434,377		1,449,888
Unleaded fuel		98,787		160,748
Supplies		55,755		80,387
Vehicle maintenance and repair		380,393		297,370
Contracted services - landfill		1,624,855		1,574,741
Contracted services - internal services		-		53,593
Bad debt		2,359		5,057
Overhead allocation from General Fund		335,822		325,039
Other expenditures		173,012		68,142
Total Solid Waste Disposal (Residential)	<u>4,551,122</u>	<u>4,105,360</u>	<u>445,762</u>	<u>4,014,965</u>
Commercial Dumpster Collection				
Salaries and employee benefits		257,916		278,277
Unleaded fuel		57,073		96,876
Supplies		1,792		3,002
Vehicle maintenance and repair		244,684		268,018
Other expenditures		70,160		84,615
Total Commercial Dumpster Collection	<u>798,492</u>	<u>631,625</u>	<u>166,867</u>	<u>730,788</u>
Total	<u>5,349,614</u>	<u>4,736,985</u>	<u>612,629</u>	<u>4,745,753</u>

continued

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Budgetary appropriations:</b>				
Interest paid	\$ 28,106	\$ 18,846	\$ 9,260	\$ 21,520
Debt principal	512,214	526,142	(13,928)	634,569
Decr. (Incr.) in compensated absences payable	-	3,484	(3,484)	3,484
Debt issued	(551,330)	(551,330)	-	(249,082)
Transfers (in)--				
From General Fund	(1,208,028)	(1,004,014)	(204,014)	(974,096)
Capital outlay	555,348	408,323	147,025	455,737
Total budgetary appropriations	(663,690)	(598,549)	(65,142)	(107,868)
Total expenditures	\$ 4,685,924	\$ 4,138,436	\$ 547,488	\$ 4,637,885
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 4,734,264		\$ 4,474,838
Total expenditures		4,138,436		4,637,885
Excess of revenues over (under) expenditures		595,828		(163,047)
Budgetary appropriations (above):				
Payment of debt principal		526,142		634,569
Debt issued		(551,330)		(249,082)
Decrease (Increase) in compensated absences payable		3,484		3,484
Capital outlay		408,323		455,737
Total budgetary appropriations		386,619		844,708
Depreciation (Statement 38)		(505,835)		(482,521)
Change in Net Position (Statement 38)		\$ 476,612		\$ 199,140

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



# STORMWATER FUND

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The Stormwater Fund is used to account for funds used in the construction of facilities to manage storm water runoff and maintain storm water ditches.

**City of Jacksonville, North Carolina**  
**Stormwater/Water Quality Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,495,868	\$ 2,139,766
Accounts receivable (net)	199,838	192,151
Prepaid Expenses	1,109	-
Total Current Assets	<u>2,696,815</u>	<u>2,331,917</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	93,011	1,108
Net Pension Asset	-	89,392
Capital assets (net)	6,854,261	7,039,281
Total Noncurrent Assets	<u>6,947,272</u>	<u>7,129,781</u>
Total Assets	<u>9,644,087</u>	<u>9,461,698</u>
<b>Deferred Outflows of Resources</b>		
Contributions to pension plan	53,283	55,829
Total Deferred Outflows of Resources	<u>53,283</u>	<u>55,829</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	63,806	194,163
Compensated absences - current	44,862	42,295
Interfund payable	246,000	170,000
Installment purchases payable-current	529,514	517,127
Loans payable-current	23,899	-
Total Current Liabilities	<u>908,081</u>	<u>923,585</u>
Noncurrent Liabilities:		
Compensated absences payable	7,901	21,842
Net Pension Liability	59,073	-
Loans payable-noncurrent	151,799	-
Installment purchases payable-noncurrent	1,712,514	2,135,545
Total Noncurrent Liabilities	<u>1,931,287</u>	<u>2,157,387</u>
Total Liabilities	<u>2,839,368</u>	<u>3,080,972</u>
<b>Deferred Inflows of Resources</b>		
Pension Deferral	48,997	217,871
Total deferred inflows of resources	<u>48,997</u>	<u>217,871</u>
<b>Net Position</b>		
Net investment in capital assets	4,529,546	4,387,717
Unrestricted	2,279,459	1,830,967
Total Net Position	<u>\$ 6,809,005</u>	<u>\$ 6,218,684</u>

**City of Jacksonville, North Carolina**  
**Stormwater/Water Quality Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating revenues:</b>		
Total operating revenues	\$ 2,975,883	\$ 2,935,490
<b>Operating expenses:</b>		
Stormwater/Water Quality Operations	1,777,448	1,801,689
Depreciation	431,011	399,622
Total operating expenses	2,208,459	2,201,311
Operating income	767,424	734,179
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	5,239	401
(Loss) on sale of capital assets	(4,701)	-
Tax rebate - Build America Bond interest	25,423	29,656
Miscellaneous	35,369	520
Interest on long-term debt	(83,048)	(104,720)
Restricted intergovernmental revenues	-	-
Total nonoperating (expenses)	(21,718)	(74,143)
Income before transfers	745,706	660,036
<b>Operating transfers</b>		
Transfers out	(155,385)	-
Total transfers	(155,385)	-
<b>Change in Net Position</b>	590,321	660,036
Net position:		
Previously Reported	6,218,684	5,679,857
Restatement	-	(121,209)
End of year, June 30	<u>\$ 6,809,005</u>	<u>\$ 6,218,684</u>

**City of Jacksonville, North Carolina**  
**Stormwater/Water Quality Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,973,605	\$ 2,938,319
Cash paid for goods and services	(601,166)	(336,673)
Cash paid to employees	(1,342,394)	(1,366,732)
Miscellaneous revenue	35,369	520
Net cash provided by operating activities	<u>1,065,414</u>	<u>1,235,434</u>
<b>Cash flows from noncapital financing activities:</b>		
Advances from other funds	76,000	170,000
Transfers (out)	(155,385)	-
Net cash provided by noncapital financing activities	<u>(79,385)</u>	<u>170,000</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt issued	332,043	32,550
Principal paid on long term debt	(566,989)	(511,559)
Interest paid on long term debt	(83,048)	(104,720)
Tax rebate - Build America Bond interest	25,423	29,656
Acquisition and construction of capital assets	(252,098)	(234,896)
Sale of capital assets	1,406	-
Net cash (used) by capital and related financing activities	<u>(543,263)</u>	<u>(788,969)</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	5,239	401
Net cash provided by investing activities	<u>5,239</u>	<u>401</u>
Net increase (decrease) in cash and cash equivalents	448,005	616,866
Cash and cash equivalents, July 1	2,140,874	1,524,008
Cash and cash equivalents, June 30	<u>\$ 2,588,879</u>	<u>\$ 2,140,874</u>
<b>Reconciliation to Statement 41:</b>		
Cash and cash equivalents	\$ 2,495,868	\$ 2,139,766
Restricted cash and cash equivalents	93,011	1,108
	<u>2,588,879</u>	<u>\$ 2,140,874</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income	\$ 767,424	\$ 734,179
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>		
Depreciation	431,011	399,622
Pension (Income) Expense	(17,863)	(48,559)
Miscellaneous revenue	35,369	520
Bad debt expense	(5,409)	(5,492)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,278)	2,829
(Increase) decrease in prepaid items	(1,109)	-
Increase (decrease) in accounts payable	(130,357)	143,702
Increase (decrease) in compensated absences payable	(11,374)	8,633
Total adjustments	<u>297,990</u>	<u>501,255</u>
Net cash provided by operating activities	<u>\$ 1,065,414</u>	<u>\$ 1,235,434</u>
<b>Noncash investing, capital, and financing activities:</b>		
Gain (loss) on noncash disposal of capital assets	<u>\$ (6,106)</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Commercial fees	\$ 2,074,755	\$ 2,111,802	\$ 37,047	\$ 2,080,575
Residential fees	797,000	810,390	13,390	800,073
Permits and fees	41,970	53,691	11,721	54,842
Total operating revenues	<u>2,913,725</u>	<u>2,975,883</u>	<u>62,158</u>	<u>2,935,490</u>
Nonoperating revenues:				
Interest earned on investments	355	5,239	4,884	401
Sale of capital assets	-	(4,701)	(4,701)	-
Tax rebate - Build America Bond interest	29,867	25,423	(4,444)	29,656
Miscellaneous revenue	500	35,369	34,869	520
Restricted intergovernmental revenues	-	-	-	-
Total nonoperating revenues	<u>30,722</u>	<u>61,330</u>	<u>30,608</u>	<u>30,577</u>
Total revenues	<u>2,944,447</u>	<u>3,037,213</u>	<u>92,766</u>	<u>2,966,067</u>
<b>Expenditures:</b>				
<b>Stormwater/Water Quality</b>				
Salaries and employee benefits		1,010,105		1,039,530
Supplies		54,415		45,006
Insurance		13,674		15,209
Maintenance and repair		9,675		17,635
Contracted services		57,911		55,320
Contracted services-internal service		99,733		108,148
Bad debt		(5,409)		(5,492)
Overhead allocation from General Fund		303,052		287,276
Other expenditures		234,292		239,057
Total	<u>2,107,438</u>	<u>1,777,448</u>	<u>329,990</u>	<u>1,801,689</u>
<b>Budgetary appropriations:</b>				
Interest paid	83,142	83,048	94	104,720
Debt principal	552,488	566,989	(14,501)	511,559
(Increase)decrease in compensated absences payable	-	11,374	(11,374)	(8,633)
(Increase) in prepaid items	-	(1,109)	1,109	-
Debt issued	(93,000)	(292,598)	199,598	(32,550)
Transfers in--				
From Proprietary Fund	-	-	-	(1)
Transfers out--				
To General Fund	75,085	75,085	-	-
To Water Sewer Capital Projects	80,300	80,300	-	-
Capital outlay	187,754	32,841	154,913	55,693
Appropriated retained earnings	(48,760)	-	(48,760)	-
Total budgetary appropriations	<u>837,009</u>	<u>555,930</u>	<u>281,079</u>	<u>630,788</u>
Total expenditures	<u>\$ 2,944,447</u>	<u>\$ 2,333,378</u>	<u>\$ 611,069</u>	<u>\$ 2,432,477</u>

continued

**City of Jacksonville, North Carolina**  
**Stormwater/Water Quality Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<b>Variance Positive (Negative)</b>	
<b>Reconciliation of modified accrual basis to full accrual basis:</b>			
Total revenues		\$ 3,037,213	\$ 2,966,067
Total expenditures		<u>2,333,378</u>	<u>2,432,477</u>
Excess of revenues over (under) expenditures		<u>703,835</u>	<u>533,590</u>
Budgetary appropriations (above):			
Payment of debt principal		566,989	511,559
Debt issued		(292,598)	(32,550)
(Increase) in compensated absences payable		11,374	(8,633)
(Increase) in prepaid items		(1,109)	-
Transfers		-	(1)
Capital outlay		<u>32,841</u>	<u>55,693</u>
Total budgetary appropriations		<u>317,497</u>	<u>526,068</u>
Depreciation (Statement 42)		<u>(431,011)</u>	<u>(399,622)</u>
Change in Net Position (Statement 42)		<u><u>\$ 590,321</u></u>	<u><u>\$ 660,036</u></u>

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

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

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Capital outlay:					
Downtown Central/Wilson Bay	850,910	307,852	137,311	445,163	405,747
Center Street Area	65,000	-	-	-	65,000
Total expenditures	915,910	307,852	137,311	445,163	470,747
Revenues (under) expenditures	(915,910)	(307,852)	(137,311)	(445,163)	470,747
Other financing sources (uses):					
Debt issued--					
Loans payable - SRF	850,910	-	199,598	199,598	(651,312)
Transfers in--					
From Proprietary Fund	90,000	-	-	-	(90,000)
Transfers (out)--					
To Proprietary Fund	(25,000)	-	-	-	25,000
Total other financing sources (uses)	915,910	-	199,598	199,598	(716,312)
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ (307,852)	62,287	\$ (245,565)	\$ (245,565)
Fund Balance:					
Beginning of year, July 1			(307,852)		
End of year, June 30			\$ (245,565)		



# NON-MAJOR FUNDS

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- Non-Major Governmental Funds
- Internal Service Funds

# NON-MAJOR GOVERNMENTAL FUNDS

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

## INDIVIDUAL FUND DESCRIPTIONS

### Community Development Fund:

**Community Development Block Grant (CDBG)** – accounts for the revenues and expenditures of Community Development Block Grant programs.

**NCHFA/HOME/Affordable Housing Construction Project** – accounts for the revenues and expenditures of the Affordable Housing Construction Project.

### Law Enforcement Grants Fund:

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

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

**Federal DEA Project** – accounts for the revenues and expenditures of the Federal Drug Enforcement Administration Project.

**State DEA Project** – accounts for the revenues and expenditures of the State Drug Enforcement Administration Project.

**Governor's Crime Commission Domestic Violence Grant** – accounts for the revenues and expenditures of the Governor's Crime Commission Domestic Violence Grant Program.

**2015 Justice Assistance Grant Non-ARRA** – accounts for the revenues and expenditures of the 2014 Justice Assistance Grant Program.

**2016 Justice Assistance Grant Non-ARRA** – accounts for the revenues and expenditures of the 2015 Justice Assistance Grant Program.

**800 MHz Radio System Grant** – accounts for the revenues and expenditures of the 800 MHz Radio System Grant Program.

**2014 Governor's Crime Commission Prescription Drug Diversion** – accounts for the revenues and expenditures of the Governor's Crime Commission Prescription Drug Diversion.

# NON-MAJOR GOVERNMENTAL FUNDS

## (Continued)

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### Law Enforcement Grants Fund continued:

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

**Edward Byrne Justice Assistance Grant** – accounts for the revenues and expenditures of the Edward Byrne Justice Assistance Grant Program.

**Governor's Crime Commission Crisis Counselor** – accounts for the revenues and expenditures of the Governor's Crime Commission Crisis Counselor.

**FEMA Assistance to Firefighters** – accounts for the revenues and expenditures of the FEMA Assistance to Firefighters.

### E-911 Fund:

**Emergency Telephone System** – accounts for the revenues and expenditures of the Enhanced 911 Operation.

### Transportation Fund:

**City Transportation Project** – accounts for the revenues and expenditures of the City Transportation Project.

**Transit Project ARRA Fund** – accounts for the revenues and expenditures of the Transit Project funded by the American Recovery and Reinvestment Act.

**NCDOT Intern Program** – accounts for the revenues and expenditures of the North Carolina Department of Transportation Intern Program.

### Non-Capitalized Projects Fund:

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

**Intelligent Transportation System** – accounts for the revenues and expenditures of the Intelligent Transportation System.

**Beirut Memorial Grove** – accounts for the revenues and expenditures of the Beirut Memorial Grove Project.

### Street Improvements Fund:

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

# NON-MAJOR GOVERNMENTAL FUNDS

## (Continued)

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### Street Improvements Fund continued:

**Developer Contributed Sidewalks Project** – accounts for the revenues and expenditures of the Developer Contributed Sidewalks Project

**FY13 and FY14 Street Reclamation Project** – accounts for the revenues and expenditures of the FY13 and FY14 Street Reclamation Project.

**FY15 Street Rehabilitation Project** – accounts for the revenues and expenditures of the FY15 Street Rehabilitation Project.

**FY12 Sidewalk Installation Project** – accounts for the revenues and expenditures of the FY12 Sidewalk Installation Project.

**FY13 Sidewalk Installation Project** – accounts for the revenues and expenditures of the FY13 Sidewalk Installation Project.

**FY14 Sidewalk Installation Project** – accounts for the revenues and expenditures of the FY14 Sidewalk Installation Project.

**FY16 Sidewalk Installation Project** – accounts for the revenues and expenditures of the FY16 Sidewalk Installation Project.

**FY16 Sidewalk Rehabilitation** – accounts for the revenues and expenditures of the FY16 Sidewalk Rehabilitation.

**NC DOT TIP Sidewalks – Piney Green Road Project** – accounts for the revenues and expenditures of the NC DOT TIP Sidewalks – Piney Green Road Project.

**Hargett Street Pedestrian Improvements Project** – accounts for the revenues and expenditures of the Hargett Street Pedestrian Improvements Project.

**Plantation Boulevard/New Frontier Way Extension Project** – accounts for the revenues and expenditures of the Plantation Boulevard/New Frontier Way Extension Project.

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

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

June 30, 2016

With Comparative Totals for June 30, 2015

	Community Development		Law Enforcement Grants		
	CDBG	NCHFA/HOME/ Affordable Housing Construction	School Resource Officer	Bulletproof Vest	Federal DEA
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 223,947	\$ 340,478	\$ 89,707	\$ -
Restricted cash and cash equivalents	8,024	-	-	-	53,224
Accounts receivable	84,120	-	-	-	-
Interfund receivable	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Notes receivable, net	1,633,966	117,861	-	-	-
<b>Total Assets</b>	<b>\$ 1,726,110</b>	<b>\$ 341,808</b>	<b>\$ 340,478</b>	<b>\$ 89,707</b>	<b>\$ 53,224</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 90,941	\$ 44	\$ 36,485	\$ -	\$ -
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>90,941</b>	<b>44</b>	<b>36,485</b>	<b>-</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Streets	-	-	-	-	-
Public Safety	-	-	303,993	89,707	53,224
Community Development	1,635,169	341,764	-	-	-
<b>Committed:</b>					
Capital Projects	-	-	-	-	-
<b>Total Fund Balance</b>	<b>1,635,169</b>	<b>341,764</b>	<b>303,993</b>	<b>89,707</b>	<b>53,224</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,726,110</b>	<b>\$ 341,808</b>	<b>\$ 340,478</b>	<b>\$ 89,707</b>	<b>\$ 53,224</b>

continued

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
 June 30, 2016  
 With Comparative Totals for June 30, 2015

	<b>Law Enforcement Grants</b>					
	<b>State DEA</b>	<b>2016 JAG Grant Non- ARRA</b>	<b>800MHZ Radio System Upgrade</b>	<b>Edward Byrne JAG</b>	<b>GCC Crisis Counselor</b>	<b>FEMA Assistance to Firefighters</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 136,692	\$ -	\$ 813	\$ 11,959
Restricted cash and cash equivalents	44,805	37,118	-	-	-	-
Accounts receivable	-	-	-	11,656	14,410	-
Interfund receivable	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 44,805</b>	<b>\$ 37,118</b>	<b>\$ 136,692</b>	<b>\$ 11,656</b>	<b>\$ 15,223</b>	<b>\$ 11,959</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 318	\$ -	\$ -	\$ 11,656	\$ 3,223	\$ -
Interfund payable	-	-	-	-	12,000	-
Deferred revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>11,656</b>	<b>15,223</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>						
<b>Restricted:</b>						
Streets	-	-	-	-	-	-
Public Safety	44,487	37,118	136,692	-	-	11,959
Community Development	-	-	-	-	-	-
<b>Committed:</b>						
Capital Projects	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>44,487</b>	<b>37,118</b>	<b>136,692</b>	<b>-</b>	<b>-</b>	<b>11,959</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 44,805</b>	<b>\$ 37,118</b>	<b>\$ 136,692</b>	<b>\$ 11,656</b>	<b>\$ 15,223</b>	<b>\$ 11,959</b>

continued

City of Jacksonville, North Carolina  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
 June 30, 2016  
 With Comparative Totals for June 30, 2015

	<b>E-911 Fund</b>	<b>Transportation Fund</b>			<b>Non-Capitalized Projects Fund</b>
	<b>Emergency Telephone System</b>	<b>City Transportation Project</b>	<b>Transit Project ARRA Fund</b>	<b>NCDOT Intern Program</b>	<b>Intelligent Transportation System</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 433,995	\$ 8,655	\$ 3,750	\$ 390,731
Restricted cash and cash equivalents	236,571	-	-	-	-
Accounts receivable	26,318	368,424	-	-	86,000
Interfund receivable	-	-	-	-	663,000
Prepaid Items	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 262,889</b>	<b>\$ 802,419</b>	<b>\$ 8,655</b>	<b>\$ 3,750</b>	<b>\$ 1,139,731</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 18,068	\$ 66,299	\$ -	\$ -	\$ 1,139,730
Interfund payable	-	172,000	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>18,068</b>	<b>238,299</b>	<b>-</b>	<b>-</b>	<b>1,139,730</b>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>212,006</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Streets	-	-	-	-	-
Public Safety	244,821	-	-	-	-
Community Development	-	352,114	8,655	3,750	1
<b>Committed:</b>					
Capital Projects	-	-	-	-	-
<b>Total Fund Balance</b>	<b>244,821</b>	<b>352,114</b>	<b>8,655</b>	<b>3,750</b>	<b>1</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 262,889</b>	<b>\$ 802,419</b>	<b>\$ 8,655</b>	<b>\$ 3,750</b>	<b>\$ 1,139,731</b>

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
 June 30, 2016  
 With Comparative Totals for June 30, 2015

	<b>Street Improvements Fund</b>				
	<b>Streets Powell Bill</b>	<b>Developer Contributed Sidewalks</b>	<b>FY16 Sidewalk Installation</b>	<b>FY16 Sidewalk Rehabilitation</b>	<b>NCDOT TIP Sidewalks Piney Green</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 49,912	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	678,150	-	159,579	1,009,915	101,700
Accounts receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 678,150</b>	<b>\$ 49,912</b>	<b>\$ 159,579</b>	<b>\$ 1,009,915</b>	<b>\$ 101,700</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 41,180	\$ -	\$ -
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>41,180</b>	<b>-</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Streets	678,150	49,912	118,399	1,009,915	101,700
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
<b>Committed:</b>					
Capital Projects	-	-	-	-	-
<b>Total Fund Balance</b>	<b>678,150</b>	<b>49,912</b>	<b>118,399</b>	<b>1,009,915</b>	<b>101,700</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 678,150</b>	<b>\$ 49,912</b>	<b>\$ 159,579</b>	<b>\$ 1,009,915</b>	<b>\$ 101,700</b>

continued

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
 June 30, 2016  
 With Comparative Totals for June 30, 2015

	<b>Street Improvements</b>			<b>Totals</b>	
	<b>Fund</b>				
	<b>Hargett Street Pedestrian Improvements NPB</b>	<b>Plantation/NW Frontier Extension</b>	<b>General Capital Reserve Fund</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 95,264	\$ 30,000	\$ 2,156,893	\$ 3,972,796	\$ 2,652,842
Restricted cash and cash equivalents	-	-	-	2,329,086	4,873,163
Accounts receivable	-	-	-	590,928	923,879
Interfund receivable	-	-	-	663,000	-
Prepaid Items	-	-	-	-	1,125
Notes receivable, net	-	-	-	1,751,827	1,796,042
<b>Total Assets</b>	<b>\$ 95,264</b>	<b>\$ 30,000</b>	<b>\$ 2,156,893</b>	<b>\$ 9,307,637</b>	<b>\$ 10,247,051</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,407,944	\$ 204,301
Interfund payable	-	-	-	184,000	420,916
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,591,944</b>	<b>625,217</b>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,006</b>	<b>394,881</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Streets	95,264	30,000	-	2,083,340	2,433,577
Public Safety	-	-	-	922,001	2,853,203
Community Development	-	-	-	2,341,453	2,443,290
<b>Committed:</b>					
Capital Projects	-	-	2,156,893	2,156,893	1,496,883
<b>Total Fund Balance</b>	<b>95,264</b>	<b>30,000</b>	<b>2,156,893</b>	<b>7,503,687</b>	<b>9,226,953</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 95,264</b>	<b>\$ 30,000</b>	<b>\$ 2,156,893</b>	<b>\$ 9,307,637</b>	<b>\$ 10,247,051</b>

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	Community Development Fund		Law Enforcement Grants Fund	
	CDBG	NCHFA/HOME/ Affordable Housing Construction	School Resource Officer	Bulletproof Vest
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 831,704	\$ -	\$ 264,258	\$ 13,102
Investment earnings	16	44	-	-
Miscellaneous	13,635	2,443	-	-
Total revenues	845,355	2,487	264,258	13,102
<b>Expenditures:</b>				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	378,734	54,693
Cultural and Recreational	-	-	-	-
Economic and Physical Development	635,311	714	-	-
Capital outlay	442,982	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	1,078,293	714	378,734	54,693
Revenues over (under) expenditures	(232,938)	1,773	(114,476)	(41,591)
Other financing sources (uses):				
Debt issued	-	-	-	-
Transfers in	-	-	140,767	39,850
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	140,767	39,850
Net change in fund balance	(232,938)	1,773	26,291	(1,741)
Fund balances:				
Beginning of year, July 1	1,868,107	339,991	277,702	91,448
End of year, June 30	\$ 1,635,169	\$ 341,764	\$ 303,993	\$ 89,707

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

<b>Law Enforcement Grants Fund</b>					
	<b>Federal DEA</b>	<b>State DEA</b>	<b>GCC Domestic Violence</b>	<b>2015 JAG Grant Non- ARRA</b>	<b>2016 JAG Grant Non- ARRA</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ 2,736	\$ 7,719	\$ -	\$ 2,722	\$ -
Investment earnings	21	12	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,757</u>	<u>7,731</u>	<u>-</u>	<u>2,722</u>	<u>-</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	38,791	9,847	-	2,722	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	14,189	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>38,791</u>	<u>24,036</u>	<u>-</u>	<u>2,722</u>	<u>-</u>
Revenues over (under) expenditures	<u>(36,034)</u>	<u>(16,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Debt issued	-	-	-	-	-
Transfers in	13,925	-	-	-	37,118
Transfers (out)	(37,117)	-	(13,926)	-	-
Total other financing sources (uses)	<u>(23,192)</u>	<u>-</u>	<u>(13,926)</u>	<u>-</u>	<u>37,118</u>
Net change in fund balance	(59,226)	(16,305)	(13,926)	-	37,118
<b>Fund balances:</b>					
Beginning of year, July 1	112,450	60,792	13,926	-	-
End of year, June 30	<u>\$ 53,224</u>	<u>\$ 44,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,118</u>

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

<b>Law Enforcement Grants Fund</b>					
	<b>800 MHz Radio System</b>	<b>2014 GCC Prescription Drug Diversion</b>	<b>GHSP Bike Safety</b>	<b>Edward Byrne JAG</b>	<b>GCC Crisis Counselor</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ 974	\$ 11,656	\$ 27,996
Investment earnings	-	-	-	-	-
Miscellaneous	37,620	-	-	-	-
Total revenues	<u>37,620</u>	<u>-</u>	<u>974</u>	<u>11,656</u>	<u>27,996</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	1,671,640	679	974	11,656	27,996
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>1,671,640</u>	<u>679</u>	<u>974</u>	<u>11,656</u>	<u>27,996</u>
Revenues over (under) expenditures	<u>(1,634,020)</u>	<u>(679)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,634,020)	(679)	-	-	-
Fund balances:					
Beginning of year, July 1	<u>1,770,712</u>	<u>679</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year, June 30	<u>\$ 136,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Law Enforcement Grants Fund</b>	<b>E-911 Fund</b>	<b>Transportation Fund</b>		
	<b>FEMA Assistance to Firefighters</b>	<b>Emergency Telephone System</b>	<b>City Transportation Project</b>	<b>Transit Project ARRA Fund</b>	<b>NCDOT Intern Program</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ 315,815	\$ 1,159,684	\$ 381,565	\$ -
Investment earnings	-	598	-	-	-
Miscellaneous	-	-	134,707	-	-
Total revenues	<u>-</u>	<u>316,413</u>	<u>1,294,391</u>	<u>381,565</u>	<u>-</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	405,622	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	1,119,063	37,850	-
Capital outlay	-	-	37,361	323,332	-
Debt service:	-	-	-	-	-
Principal retirement	-	198,000	-	-	-
Interest and fees	-	2,745	-	-	-
Total expenditures	<u>-</u>	<u>606,367</u>	<u>1,156,424</u>	<u>361,182</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(289,954)</u>	<u>137,967</u>	<u>20,383</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Debt issued	-	-	-	-	-
Transfers in	11,959	9,281	479,378	-	3,750
Transfers (out)	-	-	(479,378)	(3,750)	-
Total other financing sources (uses)	<u>11,959</u>	<u>9,281</u>	<u>-</u>	<u>(3,750)</u>	<u>3,750</u>
Net change in fund balance	11,959	(280,673)	137,967	16,633	3,750
<b>Fund balances:</b>					
Beginning of year, July 1	-	525,494	214,147	(7,978)	-
End of year, June 30	<u>\$ 11,959</u>	<u>\$ 244,821</u>	<u>\$ 352,114</u>	<u>\$ 8,655</u>	<u>\$ 3,750</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<u>Non-Capitalized Projects Fund</u>			<u>Street Improvements Fund</u>	
	<u>Northeast Creek Lagoons</u>	<u>Intelligent Transportation System</u>	<u>Beirut Memorial Grove</u>	<u>Streets Powell Bill</u>	<u>Developer Contributed Sidewalks</u>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ 133,120	\$ -	\$ 2,415
Investment earnings	-	-	-	3,435	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>133,120</u>	<u>3,435</u>	<u>2,415</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	1,139,730	133,120	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,139,730</u>	<u>133,120</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,139,730)</u>	<u>-</u>	<u>3,435</u>	<u>2,415</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	1,139,731	-	1,865,017	-
Transfers (out)	(29,023)	-	-	(1,511,481)	-
Total other financing sources (uses)	<u>(29,023)</u>	<u>1,139,731</u>	<u>-</u>	<u>353,536</u>	<u>-</u>
Net change in fund balance	(29,023)	1	-	356,971	2,415
<b>Fund balances:</b>					
Beginning of year, July 1	29,023	-	-	321,179	47,497
End of year, June 30	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 678,150</u>	<u>\$ 49,912</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

<b>Streets Improvements Fund</b>					
	<b>FY13 &amp; FY14</b>				
	<b>Street</b>	<b>FY15 Street</b>	<b>FY12 Sidewalk</b>	<b>FY13 Sidewalk</b>	<b>FY14 Sidewalk</b>
	<b>Reclamation</b>	<b>Rehabilitation</b>	<b>Installation</b>	<b>Installation</b>	<b>Installation</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	647,368	-	-	272,962
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>-</u>	<u>647,368</u>	<u>-</u>	<u>-</u>	<u>272,962</u>
Revenues over (under) expenditures	<u>-</u>	<u>(647,368)</u>	<u>-</u>	<u>-</u>	<u>(272,962)</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(791,811)	(83,087)	(5,696)	(46,458)	(7,425)
Total other financing sources (uses)	<u>(791,811)</u>	<u>(83,087)</u>	<u>(5,696)</u>	<u>(46,458)</u>	<u>(7,425)</u>
Net change in fund balance	(791,811)	(730,455)	(5,696)	(46,458)	(280,387)
<b>Fund balances:</b>					
Beginning of year, July 1	791,811	730,455	5,696	46,458	280,387
End of year, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Streets Improvements Fund</b>				
	<b>FY16 Sidewalk Installation</b>	<b>FY16 Sidewalk Rehabilitation</b>	<b>NCDOT TIP Sidewalks Piney Green</b>	<b>Hargett Street Pedestrian Improvements</b>	<b>Plantation/NW Frontier Extension</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	41,180	694,983	-	16,321	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>41,180</u>	<u>694,983</u>	<u>-</u>	<u>16,321</u>	<u>-</u>
Revenues over (under) expenditures	<u>(41,180)</u>	<u>(694,983)</u>	<u>-</u>	<u>(16,321)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Debt issued	-	-	-	-	-
Transfers in	159,579	1,704,898	33,191	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>159,579</u>	<u>1,704,898</u>	<u>33,191</u>	<u>-</u>	<u>-</u>
Net change in fund balance	118,399	1,009,915	33,191	(16,321)	-
<b>Fund balances:</b>					
Beginning of year, July 1	-	-	68,509	111,585	30,000
End of year, June 30	<u>\$ 118,399</u>	<u>\$ 1,009,915</u>	<u>\$ 101,700</u>	<u>\$ 95,264</u>	<u>\$ 30,000</u>

continued

**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, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Totals</b>		
	<b>General Capital Reserve Fund</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ -	\$ 3,155,466	\$ 2,320,505
Investment earnings	3,853	7,979	1,755
Miscellaneous	338,670	527,075	223,795
Total revenues	342,523	3,690,520	2,546,055
<b>Expenditures:</b>			
General Government	-	-	-
Public Works	-	-	-
Public Safety	-	2,603,354	882,878
Cultural and Recreational	-	1,272,850	32,046
Economic and Physical Development	-	1,792,938	1,367,473
Capital outlay	-	2,490,678	3,367,976
Debt service:			
Principal retirement	-	198,000	198,000
Interest and fees	-	2,745	4,626
Total expenditures	-	8,360,565	5,852,999
Revenues over (under) expenditures	342,523	(4,670,045)	(3,306,944)
<b>Other financing sources (uses):</b>			
Debt issued	-	-	-
Transfers in	1,550,866	7,189,310	5,032,090
Transfers (out)	(1,233,379)	(4,242,531)	(2,743,665)
Total other financing sources (uses)	317,487	2,946,779	2,288,425
Net change in fund balance	660,010	(1,723,266)	(1,018,519)
<b>Fund balances:</b>			
Beginning of year, July 1	1,496,883	9,226,953	10,245,472
End of year, June 30	\$ 2,156,893	\$ 7,503,687	\$ 9,226,953

	Transfers In	\$ 7,189,310		Transfers out	\$ 4,242,531
	Transfers within Non-Major			Transfers within Non-Major	
	Governmental Funds	(2,969,246)		Governmental Funds	(2,969,246)
	Exhibit D	\$ 4,220,064		Exhibit D	\$ 1,273,285

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Community Development Block Grant (CDBG)**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>Entitlement Grant 2013</b>					
Entitlement Grant 2013	\$ 370,853	\$ 27,255	\$ 343,598	\$ 370,853	\$ -
Program income	251,598	1,796,230	4,766	1,800,996	1,549,398
Investment earnings	40	9	12	21	(19)
Total	622,491	1,823,494	348,376	2,171,870	1,549,379
<b>Entitlement Grant 2014</b>					
Entitlement Grant 2014	365,744	-	365,744	365,744	-
Program income	182,888	-	5,202	5,202	(177,686)
Investment earnings	40	-	4	4	(36)
Total	548,672	-	370,950	370,950	(177,722)
<b>Entitlement Grant 2015</b>					
Entitlement Grant 2015	345,602	-	122,362	122,362	(223,240)
Program income	171,558	-	3,667	3,667	(167,891)
Investment earnings	20	-	-	-	(20)
Total	517,180	-	126,029	126,029	(391,151)
Total revenues	1,688,343	1,823,494	845,355	2,668,849	980,506

continued

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Community Development Block Grant (CDBG)**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
<b>Entitlement Grant 2013</b>					
Administration	\$	\$ 32,493	\$ 60,228	\$ 92,721	\$
Housing rehabilitation		55,369	167,779	223,148	
Non-profit funding		24,999	53,020	78,019	
Clearance		39,648	68,335	107,983	
Acquisition of property		26,377	35,817	62,194	
Capital Outlay		-	157,113	157,113	
Total		<u>845,991</u>	<u>542,292</u>	<u>721,178</u>	<u>124,813</u>
<b>Entitlement Grant 2014</b>					
Administration		-	15,756	15,756	
Housing rehabilitation		-	138,636	138,636	
Non-profit funding		-	6,805	6,805	
Clearance		-	25,921	25,921	
Acquisition of property		-	-	-	
Capital Outlay		-	210,606	210,606	
Total		<u>548,672</u>	<u>397,724</u>	<u>397,724</u>	<u>150,948</u>
<b>Entitlement Grant 2015</b>					
Administration		-	4,290	4,290	
Housing rehabilitation		-	42,912	42,912	
Non-Profit funding		-	8,525	8,525	
Clearance		-	6,961	6,961	
Acquisition of property		-	329	329	
Capital Outlay		-	75,260	75,260	
Total		<u>517,180</u>	<u>138,277</u>	<u>138,277</u>	<u>378,903</u>
Total expenditures		<u>1,911,843</u>	<u>1,078,293</u>	<u>1,257,179</u>	<u>654,664</u>
Revenues over (under) expenditures		<u>(223,500)</u>	<u>(232,938)</u>	<u>1,411,670</u>	<u>1,635,170</u>
Other financing sources:					
Transfers in--					
Special Revenue		<u>223,500</u>	<u>-</u>	<u>223,499</u>	<u>(1)</u>
Net change in fund balance	\$	<u>-</u>	<u>(232,938)</u>	<u>\$ 1,635,169</u>	<u>\$ 1,635,169</u>
Fund balance:					
Beginning of year, July 1			<u>1,868,107</u>		
End of year, June 30			<u>\$ 1,635,169</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**NCHFA/HOME/Affordable Housing Construction Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Program income	\$ 882,549	\$ 703,778	\$ 2,443	\$ 706,221	\$ (176,328)
Investment earnings	8,778	8,669	44	8,713	(65)
Total revenues	891,327	712,447	2,487	714,934	(176,393)
<b>Expenditures:</b>					
Operating expenditures		456,809	714	457,523	
Total expenditures	975,698	456,809	714	457,523	518,175
Revenues over (under) expenditures	(84,371)	255,638	1,773	257,411	341,782
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	\$ -	\$ 339,991	1,773	\$ 341,764	\$ 341,764
Fund balance:					
Beginning of year, July 1			339,991		
End of year, June 30			\$ 341,764		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**School Resource Officer Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Onslow County Board of Education	\$ 4,084,779	\$ 3,820,520	\$ 264,258	\$ 4,084,778	\$ (1)
Investment earnings	7,376	7,376	-	7,376	-
Total revenues	<u>4,092,155</u>	<u>3,827,896</u>	<u>264,258</u>	<u>4,092,154</u>	<u>(1)</u>
<b>Expenditures:</b>					
Salaries and employee benefits		4,567,985	314,512	4,882,497	
Operating expenditures		583,756	64,222	647,978	
Capital outlay		181,261	-	181,261	
Total expenditures	<u>6,015,729</u>	<u>5,333,002</u>	<u>378,734</u>	<u>5,711,736</u>	<u>303,993</u>
Revenues (under) expenditures	<u>(1,923,574)</u>	<u>(1,505,106)</u>	<u>(114,476)</u>	<u>(1,619,582)</u>	<u>303,992</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	2,087,827	1,947,060	140,767	2,087,827	-
Transfers (out)--					
To General Fund	(162,448)	(162,447)	-	(162,447)	1
To Special Revenue Fund-	(1,805)	(1,805)	-	(1,805)	-
Total other financing sources	<u>1,923,574</u>	<u>1,782,808</u>	<u>140,767</u>	<u>1,923,575</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 277,702</u>	26,291	<u>\$ 303,993</u>	<u>\$ 303,993</u>
Fund balance:					
Beginning of year, July 1			<u>277,702</u>		
End of year, June 30			<u>\$ 303,993</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Bulletproof Vest Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Bureau of Justice Grant	\$ 169,649	\$ 140,691	\$ 10,602	\$ 151,293	\$ (18,356)
NCLM Bulletproof Grant	29,500	26,750	2,500	29,250	(250)
Total revenues	199,149	167,441	13,102	180,543	(18,606)
<b>Expenditures:</b>					
Operating expenditures		309,634	54,693	364,327	
Total expenditures	472,640	309,634	54,693	364,327	108,313
Revenues (under) expenditures	(273,491)	(142,193)	(41,591)	(183,784)	89,707
<b>Other financing sources:</b>					
Transfers in--					
From General Fund	273,491	233,641	39,850	273,491	-
Total other financing sources	273,491	233,641	39,850	273,491	-
Net change in fund balance	\$ -	\$ 91,448	(1,741)	\$ 89,707	\$ 89,707
<b>Fund balance:</b>					
Beginning of year, July 1			91,448		
End of year, June 30			\$ 89,707		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Federal DEA Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Drug enforcement	\$ 1,070,092	\$ 1,069,325	\$ 2,736	\$ 1,072,061	\$ 1,969
Investment earnings	34,100	32,452	21	32,473	(1,627)
Gain/Loss from insurance	22,625	22,625	-	22,625	-
Total revenues	<u>1,126,817</u>	<u>1,124,402</u>	<u>2,757</u>	<u>1,127,159</u>	<u>342</u>
<b>Expenditures:</b>					
Operating expenditures		659,462	38,790	698,252	
Capital outlay		528,191	-	528,191	
Total expenditures	<u>1,279,328</u>	<u>1,187,653</u>	<u>38,790</u>	<u>1,226,443</u>	<u>52,885</u>
Revenues over (under) expenditures	<u>(152,511)</u>	<u>(63,251)</u>	<u>(36,033)</u>	<u>(99,284)</u>	<u>53,227</u>
<b>Other financing sources (uses):</b>					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
From Special Revenue Fund	16,888	2,961	13,925	16,886	(2)
Transfers (out)--					
To Special Revenue Fund	<u>(109,544)</u>	<u>(72,426)</u>	<u>(37,118)</u>	<u>(109,544)</u>	<u>-</u>
Total other financing sources (uses)	<u>152,511</u>	<u>175,701</u>	<u>(23,193)</u>	<u>152,508</u>	<u>(3)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 112,450</u>	<u>(59,226)</u>	<u>\$ 53,224</u>	<u>\$ 53,224</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>112,450</u>		
End of year, June 30			<u>\$ 53,224</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**State DEA Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Drug enforcement	\$ 209,117	\$ 207,992	\$ 7,719	\$ 215,711	\$ 6,594
Investment earnings	23,128	23,129	12	23,141	13
Total revenues	<u>232,245</u>	<u>231,121</u>	<u>7,731</u>	<u>238,852</u>	<u>6,607</u>
<b>Expenditures:</b>					
Operating expenditures		164,801	9,847	174,648	
Capital outlay		145,490	14,189	159,679	
Total expenditures	<u>372,207</u>	<u>310,291</u>	<u>24,036</u>	<u>334,327</u>	<u>37,880</u>
Revenues over (under) expenditures	<u>(139,962)</u>	<u>(79,170)</u>	<u>(16,305)</u>	<u>(95,475)</u>	<u>44,487</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	161,422	161,422	-	161,422	-
From Special Revenue	1,934	1,934	-	1,934	-
Transfers (out)--					
To Special Revenue Fund	(23,394)	(23,394)	-	(23,394)	-
Total other financing sources	<u>139,962</u>	<u>139,962</u>	<u>-</u>	<u>139,962</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 60,792</u>	<u>(16,305)</u>	<u>\$ 44,487</u>	<u>\$ 44,487</u>
Fund balance:					
Beginning of year, July 1			<u>60,792</u>		
End of year, June 30			<u>\$ 44,487</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Governor's Crime Commission Domestic Violence**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Domestic Violence Grant	\$ 86,020	\$ 86,019	\$ -	\$ 86,019	\$ (1)
Total revenues	86,020	86,019	-	86,019	(1)
<b>Expenditures:</b>					
Salaries and employee benefits		106,473	-	106,473	
Operating expenditures		8,418	-	8,418	
Total expenditures	114,892	114,891	-	114,891	1
Revenues (under) expenditures	(28,872)	(28,872)	-	(28,872)	-
Other financing sources (uses):					
Transfers in--					
From General Fund	20,363	20,363	-	20,363	-
From Special Revenue Fund	22,435	22,435	-	22,435	-
Transfers (out)--					
To Special Revenue Fund	(13,926)	-	(13,926)	(13,926)	-
Total other financing sources (uses)	28,872	42,798	(13,926)	28,872	-
Net change in fund balance	\$ -	\$ 13,926	(13,926)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			13,926		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**2015 JAG Grant Non-ARRA**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
JAG Grant - Non ARRA	\$ 15,345	\$ 12,623	\$ 2,722	\$ 15,345	\$ -
Total revenues	15,345	12,623	2,722	15,345	-
<b>Expenditures:</b>					
Operating expenditures		6,798	2,722	9,520	
Capital outlay		5,825	-	5,825	
Total expenditures	15,345	12,623	2,722	15,345	-
Revenues (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**2016 JAG Grant Non-ARRA**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
JAG Grant - Non ARRA	\$ 12,882	\$ -	\$ -	\$ -	\$ (12,882)
Total revenues	12,882	-	-	-	(12,882)
<b>Expenditures:</b>					
Operating expenditures			-	-	
Capital outlay			-	-	
Total expenditures	50,000	-	-	-	50,000
Revenues (under) expenditures	(37,118)	-	-	-	37,118
Other financing sources:					
Transfers in--					
From Special Revenue Fund	37,118	-	37,118	37,118	-
Total other financing sources	37,118	-	37,118	37,118	-
Net change in fund balance	\$ -	\$ -	37,118	\$ 37,118	\$ 37,118
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 37,118		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**800 MHz Radio System**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Onslow County	\$ 453,434	\$ 453,433	\$ -	\$ 453,433	\$ (1)
Sprint/Nextel Rebanding Reimbursements	-	-	37,620	37,620	37,620
Total revenues	453,434	453,433	37,620	491,053	37,619
<b>Expenditures:</b>					
Operating expenditures		698,361	1,671,640	2,370,001	
Total expenditures	2,469,074	698,361	1,671,640	2,370,001	99,073
Revenues over (under) expenditures	(2,015,640)	(244,928)	(1,634,020)	(1,878,948)	136,692
Other financing sources (uses):					
Debt issued	1,744,551	1,744,551	-	1,744,551	-
Transfers in--					
From General Fund	8,000	8,000	-	8,000	-
From Capital Reserve Fund	346,589	346,589	-	346,589	-
Transfers (out)--					
To Capital Reserve	(83,500)	(83,500)	-	(83,500)	-
Total other financing sources (uses)	2,015,640	2,015,640	-	2,015,640	-
Net change in fund balance	\$ -	\$ 1,770,712	(1,634,020)	\$ 136,692	\$ 136,692
Fund balance:					
Beginning of year, July 1			1,770,712		
End of year, June 30			\$ 136,692		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**2014 Governor's Crime Commission - Prescription Drug Diversion Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Prescription Drug Grant	\$ 57,394	\$ 55,208	\$ -	\$ 55,208	\$ (2,186)
Total revenues	57,394	55,208	-	55,208	(2,186)
<b>Expenditures:</b>					
Operating expenditures		19,072	679	19,751	
Capital outlay		54,589	-	54,589	
Total expenditures	76,526	73,661	679	74,340	2,186
Revenues (under) expenditures	(19,132)	(18,453)	(679)	(19,132)	-
Other financing sources:					
Transfers in--					
From Special Revenue Fund	19,132	19,132	-	19,132	-
Total other financing sources	19,132	19,132	-	19,132	-
Net change in fund balance	\$ -	\$ 679	(679)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			679		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Governor's Highway Safety Program Grant - Bike Safety**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Governor's Highway Safety Grant	\$ 10,000	\$ 992	\$ 974	\$ 1,966	\$ (8,034)
Total revenues	10,000	992	974	1,966	(8,034)
<b>Expenditures:</b>					
Operating expenditures		992	974	1,966	
Total expenditures	10,000	992	974	1,966	8,034
Revenues (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Edward Byrne JAG**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Justice Assistance	\$ 11,733	\$ -	\$ 11,656	\$ 11,656	\$ (77)
Total revenues	11,733	-	11,656	11,656	(77)
<b>Expenditures:</b>					
Operating expenses		-	11,656	11,656	
Total expenditures	11,733	-	11,656	11,656	77
Revenues (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**GCC Crisis Counselor**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Crisis Counselor	\$ 143,021	\$ -	\$ 27,996	\$ 27,996	\$ (115,025)
Total revenues	143,021	-	27,996	27,996	(115,025)
<b>Expenditures:</b>					
Salaries and employee benefits		-	26,149	26,149	
Operating expenses		-	1,847	1,847	
Total expenditures	143,021	-	27,996	27,996	115,025
Revenues (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FEMA Assistance to Firefighters**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Assistance to Firefighters	\$ 119,591	\$ -	\$ -	-	\$ (119,591)
Total revenues	119,591	-	-	-	(119,591)
<b>Expenditures:</b>					
Capital outlay		-	-	-	
Total expenditures	131,550	-	-	-	131,550
Revenues (under) expenditures	(11,959)	-	-	-	11,959
<b>Other financing sources:</b>					
Transfers in--					
From General Fund	11,959	-	11,959	11,959	-
Total other financing sources	11,959	-	11,959	11,959	-
Net change in fund balance	\$ -	\$ -	11,959	\$ 11,959	\$ 11,959
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 11,959		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Emergency Telephone System**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 3,058,368	\$ 2,804,901	\$ 315,815	\$ 3,120,716	\$ 62,348
Investment earnings	32,686	26,712	598	27,310	(5,376)
Total revenues	<u>3,091,054</u>	<u>2,831,613</u>	<u>316,413</u>	<u>3,148,026</u>	<u>56,972</u>
<b>Expenditures:</b>					
Implemental functions		557,856	6,970	564,826	
Telephone		318,406	264,234	582,640	
Furniture		33,278	59,057	92,335	
Software maintenance		300,351	58,213	358,564	
Hardware maintenance		239,487	15,376	254,863	
Training		6,180	1,772	7,952	
Debt service					
Principal retirement		214,500	198,000	412,500	
Interest and fees		4,642	2,745	7,387	
Capital outlay		1,196,031	-	1,196,031	
S.L. 2010-158 expenditures		384,291	-	384,291	
Total expenditures	<u>4,049,239</u>	<u>3,255,022</u>	<u>606,367</u>	<u>3,861,389</u>	<u>187,850</u>
Revenues over (under) expenditures	<u>(958,185)</u>	<u>(423,409)</u>	<u>(289,954)</u>	<u>(713,363)</u>	<u>244,822</u>
Other financing sources (uses):					
Debt issued	594,000	594,000	-	594,000	-
Transfers in--					
From General Fund	27,330	18,391	8,939	27,330	-
From Special Revenue Fund	445,390	445,388	-	445,388	(2)
From Information Technology Fund	342	-	342	342	-
Transfers (out)--					
To General Fund	(33,659)	(33,658)	-	(33,658)	1
To ITS Internal Service Fund	(75,218)	(75,218)	-	(75,218)	-
Total other financing sources (uses)	<u>958,185</u>	<u>948,903</u>	<u>9,281</u>	<u>958,184</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 525,494</u>	<u>(280,673)</u>	<u>\$ 244,821</u>	<u>\$ 244,821</u>
Fund balance:					
Beginning of year, July 1			<u>525,494</u>		
End of year, June 30			<u>\$ 244,821</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**City Transportation Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>FY 2008-2009 Jacksonville Transit</b>					
NCDOT SMAP FY 2008-2009	\$ 152,709	\$ 152,708	\$ -	\$ 152,708	\$ (1)
NCDOT State match	180,460	120,107	8,459	128,566	(51,894)
FTA Section 5307	1,917,492	1,473,856	40,556	1,514,412	(403,080)
Jacksonville Transit fares	79,197	79,197	-	79,197	-
ADA fares	3,183	3,183	-	3,183	-
Miscellaneous	16,631	16,630	-	16,630	(1)
Total	<u>2,349,672</u>	<u>1,845,681</u>	<u>49,015</u>	<u>1,894,696</u>	<u>(454,976)</u>
<b>FY 2009-2010 Jacksonville Transit</b>					
NCDOT SMAP FY 2009-2010	135,955	283,980	-	283,980	148,025
NCDOT State match	72,999	10,720	25,376	36,096	(36,903)
FTA Section 5307	1,159,598	698,950	347,830	1,046,780	(112,818)
Jacksonville Transit fares	110,214	249,391	-	249,391	139,177
ADA fares	5,718	12,995	-	12,995	7,277
Miscellaneous	6,257	6,257	-	6,257	-
Total	<u>1,490,741</u>	<u>1,262,293</u>	<u>373,206</u>	<u>1,635,499</u>	<u>144,758</u>
<b>FY 2010-2011 Jacksonville Transit</b>					
NCDOT SMAP FY 2010-2011	170,978	170,978	-	170,978	-
NCDOT State match	62,250	-	-	-	(62,250)
FTA Section 5307	1,177,754	383,274	-	383,274	(794,480)
Jacksonville Transit fares	105,600	105,600	-	105,600	-
ADA fares	5,855	5,855	-	5,855	-
Miscellaneous	56	56	-	56	-
Total	<u>1,522,493</u>	<u>665,763</u>	<u>-</u>	<u>665,763</u>	<u>(856,730)</u>
<b>FY 2011-2012 Jacksonville Transit</b>					
NCDOT SMAP FY 2011-2012	164,110	164,110	-	164,110	-
NCDOT State match	70,205	-	-	-	(70,205)
FTA Section 5307	1,125,941	469,770	59,854	529,624	(596,317)
Jacksonville Transit fares	120,911	125,641	-	125,641	4,730
ADA fares	8,098	3,368	-	3,368	(4,730)
Miscellaneous	1,106	1,106	-	1,106	-
Total	<u>1,490,371</u>	<u>763,995</u>	<u>59,854</u>	<u>823,849</u>	<u>(666,522)</u>

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**City Transportation Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>FY 2012-2013 Jacksonville Transit</b>					
NCDOT SMAP FY 2012-2013	\$ 164,000	\$ 158,175	\$ -	\$ 158,175	\$ (5,825)
NCDOT State match	89,000	-	-	-	(89,000)
FTA Section 5307	1,203,000	439,142	-	439,142	(763,858)
Jacksonville Transit fares	100,000	134,775	-	134,775	34,775
ADA fares	5,000	9,550	-	9,550	4,550
Miscellaneous	1,608	1,608	-	1,608	-
Total	<u>1,562,608</u>	<u>743,250</u>	<u>-</u>	<u>743,250</u>	<u>(819,358)</u>
<b>FY 2013-2014 Jacksonville Transit</b>					
NCDOT SMAP FY 2013-2014	167,000	158,170	-	158,170	(8,830)
NCDOT State match	80,000	-	-	-	(80,000)
FTA Section 5307	1,264,000	441,049	19,791	460,840	(803,160)
Jacksonville Transit fares	100,000	123,957	-	123,957	23,957
ADA fares	8,677	13,733	-	13,733	5,056
Miscellaneous	3,890	12,929	-	12,929	9,039
Total	<u>1,623,567</u>	<u>749,838</u>	<u>19,791</u>	<u>769,629</u>	<u>(853,938)</u>
<b>FY 2014-2015 Jacksonville Transit</b>					
NCDOT SMAP FY 2014-2015	158,170	-	-	-	(158,170)
NCDOT State match	92,830	-	-	-	(92,830)
FTA Section 5307	1,318,000	-	-	-	(1,318,000)
Jacksonville Transit fares	110,000	-	-	-	(110,000)
ADA fares	10,000	-	-	-	(10,000)
Total	<u>1,689,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,689,000)</u>
<b>FY 2015-2016 Jacksonville Transit</b>					
NCDOT SMAP FY 2015-2016	162,423	-	162,423	162,423	-
NCDOT State match	22,000	-	-	-	(22,000)
FTA Section 5307	860,000	-	495,395	495,395	(364,605)
Jacksonville Transit fares	125,000	-	117,116	117,116	(7,884)
ADA fares	10,235	-	10,235	10,235	-
Miscellaneous	7,356	-	7,356	7,356	-
Total	<u>1,187,014</u>	<u>-</u>	<u>792,525</u>	<u>792,525</u>	<u>(394,489)</u>
Total revenues	<u>12,915,466</u>	<u>6,030,820</u>	<u>1,294,391</u>	<u>7,325,211</u>	<u>(5,590,255)</u>

continued

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Expenditures:</b>					
<b>FY 2008-2009 Jacksonville Transit</b>					
Salaries and employee benefits	\$	\$ 84,062	\$ -	\$ 84,062	\$
Operating expenditures		695,077	26,433	721,510	
Capital outlay		1,347,325	28,025	1,375,350	
Refund to grantor		16,644	-	16,644	
Total		<u>2,716,908</u>	<u>54,458</u>	<u>2,197,566</u>	<u>519,342</u>
<b>FY 2009-2010 Jacksonville Transit</b>					
Salaries and employee benefits		192,231	-	192,231	
Operating expenditures		1,283,942	(1,200)	1,282,742	
Capital outlay		501,818	-	501,818	
Refund to grantor		12,540	-	12,540	
Total		<u>1,844,574</u>	<u>(1,200)</u>	<u>1,989,331</u>	<u>(144,757)</u>
<b>FY 2010-2011 Jacksonville Transit</b>					
Salaries and employee benefits		114,034	-	114,034	
Operating expenditures		15,000	-	15,000	
Capital outlay		-	-	-	
Refund to grantor		777,764	-	777,764	
Total		<u>1,823,946</u>	<u>-</u>	<u>906,798</u>	<u>917,148</u>
<b>FY 2011-2012 Jacksonville Transit</b>					
Salaries and employee benefits		155,790	-	155,790	
Operating expenditures		864,315	13,737	878,052	
Capital outlay		-	-	-	
Refund to grantor		-	-	-	
Total		<u>1,776,595</u>	<u>13,737</u>	<u>1,033,842</u>	<u>742,753</u>
<b>FY 2012-2013 Jacksonville Transit</b>					
Salaries and employee benefits		129,325	-	129,325	
Operating expenditures		807,892	1,200	809,092	
Capital outlay		-	-	-	
Refund to grantor		-	-	-	
Total		<u>1,919,608</u>	<u>1,200</u>	<u>938,417</u>	<u>981,191</u>
<b>FY 2013-2014 Jacksonville Transit</b>					
Salaries and employee benefits		119,773	-	119,773	
Operating expenditures		825,152	25,531	850,683	
Capital outlay		-	-	-	
Refund to grantor		-	-	-	
Total		<u>1,900,992</u>	<u>25,531</u>	<u>970,456</u>	<u>930,536</u>
<b>FY 2014-2015 Jacksonville Transit</b>					
Salaries and employee benefits		-	-	-	
Operating expenditures		153,963	(153,962)	1	
Capital outlay		49,195	(49,196)	(1)	
Refund to grantor		-	-	-	
Total		<u>1,689,000</u>	<u>(203,158)</u>	<u>-</u>	<u>1,689,000</u>
<b>FY 2015-2016 Jacksonville Transit</b>					
Salaries and employee benefits		-	150,563	150,563	
Operating expenditures		-	1,056,761	1,056,761	
Capital outlay		-	58,532	58,532	
Refund to grantor		-	-	-	
Total		<u>1,573,014</u>	<u>1,265,856</u>	<u>1,265,856</u>	<u>307,158</u>
Total expenditures		<u>15,244,637</u>	<u>1,156,424</u>	<u>9,302,266</u>	<u>5,942,371</u>
Revenues (under) expenditures		<u>(2,329,171)</u>	<u>137,967</u>	<u>(9,302,266)</u>	<u>(6,973,095)</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	2,649,777	2,263,775	386,000	2,649,775	(2)
From Special Revenue Fund	158,772	65,394	93,378	158,772	-
Transfers (out)--					
To Special Revenue Fund	(93,378)	-	(93,378)	(93,378)	-
To Projects Not Capitalized Fund	(386,000)	-	(386,000)	(386,000)	-
Total other financing sources:	<u>2,329,171</u>	<u>2,329,169</u>	<u>-</u>	<u>2,329,169</u>	<u>(2)</u>
Net change in fund balance	\$ -	\$ 214,147	137,967	\$ 352,114	\$ 352,114
Fund balance:					
Beginning of year, July 1			214,147		
End of year, June 30			<u>\$ 352,114</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Transit Project ARRA Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
ARRA Funding	\$ 1,527,492	\$ 1,145,028	\$ 381,565	\$ 1,526,593	\$ (899)
Total revenues	1,527,492	1,145,028	381,565	1,526,593	(899)
<b>Expenditures:</b>					
Operating expenditures		634,925	37,850	672,775	
Capital outlay		550,656	323,332	873,988	
Total expenditures	1,556,317	1,185,581	361,182	1,546,763	9,554
Revenues over (under) expenditures	(28,825)	(40,553)	20,383	(20,170)	8,655
Other financing sources (uses):					
Transfers in--					
From General Fund	32,575	32,575	-	32,575	-
Transfers (out)--					
To General Fund	(3,750)	-	(3,750)	(3,750)	-
Total other financing sources (uses)	28,825	32,575	(3,750)	28,825	-
Net change in fund balance	\$ -	\$ (7,978)	16,633	\$ 8,655	\$ 8,655
Fund balance:					
Beginning of year, July 1			(7,978)		
End of year, June 30			\$ 8,655		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**NCDOT Intern Program**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Intern Program Funding	\$ 33,748	\$ -	\$ -	\$ -	\$ (33,748)
Total revenues	33,748	-	-	-	(33,748)
<b>Expenditures:</b>					
Operating expenditures		-	-	-	
Capital outlay		-	-	-	
Total expenditures	37,498	-	-	-	37,498
Revenues (under) expenditures	(3,750)	-	-	-	3,750
Other financing sources:					
Transfers in--					
From General Fund	3,750	-	3,750	3,750	-
Total other financing sources	3,750		3,750	3,750	-
Net change in fund balance	\$ -	\$ -	3,750	\$ 3,750	\$ 3,750
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 3,750		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Northeast Creek Lagoons Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Operating Expenditures		620,977	-	620,977	
Total expenditures	620,977	620,977	-	620,977	-
Revenues (under) expenditures	(620,977)	(620,977)	-	(620,977)	-
Other financing sources (uses):					
Transfers in--					
From Proprietary Fund	200,000	200,000	-	200,000	-
From Major Enterprise Fund	450,000	450,000	-	450,000	-
Transfers (out)--					
To General Fund	(29,023)	-	(29,023)	(29,023)	-
Total other financing sources (uses)	620,977	650,000	(29,023)	620,977	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 29,023</u>	(29,023)	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			29,023		
End of year, June 30			<u>\$ -</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Intelligent Transportation System**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Operating Expenditures		-	1,139,730	1,139,730	
Total expenditures	1,139,731	-	1,139,730	1,139,730	1
Revenues (under) expenditures	(1,139,731)	-	(1,139,730)	(1,139,730)	1
<b>Other financing sources:</b>					
Transfers in--					
From General Fund	212,574	-	212,574	212,574	-
From Special Revenue Fund	386,000	-	386,000	386,000	-
From Capital Projects - Powell Bill	541,157	-	541,157	541,157	-
Total other financing sources	1,139,731		1,139,731	1,139,731	-
Net change in fund balance	\$ -	\$ -	1	\$ 1	\$ 1
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 1		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Beirut Memorial Grove**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
NCDOT Reimbursement	\$ 180,000	\$ 30,471	\$ 133,120	\$ 163,591	\$ (16,409)
Total revenues	180,000	30,471	133,120	163,591	16,409
<b>Expenditures:</b>					
Operating Expenditures		30,378	96,884	127,262	
Salaries and Benefits		93	36,236	36,329	
Total expenditures	180,000	30,471	133,120	163,591	16,409
Revenues (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Streets Powell Bill Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 1,119,096	\$ 1,117,984	\$ 3,435	\$ 1,121,419	\$ 2,323
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	66,767	66,767	-	66,767	-
Total revenues	<u>1,506,863</u>	<u>1,505,751</u>	<u>3,435</u>	<u>1,509,186</u>	<u>2,323</u>
<b>Expenditures:</b>					
Capital Improvements		15,974,762	-	15,974,762	
Total expenditures	<u>16,650,586</u>	<u>15,974,762</u>	<u>-</u>	<u>15,974,762</u>	<u>675,824</u>
Revenues over (under) expenditures	<u>(15,143,723)</u>	<u>(14,469,011)</u>	<u>3,435</u>	<u>(14,465,576)</u>	<u>678,147</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	10,378,475	10,378,475	-	10,378,475	-
From General Fund - Powell Bill	11,724,237	9,859,220	1,865,017	11,724,237	-
From Capital Reserve Fund	355,702	355,702	-	355,702	-
From Capital Projects - Powell Bill	453,512	453,515	-	453,515	3
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	(1,011,634)	(463,344)	(548,290)	(1,011,634)	-
To Capital Projects - Powell Bill	(4,318,191)	(3,355,000)	(963,191)	(4,318,191)	-
To Powell Bill Projects	(2,440,874)	(2,440,874)	-	(2,440,874)	-
Total other financing sources (uses)	<u>15,143,723</u>	<u>14,790,190</u>	<u>353,536</u>	<u>15,143,726</u>	<u>3</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 321,179</u>	<u>356,971</u>	<u>\$ 678,150</u>	<u>\$ 678,150</u>
Fund balance:					
Beginning of year, July 1			<u>321,179</u>		
End of year, June 30			<u>\$ 678,150</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Developer Contributed Sidewalks**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sidewalks	\$ 37,363	\$ 47,497	\$ 2,415	\$ 49,912	\$ 12,549
Total revenues	37,363	47,497	2,415	49,912	12,549
<b>Expenditures:</b>					
Reserve for sidewalk		-	-	-	
Total expenditures	37,363	-	-	-	37,363
Revenues over expenditures	-	47,497	2,415	49,912	49,912
Net change in fund balance	\$ -	\$ 47,497	2,415	\$ 49,912	\$ 49,912
Fund balance:					
Beginning of year, July 1			47,497		
End of year, June 30			\$ 49,912		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY13 & FY14 Street Reclamation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		1,071,281	-	1,071,281	
Total expenditures	1,071,281	1,071,281	-	1,071,281	-
Revenues over (under) expenditures	(1,071,281)	(1,071,281)	-	(1,071,281)	-
Other financing sources (uses):					
Transfers in--					
From Capital Projects - Powell Bill	1,863,092	1,863,092	-	1,863,092	-
Transfers out--					
To Capital Projects - Powell Bill	(791,811)	-	(791,811)	(791,811)	-
Total other financing sources (uses)	1,071,281	1,863,092	(791,811)	1,071,281	-
Net change in fund balance	\$ -	\$ 791,811	(791,811)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			791,811		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY15 Street Rehabilitation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		11,545	647,368	658,913	
Total expenditures	658,912	11,545	647,368	658,913	(1)
Revenues over (under) expenditures	(658,912)	(11,545)	(647,368)	(658,913)	(1)
Other financing sources (uses):					
Transfers in--					
From Capital Projects - Powell Bill	742,000	742,000	-	742,000	-
Transfers out--					
To Capital Projects - Powell Bill	(83,088)	-	(83,087)	(83,087)	1
Total other financing sources (uses)	658,912	742,000	(83,087)	658,913	1
Net change in fund balance	\$ -	\$ 730,455	(730,455)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			730,455		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY12 Sidewalk Installation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		112,304	-	112,304	
Total expenditures	112,304	112,304	-	112,304	-
Revenues (under) expenditures	(112,304)	(112,304)	-	(112,304)	-
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	118,000	118,000	-	118,000	-
Transfers out--					
To Powell Bill	(5,696)	-	(5,696)	(5,696)	-
Total other financing sources	112,304	118,000	(5,696)	112,304	-
Net change in fund balance	\$ -	\$ 5,696	(5,696)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			5,696		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY13 Sidewalk Installation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<b>Project Authorization</b>	<b>Actual</b>		<b>Variance Positive (Negative)</b>
		<b>Prior Years</b>	<b>Current Year</b>	
<b>Revenues:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital Improvements		133,542	-	133,542
Total expenditures	133,542	133,542	-	-
Revenues (under) expenditures	(133,542)	(133,542)	-	-
<b>Other financing sources:</b>				
Transfers in--				
From General Fund - Powell Bill	180,000	180,000	-	-
Transfers out--				
To Powell Bill	(46,458)	-	(46,458)	-
Total other financing sources	133,542	180,000	(46,458)	-
Net change in fund balance	\$ -	\$ 46,458	(46,458)	\$ -
<b>Fund balance:</b>				
Beginning of year, July 1			46,458	
End of year, June 30			\$ -	

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY14 Sidewalk Installation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		79,613	272,962	352,575	
Total expenditures	352,574	79,613	272,962	352,575	(1)
Revenues (under) expenditures	(352,574)	(79,613)	(272,962)	(352,575)	(1)
<b>Other financing sources:</b>					
Transfers in--					
From General Fund - Powell Bill	360,000	360,000	-	360,000	-
Transfers out--					
To Powell Bill	(7,426)	-	(7,425)	(7,425)	1
Total other financing sources	352,574	360,000	(7,425)	352,575	1
Net change in fund balance	\$ -	\$ 280,387	(280,387)	\$ -	\$ -
<b>Fund balance:</b>					
Beginning of year, July 1			280,387		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY16 Sidewalk Installation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	41,180	41,180	
Total expenditures	159,580	-	41,180	41,180	118,400
Revenues (under) expenditures	(159,580)	-	(41,180)	(41,180)	118,400
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	159,580	-	159,579	159,579	(1)
Total other financing sources	159,580	-	159,579	159,579	(1)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	118,399	<u>\$ 118,399</u>	<u>\$ 118,399</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 118,399</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY16 Sidewalk Rehabilitation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
		<b>Prior Years</b>	<b>Current Year</b>		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	694,983	694,983	
Total expenditures	1,704,899	-	694,983	694,983	1,009,916
Revenues (under) expenditures	(1,704,899)	-	(694,983)	(694,983)	1,009,916
<b>Other financing sources:</b>					
Transfers in--					
From General Fund - Powell Bill	1,704,899	-	1,704,898	1,704,898	(1)
Total other financing sources	1,704,899	-	1,704,898	1,704,898	(1)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,009,915	<u>\$ 1,009,915</u>	<u>\$ 1,009,915</u>
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 1,009,915</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**NC DOT TIP Sidewalks - Piney Green Road**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	-	-	
Total expenditures	101,700	-	-	-	101,700
Revenues (under) expenditures	(101,700)	-	-	-	101,700
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	101,700	68,509	33,191	101,700	-
Total other financing sources	101,700	68,509	33,191	101,700	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 68,509</u>	33,191	<u>\$ 101,700</u>	<u>\$ 101,700</u>
Fund balance:					
Beginning of year, July 1			68,509		
End of year, June 30			<u>\$ 101,700</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Hargett Street Pedestrian Improvements**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		59,415	16,321	75,736	
Total expenditures	171,000	59,415	16,321	75,736	95,264
Revenues (under) expenditures	(171,000)	(59,415)	(16,321)	(75,736)	95,264
Other financing sources:					
Transfers in--					
From General Fund	171,000	171,000	-	171,000	-
Total other financing sources	171,000	171,000	-	171,000	-
Net change in fund balance	\$ -	\$ 111,585	(16,321)	\$ 95,264	\$ 95,264
Fund balance:					
Beginning of year, July 1			111,585		
End of year, June 30			\$ 95,264		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Plantation Blvd/New Frontier Way Extension**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2016

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

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**General Capital Reserve Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 2,168,637	\$ 2,168,518	\$ 3,853	\$ 2,172,371	\$ 3,734
Investment earnings-Powell Bill	28,736	28,638	-	28,638	(98)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	315,611	322,769	2,344	325,113	9,502
Miscellaneous	618,485	283,159	336,326	619,485	1,000
Total revenues	<u>3,184,469</u>	<u>2,856,084</u>	<u>342,523</u>	<u>3,198,607</u>	<u>14,138</u>
<b>Expenditures:</b>					
Initiatives FY '99		-	-	-	
Reserve for debt retirement		-	-	-	
Reserve for recreation		-	-	-	
Total expenditures	<u>2,142,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,142,753</u>
Revenues over expenditures	<u>1,041,716</u>	<u>2,856,084</u>	<u>342,523</u>	<u>3,198,607</u>	<u>2,156,891</u>
<b>Other financing sources (uses):</b>					
Transfers in--					
From General Fund	25,040,611	23,617,691	1,422,920	25,040,611	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Special Revenue Fund	50,000	50,000	-	50,000	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	3,745,496	3,312,797	127,946	3,440,743	(304,753)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,423,972	1,423,972	-	1,423,972	-
Transfers (out)--					
To General Fund	(11,049,540)	(10,293,845)	(755,692)	(11,049,537)	3
To Capital Project Fund	(20,228,555)	(19,534,214)	(166,500)	(19,700,714)	527,841
To Major Enterprise Fund	(1,300,083)	(988,895)	(311,187)	(1,300,082)	1
To Proprietary Fund	(4,030,535)	(4,030,536)	-	(4,030,536)	(1)
To Special Revenue Fund	(22,000)	(245,089)	-	(245,089)	(223,089)
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
Total other financing (uses)	<u>(1,041,716)</u>	<u>(1,359,201)</u>	<u>317,487</u>	<u>(1,041,714)</u>	<u>2</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,496,883</u>	<u>660,010</u>	<u>\$ 2,156,893</u>	<u>\$ 2,156,893</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>1,496,883</u>		
End of year, June 30			<u>\$ 2,156,893</u>		



# INTERNAL SERVICE FUNDS

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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.

**Self-Insurance Fund** – account for the funds contributed by both the City and its employees to provide health and dental insurance benefits for eligible employees.

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
June 30, 2016  
With Comparative Totals for June 30, 2015

	<b>Fleet Maintenance</b>	<b>City Hall Maintenance</b>	<b>Information Technology Services</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 233,714	\$ 271,326	\$ 1,484,462
Accounts receivable (net)	-	-	2,100
Interfund receivables	-	-	-
Inventories	92,434	-	43,742
Prepaid items	3,416	-	580
Total Current Assets	<u>329,564</u>	<u>271,326</u>	<u>1,530,884</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	-	-	-
Capital Assets:			
Capital assets (net)	<u>117,206</u>	<u>11,179</u>	<u>445,286</u>
Total Assets	<u>446,770</u>	<u>282,505</u>	<u>1,976,170</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	101,805	10,854	73,122
Current portion of long-term debt	<u>39,462</u>	<u>2,677</u>	<u>140,000</u>
Total Current Liabilities	<u>141,267</u>	<u>13,531</u>	<u>213,122</u>
Noncurrent Liabilities:			
Compensated absences payable	33,583	4,319	53,850
Noncurrent portion of long-term debt	<u>71,363</u>	<u>899</u>	<u>107,222</u>
Total Noncurrent Liabilities	<u>104,946</u>	<u>5,218</u>	<u>161,072</u>
Total Liabilities	<u>246,213</u>	<u>18,749</u>	<u>374,194</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	6,381	7,603	198,064
Unrestricted	<u>194,176</u>	<u>256,153</u>	<u>1,403,912</u>
Total Net Position	<u>\$ 200,557</u>	<u>\$ 263,756</u>	<u>\$ 1,601,976</u>

continued

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
June 30, 2016  
With Comparative Totals for June 30, 2015

	Video/ Media Services	Self Insurance	Totals	
			June 30, 2016	June 30, 2015
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 347,222	\$ 646,836	\$ 2,983,560	\$ 2,617,357
Accounts receivable (net)	39,500	-	41,600	57,863
Interfund receivables	-	-	-	563,380
Inventories	-	-	136,176	105,342
Prepaid items	-	76,100	80,096	76,100
<b>Total Current Assets</b>	<b>386,722</b>	<b>722,936</b>	<b>3,241,432</b>	<b>3,420,042</b>
Noncurrent Assets:				
Restricted cash and cash equivalents	-	-	-	18,647
Capital Assets:				
Capital assets (net)	250,551	-	824,222	888,415
<b>Total Assets</b>	<b>637,273</b>	<b>722,936</b>	<b>4,065,654</b>	<b>4,327,104</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	30,680	413,696	630,157	659,877
Current portion of long-term debt	-	-	182,139	162,598
<b>Total Current Liabilities</b>	<b>30,680</b>	<b>413,696</b>	<b>812,296</b>	<b>822,475</b>
Noncurrent Liabilities:				
Compensated absences payable	18,835	-	110,587	109,342
Noncurrent portion of long-term debt	-	-	179,484	216,624
<b>Total Noncurrent Liabilities</b>	<b>18,835</b>	<b>-</b>	<b>290,071</b>	<b>325,966</b>
<b>Total Liabilities</b>	<b>49,515</b>	<b>413,696</b>	<b>1,102,367</b>	<b>1,148,441</b>
<b>Net Position</b>				
Invested in capital assets, net of related debt	250,551	-	462,599	527,840
Unrestricted	337,207	309,240	2,500,688	2,650,823
<b>Total Net Position</b>	<b>\$ 587,758</b>	<b>\$ 309,240</b>	<b>\$ 2,963,287</b>	<b>\$ 3,178,663</b>

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Fleet Maintenance</b>	<b>City Hall Maintenance</b>	<b>Information Technology Services</b>
<b>Operating revenues:</b>			
Charges to other funds	\$ 2,391,802	\$ 205,109	\$ 2,753,348
Other operating revenue	8,986	73	4,464
Total operating revenues	<u>2,400,788</u>	<u>205,182</u>	<u>2,757,812</u>
<b>Operating expenses:</b>			
Operations	2,345,808	202,252	2,088,437
Depreciation	37,901	2,233	354,989
Total operating expenses	<u>2,383,709</u>	<u>204,485</u>	<u>2,443,426</u>
Operating income (loss)	<u>17,079</u>	<u>697</u>	<u>314,386</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	216	505	1,750
Gain (loss) on sale of capital assets	21,851	-	49,947
Interest on long-term debt	(1,669)	(57)	(2,676)
Total nonoperating revenues	<u>20,398</u>	<u>448</u>	<u>49,021</u>
Income (loss) before transfers	<u>37,477</u>	<u>1,145</u>	<u>363,407</u>
<b>Operating transfers:</b>			
Transfers in	-	-	54,815
Transfers (out)	-	-	(342)
Total transfers	<u>-</u>	<u>-</u>	<u>54,473</u>
Net income (loss)	37,477	1,145	417,880
Net position:			
Beginning of year, July 1	<u>163,080</u>	<u>262,611</u>	<u>1,184,096</u>
End of year, June 30	<u>\$ 200,557</u>	<u>\$ 263,756</u>	<u>\$ 1,601,976</u>

continued

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	Video/ Media Services	Self Insurance	Totals	
			June 30, 2016	June 30, 2015
<b>Operating revenues:</b>				
Charges to other funds	\$ 589,921	\$ 4,499,954	\$ 10,440,134	\$ 9,634,207
Other operating revenue	529	-	14,052	1,389,173
Total operating revenues	590,450	4,499,954	10,454,186	11,023,380
<b>Operating expenses:</b>				
Operations	454,851	5,263,574	10,354,922	10,577,161
Depreciation	58,529	-	453,652	422,421
Total operating expenses	513,380	5,263,574	10,808,574	10,999,582
Operating income (loss)	77,070	(763,620)	(354,388)	23,798
Investment earnings	609	1,563	4,643	659
Gain (loss) on sale of capital assets	12,500	-	84,298	332
Interest on long-term debt	-	-	(4,402)	(4,610)
Total nonoperating revenues	13,109	1,563	84,539	(3,619)
Income (loss) before transfers	90,179	(762,057)	(269,849)	20,179
<b>Operating transfers:</b>				
Transfers in	-	-	54,815	-
Transfers (out)	-	-	(342)	-
Total transfers	-	-	54,473	-
Net income (loss)	90,179	(762,057)	(215,376)	20,179
Net position:				
Beginning of year, July 1	497,579	1,071,297	3,178,663	3,158,484
End of year, June 30	\$ 587,758	\$ 309,240	\$ 2,963,287	\$ 3,178,663

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	<b>Fleet Maintenance</b>	<b>City Hall Maintenance</b>	<b>Information Technology Services</b>
<b>Cash flows from operating activities:</b>			
Cash receipts from interfund services provided	\$ 2,400,787	\$ 205,182	\$ 3,333,193
Cash payments for interfund services (used)	(2,319,805)	(201,732)	(2,233,954)
Net cash provided (used) by operating activities	<u>80,982</u>	<u>3,450</u>	<u>1,099,239</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in / (out)	-	-	54,473
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>54,473</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal paid on long-term debt	(39,238)	(2,645)	(155,715)
Interest paid on long-term debt	(1,669)	(57)	(2,676)
Debt issued	-	-	180,000
Purchase of capital assets	(15,234)	-	(229,559)
Proceeds from sale of assets	21,851	-	49,947
Net cash (used) for capital and related financing activities	<u>(34,290)</u>	<u>(2,702)</u>	<u>(158,003)</u>
<b>Cash flows from investing activities:</b>			
Interest earned on investments	216	505	1,750
Net cash provided by investing activities	<u>216</u>	<u>505</u>	<u>1,750</u>
Net increase (decrease) in cash and cash equivalents	46,908	1,253	997,459
Cash and cash equivalents, July 1	186,806	270,073	487,003
Cash and cash equivalents, June 30	<u>\$ 233,714</u>	<u>\$ 271,326</u>	<u>\$ 1,484,462</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 17,079	\$ 697	\$ 314,386
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>			
Depreciation	37,901	2,233	354,989
Change in assets and liabilities:			
(Increase) decrease accounts receivable	-	-	575,380
(Increase) decrease in inventories	12,908	-	(43,742)
(Increase) decrease in prepaid items	(3,416)	-	(580)
Increase (decrease) in accounts payable	12,007	516	(102,041)
Increase (decrease) in compensated absences payable	4,503	4	847
Total adjustments	<u>63,903</u>	<u>2,753</u>	<u>784,853</u>
Net cash provided (used) by operating activities	<u>\$ 80,982</u>	<u>\$ 3,450</u>	<u>\$ 1,099,239</u>

continued

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2016  
With Comparative Totals for the Fiscal Year Ended June 30, 2015

	Video/ Media Services	Self Insurance	Totals	
			June 30, 2016	June 30, 2015
<b>Cash flows from operating activities:</b>				
Cash receipts from interfund services provided	\$ 594,713	\$ 4,499,954	\$ 11,033,829	\$ 10,452,863
Cash payments for interfund services (used)	(462,394)	(5,200,343)	(10,418,228)	(10,357,053)
Net cash provided (used) by operating activities	<u>132,319</u>	<u>(700,389)</u>	<u>615,601</u>	<u>95,810</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in / (out)	-	-	54,473	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>54,473</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on long-term debt	-	-	(197,598)	(163,162)
Interest paid on long-term debt	-	-	(4,402)	(4,610)
Debt issued	-	-	180,000	263,370
Purchase of capital assets	(144,666)	-	(389,459)	(644,396)
Proceeds from sale of assets	12,500	-	84,298	332
Net cash (used) for capital and related financing activities	<u>(132,166)</u>	<u>-</u>	<u>(327,161)</u>	<u>(548,466)</u>
<b>Cash flows from investing activities:</b>				
Interest earned on investments	609	1,563	4,643	659
Net cash provided by investing activities	<u>609</u>	<u>1,563</u>	<u>4,643</u>	<u>659</u>
Net increase (decrease) in cash and cash equivalents	762	(698,826)	347,556	(451,997)
Cash and cash equivalents, July 1	346,460	1,345,662	2,636,004	3,088,001
Cash and cash equivalents, June 30	<u>\$ 347,222</u>	<u>\$ 646,836</u>	<u>\$ 2,983,560</u>	<u>\$ 2,636,004</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	<u>\$ 77,070</u>	<u>\$ (763,620)</u>	<u>\$ (354,388)</u>	<u>\$ 23,798</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation	58,529	-	453,652	422,421
Change in assets and liabilities:				
(Increase) decrease accounts receivable	4,263	-	579,643	(570,517)
(Increase) decrease in inventories	-	-	(30,834)	(5,714)
(Increase) decrease in prepaid items	-	-	(3,996)	0
Increase (decrease) in accounts payable	(3,434)	63,231	(29,721)	235,589
Increase (decrease) in compensated absences payable	(4,109)	-	1,245	(9,767)
Total adjustments	<u>55,249</u>	<u>63,231</u>	<u>969,989</u>	<u>72,012</u>
Net cash provided (used) by operating activities	<u>\$ 132,319</u>	<u>\$ (700,389)</u>	<u>\$ 615,601</u>	<u>\$ 95,810</u>

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

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<u>2016</u>		<b>Variance Positive (Negative)</b>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Charges for services	\$ 3,431,968	\$ 2,391,802	\$ (1,040,166)	\$ 2,674,882
Sale of capital assets	-	21,851	21,851	332
Other operating revenues	3,100	8,986	5,886	9,521
Investment earnings	45	216	171	55
Total revenues	<u>3,435,113</u>	<u>2,422,855</u>	<u>(1,012,258)</u>	<u>2,684,790</u>
<b>Expenditures:</b>				
Salaries and employee benefits		594,026		568,445
Fuel		4,771		7,227
Utilities		18,686		19,954
Maintenance and repair		1,589,257		1,936,221
Other departmental expenditures		139,068		183,869
Total	<u>3,346,290</u>	<u>2,345,808</u>	<u>1,000,482</u>	<u>2,715,716</u>
<b>Budgetary appropriations:</b>				
Interest paid	2,330	1,669	661	1,440
Debt principal	38,442	39,238	(796)	29,801
Debt issued	-	-	-	(103,370)
Increase (decrease) in inventory	-	(12,908)	12,908	5,714
(Increase) decrease in compensated absences payable	-	(4,503)	4,503	(2,218)
Capital outlay	15,238	15,234	4	91,955
Appropriated retained earnings	32,813	-	32,813	-
Total budgetary appropriations	<u>88,823</u>	<u>38,730</u>	<u>50,093</u>	<u>23,322</u>
Total expenditures	<u>\$ 3,435,113</u>	<u>\$ 2,384,538</u>	<u>\$ 1,050,575</u>	<u>\$ 2,739,038</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 2,422,855		\$ 2,684,790
Total expenditures		<u>2,384,538</u>		<u>2,739,038</u>
Excess of revenues over (under) expenditures		<u>38,317</u>		<u>(54,248)</u>
Budgetary appropriations (above):				
Payment of debt principal		39,238		29,801
Debt issued		-		(103,370)
Increase (decrease) in inventory		(12,908)		5,714
(Increase) decrease in compensated absences payable		(4,503)		(2,218)
Capital outlay		15,234		91,955
Total budgetary appropriations		<u>37,061</u>		<u>21,882</u>
Depreciation (Statement 83)		<u>(37,901)</u>		<u>(29,139)</u>
Net income (loss) (Statement 83)		<u>\$ 37,477</u>		<u>\$ (61,505)</u>

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

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

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services	\$ 223,755	\$ 205,109	\$ (18,646)	\$ 232,414
Other operating revenues	50	73	23	75
Investment earnings	57	505	448	55
Total revenues	223,862	205,687	(18,175)	232,544
<b>Expenditures:</b>				
Salaries and employee benefits		55,335		53,192
Utilities		89,395		88,909
Maintenance and repair		22,791		24,247
Other departmental expenditures		34,731		38,558
Total	231,114	202,252	28,862	204,906
<b>Budgetary appropriations:</b>				
Interest paid	60	57	3	88
Debt principal	2,646	2,645	1	2,614
(Increase) decrease in compensated absences payable	-	(4)	4	(272)
Appropriated retained earnings	(9,958)	-	(9,958)	-
Total budgetary appropriations	(7,252)	2,698	(9,950)	2,430
Total expenditures	\$ 223,862	\$ 204,950	\$ 18,912	\$ 207,336
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 205,687		\$ 232,544
Total expenditures		204,950		207,336
Excess of revenues over expenditures		737		25,208
Budgetary appropriations (above):				
Payment of debt principal		2,645		2,614
(Increase) decrease in compensated absences payable		(4)		(272)
Total budgetary appropriations		2,641		2,342
Depreciation (Statement 83)		(2,233)		(2,233)
Net income (loss) (Statement 83)		\$ 1,145		\$ 25,317

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

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

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services	\$ 3,001,362	\$ 2,753,348	\$ (248,014)	\$ 2,978,084
Restricted Intergovernmental - Local	-	-	-	3,243
Sale of capital assets	1,000	49,947	48,947	-
Other operating revenues	55,715	4,464	(51,251)	795
Investment earnings	187	1,750	1,563	166
Total revenues	<u>3,058,264</u>	<u>2,809,509</u>	<u>(248,755)</u>	<u>2,982,288</u>
<b>Expenditures:</b>				
Salaries and employee benefits		893,989		906,409
Fuel		477		895
Maintenance and repair		3,313		1,480
Contracted services		158,052		76,548
Other departmental expenditures		1,032,606		1,226,282
Total	<u>2,876,438</u>	<u>2,088,437</u>	<u>788,001</u>	<u>2,211,614</u>
<b>Budgetary appropriations:</b>				
Interest paid	2,824	2,676	148	2,310
Debt principal	155,717	155,715	2	129,250
Debt issued	(180,000)	(180,000)	-	(160,000)
Transfers -				
(In) from General Fund	-	(54,815)	54,815	-
To Capital Project Fund	40,000	40,000	-	40,000
To Special Revenue Fund	-	342	(342)	-
(Increase) decrease in compensated absences payable	-	(847)	847	11,441
Increase (decrease) in prepaid expenditures	-	580	(580)	-
Increase (decrease) in inventories	-	43,742	(43,742)	-
Capital outlay	226,272	229,559	(3,287)	370,412
Appropriated retained earnings	(62,987)	-	(62,987)	-
Total budgetary appropriations	<u>181,826</u>	<u>236,952</u>	<u>(55,126)</u>	<u>393,413</u>
Total expenditures	<u>\$ 3,058,264</u>	<u>\$ 2,325,389</u>	<u>\$ 732,875</u>	<u>\$ 2,605,027</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 2,809,509		\$ 2,982,288
Total expenditures		<u>2,325,389</u>		<u>2,605,027</u>
Excess of revenues over expenditures		<u>484,120</u>		<u>377,261</u>
Budgetary appropriations (above):				
Payment of debt principal		155,715		129,250
Debt issued		(180,000)		(160,000)
Transfer to		40,000		40,000
(Increase) decrease in compensated absences payable		(847)		11,441
Increase (decrease) in prepaid expenditures		580		-
Increase (decrease) in inventories		43,742		-
Capital outlay		229,559		370,412
Total budgetary appropriations		<u>288,749</u>		<u>391,103</u>
Depreciation (Statement 83)		<u>(354,989)</u>		<u>(350,296)</u>
Net income (loss) (Statement 83)		<u>\$ 417,880</u>		<u>\$ 418,068</u>

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

**City of Jacksonville, North Carolina**  
**Information Technology Services Capital Project Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 787	\$ 787	\$ -	\$ 787	\$ -
Total revenues	787	787	-	787	-
<b>Expenditures:</b>					
Capital outlay:					
AS400 Life Cycle DP0601	540,787	368,187	-	368,187	172,600
Total expenditures	540,787	368,187	-	368,187	172,600
Revenues over (under) expenditures	(540,000)	(367,400)	-	(367,400)	172,600
Other financing sources (uses):					
Debt issued	180,000	180,000	-	180,000	-
Transfers in--					
From ITS Fund	360,000	320,000	40,000	360,000	-
Total other financing sources	540,000	500,000	40,000	540,000	-
Net change in fund balance	\$ -	\$ 132,600	\$ 40,000	\$ 172,600	\$ 172,600
Fund balance:					
Beginning of year, July 1			132,600		
End of year, June 30			\$ 172,600		

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

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<u>2016</u>		<b>Variance Positive (Negative)</b>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Charges for services	\$ 644,063	\$ 589,921	\$ (54,142)	\$ 572,663
Sale of capital assets	12,500	12,500	-	-
Other operating revenues	100	529	429	428
Investment earnings	144	609	465	120
Total revenues	<u>656,807</u>	<u>603,559</u>	<u>(53,248)</u>	<u>573,211</u>
<b>Expenditures:</b>				
Salaries and employee benefits		247,385		277,334
Maintenance and repair		1,759		46
Contracted services		3,200		7,255
Other departmental expenditures		202,507		174,464
Total	<u>668,140</u>	<u>454,851</u>	<u>213,289</u>	<u>459,099</u>
<b>Budgetary appropriations:</b>				
Interest paid	-	-	-	772
Debt principal	-	-	-	1,497
(Increase) decrease in compensated absences payable	-	4,109	(4,109)	816
Increase (decrease) in prepaid expenditures	-	-	-	-
Capital outlay	149,696	144,666	5,030	182,029
Appropriated retained earnings	(161,029)	-	(161,029)	-
Total budgetary appropriations	<u>(11,333)</u>	<u>148,775</u>	<u>(160,108)</u>	<u>185,114</u>
Total expenditures	<u>\$ 656,807</u>	<u>\$ 603,626</u>	<u>\$ 53,181</u>	<u>\$ 644,213</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 603,559		\$ 573,211
Total expenditures		<u>603,626</u>		<u>644,213</u>
Excess of revenues over (under) expenditures		<u>(67)</u>		<u>(71,002)</u>
Budgetary appropriations (above):				
Payment of debt principal		-		1,497
(Increase) decrease in compensated absences payable		4,109		816
Increase (decrease) in prepaid expenditures		-		-
Capital outlay		<u>144,666</u>		<u>182,029</u>
Total budgetary appropriations		<u>148,775</u>		<u>184,342</u>
Depreciation (Statement 83)		<u>(58,529)</u>		<u>(40,753)</u>
Net income (loss) (Statement 83)		<u>\$ 90,179</u>		<u>\$ 72,587</u>

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

**City of Jacksonville, North Carolina**  
**Self Insurance Internal Service Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services	\$ 4,787,503	\$ 4,499,954	\$ (287,549)	\$ 3,176,164
Other operating revenues	-	-	-	1,375,111
Investment earnings	253	1,563	1,310	263
Total revenues	<u>4,787,756</u>	<u>4,501,517</u>	<u>(286,239)</u>	<u>4,551,538</u>
<b>Expenditures:</b>				
Benefit payments		5,263,574		4,985,826
Total	<u>5,229,001</u>	<u>5,263,574</u>	<u>(34,573)</u>	<u>4,985,826</u>
<b>Budgetary appropriations:</b>				
Appropriated retained earnings	(441,245)	-	(441,245)	-
Total budgetary appropriations	<u>(441,245)</u>	<u>-</u>	<u>(441,245)</u>	<u>-</u>
Total expenditures	<u>\$ 4,787,756</u>	<u>\$ 5,263,574</u>	<u>\$ (475,818)</u>	<u>\$ 4,985,826</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 4,501,517		\$ 4,551,538
Total expenditures		<u>5,263,574</u>		<u>4,985,826</u>
Excess of revenues over (under) expenditures		<u>(762,057)</u>		<u>(434,288)</u>
Net income (loss) (Statement 83)		<u>\$ (762,057)</u>		<u>\$ (434,288)</u>

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



# **GOVERNMENTAL FUNDS CAPITAL ASSETS**

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

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$12,116,230	\$ 11,472,329
Land Rights	3,333,308	3,333,308
Buildings	54,585,253	54,314,429
Equipment	6,207,003	6,119,779
Software	946,567	1,123,074
Heavy equipment	519,278	452,108
Vehicles	11,990,955	11,997,425
Infrastructure	54,432,075	51,469,613
Improvements other than buildings	14,438,468	14,156,049
Construction in progress	<u>2,190,693</u>	<u>2,657,554</u>
Total governmental funds capital assets	<u>\$ 160,759,830</u>	<u>\$ 157,095,668</u>
Investment in governmental funds capital assets		
General Fund	\$ 47,498,013	\$ 46,251,968
Major Capital Project Fund	79,748,372	78,390,248
Non-Major Governmental Funds	10,083,743	9,196,500
Donations, court awards, etc.	<u>23,429,702</u>	<u>23,256,952</u>
Total investment in governmental funds capital assets	<u>\$ 160,759,830</u>	<u>\$ 157,095,668</u>

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

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
June 30, 2016

	<u>Land</u>	<u>Land Rights</u>	<u>Buildings</u>	<u>Equipment</u>
General Government:				
City Manager	\$ -	\$ -	\$ -	\$ -
Human Resources	-	-	-	-
Finance	-	-	-	34,294
Planning	-	-	-	5,600
Other-Unclassified	3,996,006	-	9,534,089	12,721
Total General Government	<u>3,996,006</u>	<u>-</u>	<u>9,534,089</u>	<u>52,615</u>
Public Works:				
Inspections	-	-	-	-
Code Enforcement	-	-	-	-
Public Works	-	-	-	-
Engineering	66,967	-	-	17,344
Maintenance	21,412	-	83,672	159,342
Streets Powell Bill	67,500	3,333,308	100,209	37,007
Streets Non-Powell Bill	-	-	-	232,746
Traffic Signal Control	-	-	-	130,588
Total Public Works	<u>155,879</u>	<u>3,333,308</u>	<u>183,881</u>	<u>577,027</u>
Public Safety:				
Police	2,758	-	29,887,342	2,798,606
Animal Control	-	-	-	-
Fire	166,842	-	5,066,130	1,345,988
Total Public Safety	<u>169,600</u>	<u>-</u>	<u>34,953,472</u>	<u>4,144,594</u>
Cultural and Recreational:				
Recreation	<u>7,794,745</u>	<u>-</u>	<u>8,953,083</u>	<u>751,234</u>
Economic Development:				
Economic Development	<u>-</u>	<u>-</u>	<u>960,728</u>	<u>681,533</u>
Construction in progress				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 12,116,230</u>	<u>\$ 3,333,308</u>	<u>\$ 54,585,253</u>	<u>\$ 6,207,003</u>

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

continued

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
June 30, 2016

	<u>Software</u>	<u>Heavy Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>
General Government:				
City Manager	\$ -	\$ -	\$ -	\$ -
Human Resources	6,255	-	-	-
Finance	43,155	-	-	-
Planning	124,996	-	39,574	-
Other-Unclassified	-	-	-	-
Total General Government	<u>174,406</u>	<u>-</u>	<u>39,574</u>	<u>-</u>
Public Works:				
Inspections	-	-	154,524	-
Code Enforcement	-	-	53,780	-
Public Works	-	-	-	12,438,280
Engineering	9,212	-	-	-
Maintenance	-	-	349,684	-
Streets Powell Bill	-	259,025	67,616	39,566,666
Streets Non-Powell Bill	-	142,362	461,392	397,460
Traffic Signal Control	-	-	279,409	-
Total Public Works	<u>9,212</u>	<u>401,387</u>	<u>1,366,405</u>	<u>52,402,406</u>
Public Safety:				
Police	640,974	-	4,043,929	-
Animal Control	-	-	-	-
Fire	74,580	-	4,171,622	-
Total Public Safety	<u>715,554</u>	<u>-</u>	<u>8,215,551</u>	<u>-</u>
Cultural and Recreational:				
Recreation	<u>32,395</u>	<u>117,891</u>	<u>636,831</u>	<u>1,942,776</u>
Economic Development:				
Economic Development	<u>15,000</u>	<u>-</u>	<u>1,732,594</u>	<u>86,893</u>
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 946,567</u>	<u>\$ 519,278</u>	<u>\$ 11,990,955</u>	<u>\$ 54,432,075</u>

continued

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
June 30, 2016

	<b>Improvements other than Buildings</b>	<b>Construction in Progress</b>	<b>Total</b>
General Government:			
City Manager	\$ 310,423	\$ -	\$ 310,423
Human Resources	-	-	6,255
Finance	-	-	77,449
Planning	-	-	170,170
Other-Unclassified	1,235,509	-	14,778,325
Total General Government	<u>1,545,932</u>	<u>-</u>	<u>15,342,622</u>
Public Works:			
Inspections	-	-	154,524
Code Enforcement	-	-	53,780
Public Works	-	-	12,438,280
Engineering	1,500	-	95,023
Maintenance	-	-	614,110
Streets Powell Bill	610,037	-	44,041,368
Streets Non-Powell Bill	96,893	-	1,330,853
Traffic Signal Control	19,374	-	429,371
Total Public Works	<u>727,804</u>	<u>-</u>	<u>59,157,309</u>
Public Safety:			
Police	196,678	-	37,570,287
Animal Control	-	-	-
Fire	-	-	10,825,162
Total Public Safety	<u>196,678</u>	<u>-</u>	<u>48,395,449</u>
Cultural and Recreational:			
Recreation	<u>11,039,302</u>	<u>-</u>	<u>31,268,257</u>
Economic Development:			
Economic Development	<u>928,752</u>	<u>-</u>	<u>4,405,500</u>
Construction in progress	<u>-</u>	<u>2,190,693</u>	<u>2,190,693</u>
Total governmental funds capital assets	<u>\$ 14,438,468</u>	<u>\$ 2,190,693</u>	<u>\$ 160,759,830</u>

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
For the Fiscal Year Ended June 30, 2016

	<b>Capital Assets 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Capital Assets 2016</b>
General Government:					
City Manager	\$ 310,423	\$ -	\$ -	\$ -	\$ 310,423
Human Resources	6,255	-	-	-	6,255
Finance	77,449	-	-	-	77,449
Planning	164,570	5,600	-	-	170,170
Other-unclassified	15,082,604	170,035	474,314	-	14,778,325
Total General Government	<u>15,641,301</u>	<u>175,635</u>	<u>474,314</u>	<u>-</u>	<u>15,342,622</u>
Public Works:					
Inspections	154,524	-	-	-	154,524
Code Enforcement	82,629	-	28,849	-	53,780
Public Works	12,438,280	-	-	-	12,438,280
Engineering	104,088	-	9,065	-	95,023
Maintenance	582,378	31,732	-	-	614,110
Streets	41,256,601	2,875,570	-	(90,803)	44,041,368
Streets Non-Powell Bill	1,333,980	123,847	59,370	(67,604)	1,330,853
Traffic Signal Control	418,143	11,228	-	-	429,371
Total Public Works	<u>56,370,623</u>	<u>3,042,377</u>	<u>97,284</u>	<u>(158,407)</u>	<u>59,157,309</u>
Public Safety:					
Police	37,016,990	1,283,260	729,963	-	37,570,287
Animal Control	22,173	-	22,173	-	-
Fire	10,906,612	55,718	137,168	-	10,825,162
Total Public Safety	<u>47,945,775</u>	<u>1,338,978</u>	<u>889,304</u>	<u>-</u>	<u>48,395,449</u>
Cultural and Recreational:					
Recreation	30,743,721	620,381	97,820	1,975	31,268,257
Economic Development:					
Economic Development	3,736,694	803,674	134,868	-	4,405,500
Construction in progress	2,657,554	829,121	1,295,982	-	2,190,693
Total governmental funds capital assets	<u>\$ 157,095,668</u>	<u>\$ 6,810,166</u>	<u>\$ 2,989,572</u>	<u>\$ (156,432)</u>	<u>\$ 160,759,830</u>

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

# ADDITIONAL FINANCIAL DATA

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This section contains the following –

## **Additional information on property taxes:**

- \* Schedule of Ad Valorem Taxes Receivable
- \* Analysis of Current Tax Levy

**City of Jacksonville, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2016**

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 23,383,681	\$ 22,912,736	\$ 470,945
2014-2015	449,773		260,059	189,714
2013-2014	210,315		60,254	150,061
2012-2013	211,961		39,541	172,420
2011-12	124,313		21,120	103,193
2010-11	130,920		18,783	112,137
2009-10	138,880		15,183	123,697
2008-09	142,650		8,756	133,894
2007-08	100,133		3,818	96,315
2006-07	83,565		6,001	77,564
2005-06	286,006		286,006	-
	<u>\$ 1,878,516</u>	<u>\$ 23,383,681</u>	<u>\$ 23,632,257</u>	<u>\$ 1,629,940</u>
Less allowance for uncollected ad valorem taxes receivable				<u>813,868</u>
Real Property taxes receivable - net				\$ 816,072
Tax Tags Together receivable				<u>170,007</u>
Taxes receivable - net				<u>\$ 986,079</u>
Reconciliation with revenues:				
Taxes - ad valorem - general fund		<u>\$ 23,421,769</u>	\$ 23,421,769	
Reconciling items:				
Discoveries and abatements - Net			20,890	
Taxes written off			284,724	
Refunds			17,612	
Interest Collected			(112,739)	
Total collections and credits per above			<u>\$ 23,632,257</u>	

**City of Jacksonville, North Carolina**  
**Analysis of Current Tax Levy**  
For the Fiscal Year Ended June 30, 2016

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current Registered motor vehicles taxed at prior year's rate	\$ 3,632,416,199	0.642	23,320,112	\$ 21,394,864	\$ 1,925,248
Penalties	-	0.642	-	-	-
	<u>3,632,416,199</u>		<u>23,370,238</u>	<u>21,444,990</u>	<u>1,925,248</u>
Discoveries:					
Current year taxes and prior year taxes	18,836,760	0.642	120,932	120,932	-
Total	<u>18,836,760</u>		<u>120,932</u>	<u>120,932</u>	<u>-</u>
Abatements	<u>(35,579,725)</u>		<u>(107,489)</u>	<u>(107,489)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 3,615,673,234</u></u>				
Net Levy			23,383,681	21,458,433	1,925,248
Less Uncollected tax at June 30, 2016 (Schedule 94)			(470,945)	(470,945)	-
Current year's taxes collected			<u>22,912,736</u>	<u>20,987,488</u>	<u>1,925,248</u>
Percent current year collected			<u>97.99%</u>	<u>97.81%</u>	<u>100.00%</u>



# STATISTICAL SECTION

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

## **Contents**

### **Financial Trends (Tables 1-4)**

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

### **Revenue Capacity (Tables 5-9)**

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

### **Debt Capacity (Tables 10-12)**

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

### **Demographic and Economic Information (Tables 13-14)**

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

### **Operating Information (Tables 15-17)**

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

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	\$ 36,483,370	\$ 40,051,639	\$ 44,298,070	\$ 49,811,519	\$ 54,511,124
Restricted	2,439,679	3,112,204	3,679,410	3,505,638	12,718,830
Unrestricted	25,048,407	23,079,617	25,723,916	26,825,278	22,460,393
Total governmental activities net position	<u>\$ 63,971,456</u>	<u>\$ 66,243,460</u>	<u>\$ 73,701,396</u>	<u>\$ 80,142,435</u>	<u>\$ 89,690,347</u>
Business-type activities					
Net investment in capital assets	\$ 48,250,136	\$ 53,959,462	\$ 70,678,265	\$ 46,532,620	\$ 41,894,354
Restricted	-	-	-	-	-
Unrestricted	4,797,748	2,054,402	(8,044,529)	24,018,469	32,786,883
Total business-type activities net position	<u>\$ 53,047,884</u>	<u>\$ 56,013,864</u>	<u>\$ 62,633,736</u>	<u>\$ 70,551,089</u>	<u>\$ 74,681,237</u>
Primary government					
Net investment in capital assets	\$ 84,733,506	\$ 94,011,101	\$ 114,976,335	\$ 96,344,139	\$ 96,405,478
Restricted	2,439,679	3,112,204	3,679,410	3,505,638	12,718,830
Unrestricted	29,846,155	25,134,019	17,679,387	50,843,747	55,247,276
Total primary government net position	<u>\$ 117,019,340</u>	<u>\$ 122,257,324</u>	<u>\$ 136,335,132</u>	<u>\$ 150,693,524</u>	<u>\$ 164,371,584</u>
Component Unit					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	781,526
Unrestricted	-	-	-	-	-
Total component unit net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,526</u>

continued

**Table 1**  
continued

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities					
Net investment in					
capital assets	\$ 61,803,084	\$ 70,194,243	\$ 69,688,076	\$ 72,396,888	\$ 71,029,630
Restricted	11,902,394	11,860,012	14,384,374	16,326,161	10,262,904
Unrestricted	21,203,993	21,780,114	19,397,108	14,875,001	22,372,831
Total governmental activities net position	<u>\$ 94,909,471</u>	<u>\$ 103,834,369</u>	<u>\$ 103,469,558</u>	<u>\$ 103,598,050</u>	<u>\$ 103,665,365</u>
Business-type activities					
Net investment in					
capital assets	\$ 39,486,272	\$ 41,107,918	\$ 42,120,408	\$ 44,194,388	\$ 41,547,420
Restricted	-	-	-	597,811	-
Unrestricted	34,475,732	33,863,759	30,938,617	26,937,567	29,779,464
Total business-type activities net position	<u>\$ 73,962,004</u>	<u>\$ 74,971,677</u>	<u>\$ 73,059,025</u>	<u>\$ 71,729,766</u>	<u>\$ 71,326,884</u>
Primary government					
Net investment in					
capital assets	\$ 101,289,356	\$ 111,302,161	\$ 111,808,484	\$ 116,591,276	\$ 112,577,050
Restricted	11,902,394	11,860,012	14,384,374	16,923,972	10,262,904
Unrestricted	55,679,725	55,643,873	50,335,725	41,812,568	52,152,295
Total primary government net position	<u>\$ 168,871,475</u>	<u>\$ 178,806,046</u>	<u>\$ 176,528,583</u>	<u>\$ 175,327,816</u>	<u>\$ 174,992,249</u>
Component Unit					
Net investment in					
capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,166,010	1,375,336	1,590,870	1,603,812	1,647,248
Unrestricted	144,306	198,475	240,739	367,441	266,241
Total component unit net position	<u>\$ 1,310,316</u>	<u>\$ 1,573,811</u>	<u>\$ 1,831,609</u>	<u>\$ 1,971,253</u>	<u>\$ 1,913,489</u>

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

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>					
Expenses					
General Government	\$ 6,347,845	\$ 5,366,793	\$ 5,517,241	\$ 5,596,384	\$ 6,792,452
Public Works	5,197,251	5,284,092	5,786,244	3,882,329	6,533,211
Public Safety	14,843,992	16,607,850	18,040,904	20,979,364	19,198,958
Economic and Physical Development	309,052	746,743	851,295	814,390	1,163,709
Environmental Protection	5,200	-	-	-	-
Cultural and Recreational	3,080,676	3,570,991	4,129,539	4,915,686	5,021,989
Interest on long-term debt	252,897	361,140	311,838	258,864	221,531
Total expenses	<u>30,036,913</u>	<u>31,937,609</u>	<u>34,637,061</u>	<u>36,447,017</u>	<u>38,931,850</u>
Program Revenues					
Charges for services:					
General Government	705,226	779,463	901,203	898,699	250,468
Public Works	795,696	741,442	724,790	1,294,058	1,289,267
Public Safety	85,997	117,753	137,236	211,289	240,263
Cultural and Recreational	328,895	401,834	440,391	456,832	480,852
Operating grants and contributions	2,763,818	3,824,357	3,692,813	4,553,143	6,458,917
Capital grants and contributions	1,386,287	1,266,935	6,677,474	4,108,039	4,723,314
Total program revenues	<u>6,065,919</u>	<u>7,131,784</u>	<u>12,573,907</u>	<u>11,522,060</u>	<u>13,443,081</u>
Total Governmental Activities Net Program Expense	<u>(23,970,994)</u>	<u>(24,805,825)</u>	<u>(22,063,154)</u>	<u>(24,924,957)</u>	<u>(25,488,769)</u>
General Revenues and Other Changes in Net Position					
Taxes					
Property taxes	13,541,986	16,556,839	17,395,985	17,887,016	18,512,342
Sales tax	13,185,671	8,507,654	10,707,904	10,643,840	11,037,388
E-911 surcharge	420,799	423,724	420,799	420,799	420,799
Franchise tax	310,819	2,623,543	3,188,160	3,213,168	3,030,253
Beer and Wine tax	-	-	-	-	359,696
Gross receipts tax on short-term vehicle leases	104,109	114,395	114,171	154,786	174,971
Unrestricted grants and contributions	2,621,639	420,995	-	-	-
Investment earnings	1,264,390	1,139,000	435,342	115,235	118,629
Miscellaneous	6,124,021	672,649	931,473	1,110,048	1,242,944
Transfers	(2,747,247)	(3,380,970)	(3,672,744)	(2,178,896)	139,659
Total general revenues and other changes in net position	<u>34,826,187</u>	<u>27,077,829</u>	<u>29,521,090</u>	<u>31,365,996</u>	<u>35,036,681</u>
Total Governmental Activities Change in Net Position	<u>\$ 10,855,193</u>	<u>\$ 2,272,004</u>	<u>\$ 7,457,936</u>	<u>\$ 6,441,039</u>	<u>\$ 9,547,912</u>

continued

**Table 2**  
continued

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>					
Expenses					
General Government	\$ 7,994,140	\$ 4,983,183	\$ 5,080,369	\$ 4,680,357	\$ 4,672,105
Public Works	6,377,902	6,627,300	6,824,331	7,290,153	7,471,612
Public Safety	19,915,276	20,600,507	21,181,815	21,732,088	24,059,681
Economic and Physical Development	667,729	1,583,916	1,992,960	1,664,565	2,985,321
Environmental Protection	-	-	-	-	-
Cultural and Recreational	4,601,950	5,530,950	5,936,222	5,445,235	6,795,717
Interest on long-term debt	329,417	1,224,639	1,132,525	1,042,728	751,873
Total expenses	<u>39,886,414</u>	<u>40,550,495</u>	<u>42,148,222</u>	<u>41,855,126</u>	<u>46,736,309</u>
Program Revenues					
Charges for services:					
General Government	138,799	171,465	162,977	299,854	396,720
Public Works	927,358	706,159	745,549	694,430	610,552
Public Safety	398,019	372,576	293,269	211,957	191,778
Cultural and Recreational	586,966	589,570	693,995	734,277	711,627
Operating grants and contributions	7,228,718	4,753,141	2,955,773	3,419,907	3,844,205
Capital grants and contributions	2,753,328	8,564,614	2,155,063	2,067,195	2,609,324
Total program revenues	<u>12,033,188</u>	<u>15,157,525</u>	<u>7,006,626</u>	<u>7,427,620</u>	<u>8,364,206</u>
Total Governmental Activities Net Program Expense	<u>(27,853,226)</u>	<u>(25,392,970)</u>	<u>(35,141,596)</u>	<u>(34,427,506)</u>	<u>(38,372,103)</u>
General Revenues and Other Changes in Net Position					
Taxes					
Property taxes	18,847,266	19,766,554	20,609,794	22,673,994	22,886,482
Sales tax	11,687,324	11,492,666	10,132,239	10,719,324	11,295,715
E-911 surcharge	350,341	333,471	316,281	329,468	315,815
Franchise tax	2,842,416	2,806,225	2,932,050	3,678,597	3,797,175
Beer and Wine tax	335,106	376,544	343,092	372,917	336,855
Gross receipts tax on short-term vehicle leases	173,012	174,815	187,443	189,345	198,795
Unrestricted grants and contributions	-	-	-	-	-
Investment earnings	69,928	81,204	32,083	14,197	96,487
Miscellaneous	1,324,085	1,224,987	1,688,246	849,763	483,155
Transfers	(2,557,128)	(1,658,449)	(1,464,443)	(1,294,474)	(1,276,272)
Total general revenues and other changes in net position	<u>33,072,350</u>	<u>34,598,017</u>	<u>34,776,785</u>	<u>37,533,131</u>	<u>38,134,207</u>
Total Governmental Activities Change in Net Position	<u>\$ 5,219,124</u>	<u>\$ 9,205,047</u>	<u>\$ (364,811)</u>	<u>\$ 3,105,625</u>	<u>\$ (237,896)</u>

continued

**Table 2**  
continued

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

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b><u>Business-type Activities:</u></b>					
Expenses					
Water and Sewer	\$ 13,643,327	\$ 15,624,868	\$ 17,052,896	\$ 19,605,964	\$ 22,039,600
Solid Waste Disposal	4,255,197	4,639,604	4,757,063	4,936,541	5,030,182
Stormwater/Water Quality	1,286,133	1,535,692	1,653,473	1,706,904	1,999,166
Total expenses	<u>19,184,657</u>	<u>21,800,164</u>	<u>23,463,432</u>	<u>26,249,409</u>	<u>29,068,948</u>
Revenues					
Charges for services:					
Water and Sewer	13,331,854	16,090,217	19,585,091	25,432,654	25,077,038
Solid Waste Disposal	2,338,256	2,574,942	2,594,445	2,622,685	2,710,478
Stormwater/Water Quality	-	-	2,041,550	2,077,406	2,086,443
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,990,356	2,017,348	1,997,949	1,587,697	3,143,054
Total revenues	<u>17,660,466</u>	<u>20,682,507</u>	<u>26,219,035</u>	<u>31,720,442</u>	<u>33,017,013</u>
Total Business-type Activities Net Program Expense	<u>(1,524,191)</u>	<u>(1,117,657)</u>	<u>2,755,603</u>	<u>5,471,033</u>	<u>3,948,065</u>
Other Changes in Net Position					
Investment earnings	360,044	293,797	111,166	137,377	205,659
Miscellaneous	1,183,217	408,870	80,359	130,047	116,083
Transfers	2,747,247	3,380,970	3,672,744	2,178,896	(139,659)
Total Business-type Activities Change in Net Position	<u>\$ 2,766,317</u>	<u>\$ 2,965,980</u>	<u>\$ 6,619,872</u>	<u>\$ 7,917,353</u>	<u>\$ 4,130,148</u>
Total Primary Government Change in Net Position	<u>\$ 13,621,510</u>	<u>\$ 5,237,984</u>	<u>\$ 14,077,808</u>	<u>\$ 14,358,392</u>	<u>\$ 13,678,060</u>

continued

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b><u>Business-type Activities:</u></b>					
Expenses					
Water and Sewer	\$ 25,911,275	\$ 24,437,396	\$ 25,352,766	\$ 25,099,324	\$ 25,522,986
Solid Waste Disposal	5,204,115	5,164,869	5,309,438	5,249,794	5,261,666
Stormwater/Water Quality	2,458,468	2,493,130	2,439,645	2,306,031	2,291,507
Total expenses	<u>33,573,858</u>	<u>32,095,395</u>	<u>33,101,849</u>	<u>32,655,149</u>	<u>33,076,159</u>
Revenues					
Charges for services:					
Water and Sewer	23,178,499	22,247,424	21,849,926	22,736,359	22,940,859
Solid Waste Disposal	2,807,152	3,537,164	3,582,715	4,542,269	4,685,085
Stormwater/Water Quality	2,163,960	2,885,148	2,893,937	2,935,490	2,975,883
Operating grants and contributions	-	-	-	51,301	48,745
Capital grants and contributions	1,291,589	2,048,232	331,300	66,782	52,911
Total revenues	<u>29,441,200</u>	<u>30,717,968</u>	<u>28,657,878</u>	<u>30,332,201</u>	<u>30,703,483</u>
Total Business-type Activities Net Program Expense	<u>(4,132,658)</u>	<u>(1,377,427)</u>	<u>(4,443,971)</u>	<u>(2,322,948)</u>	<u>(2,372,676)</u>
Other Changes in Net Position					
Investment earnings	99,003	57,069	24,604	18,908	87,394
Miscellaneous	757,294	718,920	1,042,272	490,892	606,128
Transfers	2,557,128	1,658,449	1,464,443	1,294,474	1,276,272
Total Business-type Activities Change in Net Position	<u>\$ (719,233)</u>	<u>\$ 1,057,011</u>	<u>\$ (1,912,652)</u>	<u>\$ (518,674)</u>	<u>\$ (402,882)</u>
Total Primary Government Change in Net Position	<u>\$ 4,499,891</u>	<u>\$ 10,262,058</u>	<u>\$ (2,277,463)</u>	<u>\$ 2,586,951</u>	<u>\$ (640,778)</u>

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 4,812,557	\$ 7,740,620	\$ 8,668,338	\$ 7,129,465	\$ -
Non-Spendable	-	-	-	-	651,391
Restricted	-	-	-	-	7,743,995
Committed	-	-	-	-	-
Assigned	-	-	-	-	4,842,273
Unreserved	9,965,961	7,513,927	7,323,331	10,530,710	-
Unassigned	-	-	-	-	5,359,345
Total General Fund	<u>\$ 14,778,518</u>	<u>\$ 15,254,547</u>	<u>\$ 15,991,669</u>	<u>\$ 17,660,175</u>	<u>\$ 18,597,004</u>
All Other Governmental Funds					
Reserved	\$ 5,129,315	\$ 4,836,876	\$ 4,355,700	\$ 6,673,462	\$ -
Restricted	-	-	-	-	9,345,040
Assigned	-	-	-	-	6,685,268
Committed	-	-	-	-	-
Unreserved, reported in:					
Capital Reserve Fund	3,058,622	2,139,779	1,378,279	323,514	-
Capital Projects Funds	4,169,992	3,912,698	4,547,887	2,929,440	-
Special Revenue Funds	1,173,947	1,026,118	1,899,319	1,366,861	-
Unassigned	-	-	-	-	(1,560,293)
Total All Other Governmental Funds	<u>\$ 13,531,876</u>	<u>\$ 11,915,471</u>	<u>\$ 12,181,185</u>	<u>\$ 11,293,277</u>	<u>\$ 14,470,015</u>

continued

**Table 3**  
continued

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Spendable	651,975	650,325	2,036,379	2,043,462	2,087,853
Restricted	7,179,852	8,409,072	6,518,498	6,999,700	6,794,310
Committed	-	-	-	-	312,733
Assigned	2,611,336	5,228,768	2,002,776	1,832,675	2,112,849
Unreserved	-	-	-	-	-
Unassigned	8,052,000	5,470,076	8,202,431	10,696,246	13,451,074
Total General Fund	<u>\$ 18,495,163</u>	<u>\$ 19,758,241</u>	<u>\$ 18,760,084</u>	<u>\$ 21,572,083</u>	<u>\$ 24,758,819</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	33,379,755	24,701,198	15,581,241	9,748,232	5,681,528
Assigned	12,343,897	12,196,111	9,023,340	7,150,166	-
Committed	-	-	-	-	7,439,576
Unreserved, reported in:					
Capital Reserve Fund	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Unassigned	(1,849,206)	(1,004,260)	7,133	-	-
Total All Other Governmental Funds	<u>\$ 43,874,446</u>	<u>\$ 35,893,049</u>	<u>\$ 24,611,714</u>	<u>\$ 16,898,398</u>	<u>\$ 13,121,104</u>

NOTE: With the implementation of GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definition, the fund categories were restated.

Table 4

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

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Revenues:</b>					
Ad valorem taxes	\$ 13,454,300	\$ 16,375,725	\$ 17,099,462	\$ 17,726,734	\$ 18,531,433
CATV franchise tax <sup>a</sup>	310,820	32,253	74,583	78,886	91,887
Privilege licenses	620,597	649,834	732,655	688,685	718,554
Sales tax	13,185,671	8,507,654	10,707,904	10,643,840	11,037,388
Gross receipt on short term vehicle tax	104,109	114,395	114,171	154,786	174,971
Occupancy Tax <sup>o</sup>	-	-	-	-	19,444
Unrestricted intergovernmental revenues	2,620,232	3,041,423	3,324,395	3,267,272	3,457,891
Restricted intergovernmental revenues	4,554,837	4,747,278	4,486,987	5,237,889	6,476,508
Permits and fees	842,646	814,318	880,573	1,450,667	1,375,738
Sales and services	398,611	516,940	529,362	587,603	695,762
Investment earnings	1,266,126	1,192,808	434,083	89,604	132,062
Miscellaneous	804,395	608,948	797,917	861,933	1,221,571
<b>Total revenues</b>	<b>38,162,344</b>	<b>36,601,576</b>	<b>39,182,092</b>	<b>40,787,899</b>	<b>43,933,209</b>
<b>Expenditures:</b>					
General Government	5,680,777	5,167,232	5,000,463	5,191,549	6,677,733
Public Works	5,217,787	4,769,094	4,850,655	4,757,113	4,643,124
Public Safety	13,934,643	15,605,593	17,288,492	19,148,628	18,823,792
Environmental Protection	-	-	-	-	-
Cultural and Recreational	2,430,589	5,525,106	3,895,349	4,128,184	4,431,449
Economic and Physical Development	515,734	742,766	840,428	861,712	1,155,626
Capital outlay	7,695,294	908,510	1,313,951	2,005,026	2,867,387
Non-capitalized expenditures	9,312	28,475	446,984	371,482	56,499
Debt service:					
Principal retirement	2,061,532	2,066,522	2,019,770	2,129,525	1,710,314
Bond issuance costs	-	-	-	-	-
Interest and fees	283,915	361,140	311,838	258,864	221,531
<b>Total expenditures</b>	<b>37,829,583</b>	<b>35,174,438</b>	<b>35,967,930</b>	<b>38,852,083</b>	<b>40,587,455</b>
Excess of revenues over (under) expenditures	332,761	1,427,138	3,214,162	1,935,816	3,345,754
<b>Other financing sources (uses):</b>					
Debt issued	3,626,081	775,282	1,389,995	1,278,432	812,864
Premiums on debt issued	-	-	-	-	-
Sales of capital assets	187,970	39,133	55,347	200,990	95,673
Transfers in	9,872,164	5,484,935	6,363,348	5,741,235	7,833,882
Transfers (out)	(12,788,140)	(8,865,905)	(10,020,016)	(8,375,875)	(7,974,606)
<b>Total other financing sources (uses)</b>	<b>898,075</b>	<b>(2,566,555)</b>	<b>(2,211,326)</b>	<b>(1,155,218)</b>	<b>767,813</b>
<b>Net change in fund balances</b>	<b>\$ 1,230,836</b>	<b>\$ (1,139,417)</b>	<b>\$ 1,002,836</b>	<b>\$ 780,598</b>	<b>\$ 4,113,567</b>
Debt service as a percentage of noncapital expenditures	9.9%	8.2%	9.1%	8.0%	5.3%

<sup>a</sup> In FY 2008, the State changed the CATV franchise tax from a local tax to a State tax, with made to local governments by the State.

<sup>o</sup> Occupancy tax is a new revenue source beginning in 2011.

continued

**Table 4**  
continued

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Revenues:</b>					
Ad valorem taxes	\$ 18,924,864	\$ 19,761,590	\$ 20,627,279	\$ 22,962,166	\$ 23,421,769
CATV franchise tax <sup>a</sup>	90,185	-	-	-	-
Privilege licenses	747,295	765,542	761,840	712,683	7,156
Sales tax	11,687,324	11,492,666	10,132,239	10,719,324	11,295,715
Gross receipt on short term vehicle tax	173,012	174,815	187,443	189,345	198,795
Occupancy Tax <sup>p</sup>	-	-	-	-	-
Unrestricted intergovernmental revenues	3,245,404	3,185,171	3,356,230	4,101,119	4,218,634
Restricted intergovernmental revenues	6,959,393	4,775,304	4,585,448	4,820,461	6,347,337
Permits and fees	946,270	748,323	787,618	760,592	662,581
Sales and services	694,439	727,358	829,280	908,821	957,989
Investment earnings	71,582	73,695	50,570	15,165	90,596
Miscellaneous	1,429,702	1,523,735	803,783	544,046	913,778
<b>Total revenues</b>	<b>44,969,470</b>	<b>43,228,199</b>	<b>42,121,730</b>	<b>45,733,722</b>	<b>48,114,350</b>
<b>Expenditures:</b>					
General Government	7,522,961	5,614,655	4,798,712	4,605,727	4,308,791
Public Works	4,992,120	4,487,798	4,601,220	5,122,028	5,071,826
Public Safety	20,474,100	27,454,307	33,352,648	24,621,063	21,412,645
Environmental Protection	-	-	-	-	-
Cultural and Recreational	5,515,803	5,712,089	5,518,416	4,823,557	6,366,135
Economic and Physical Development	896,066	1,285,886	1,443,274	1,367,473	1,792,938
Capital outlay	2,910,518	2,702,123	2,359,480	4,877,263	3,913,931
Non-capitalized expenditures	9,499	-	332,219	88,854	940,678
Debt service:					
Principal retirement	3,252,974	2,858,417	3,407,473	3,989,325	4,081,897
Bond issuance costs	281,596	-	-	-	-
Interest and fees	209,374	1,120,423	1,243,876	1,188,879	1,102,266
<b>Total expenditures</b>	<b>46,065,011</b>	<b>51,235,698</b>	<b>57,057,318</b>	<b>50,684,169</b>	<b>48,991,107</b>
Excess of revenues over (under) expenditures	(1,095,541)	(8,007,499)	(14,935,588)	(4,950,447)	(876,757)
<b>Other financing sources (uses):</b>					
Debt issued	29,982,403	2,839,109	4,013,532	1,338,526	1,101,500
Premiums on debt issued	2,748,680	-	-	-	-
Sales of capital assets	381,547	88,536	107,007	5,078	210,233
Transfers in	10,038,695	7,570,239	6,421,354	4,766,338	5,722,459
Transfers (out)	(12,753,194)	(9,208,703)	(7,885,797)	(6,060,812)	(7,053,204)
<b>Total other financing sources (uses)</b>	<b>30,398,131</b>	<b>1,289,181</b>	<b>2,656,096</b>	<b>49,130</b>	<b>(19,012)</b>
<b>Net change in fund balances</b>	<b>\$ 29,302,590</b>	<b>\$ (6,718,318)</b>	<b>\$ (12,279,492)</b>	<b>\$ (4,901,317)</b>	<b>\$ (895,769)</b>
Debt service as a percentage of noncapital expenditures	9.0%	10.4%	11.7%	13.0%	11.9%

Table 5

**City of Jacksonville, North Carolina**  
**Assessed Value of Taxable Property**  
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate Per \$100
	Residential Property	Commercial Property	Motor Vehicles	Other			
2007	\$ 1,348,557,124	\$ 723,939,542	\$ 236,690,225	\$ 221,312,627	\$ 9,928,523	\$ 2,520,570,995	0.5316
2008	1,405,026,297	757,431,773	252,458,549	250,019,573	10,046,281	2,654,889,911	0.6260
2009	1,430,233,607	820,732,504	270,940,527	254,289,109	11,845,421	2,764,350,326	0.6260
2010	1,466,481,088	830,720,115	303,027,226	274,535,959	21,598,335	2,853,166,053	0.6260
2011	1,807,676,890	1,099,577,260	285,792,522	283,530,271	27,125,081	3,449,451,862	0.5380
2012	1,849,999,540	1,136,827,920	285,540,688	264,602,733	29,455,382	3,507,515,499	0.5380
2013	1,884,077,250	1,226,423,704	307,377,502	278,239,734	35,627,355	3,660,490,835	0.5380
2014	1,937,078,200	1,230,598,207	384,543,812	292,082,090	35,338,442	3,808,963,867	0.5380
2015	1,726,005,770	1,268,023,381	282,773,860	298,252,741	36,186,902	3,538,868,850	0.6420
2016	1,752,090,350	1,291,709,975	299,882,866	311,354,897	39,364,854	3,615,673,234	0.6420

Source: Onslow County Tax Administrator/Collector

**Notes:** Property in Onslow County is reassessed every five to eight years. The last revaluation was completed in 2015. 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
2007	0.4532	0.0784	0.5316	0.503	1.035
2008	0.5576	0.0684	0.6260	0.503	1.129
2009	0.5476	0.0784	0.6260	0.503	1.129
2010	0.5476	0.0784	0.6260	0.590	1.216
2011	0.4596	0.0784	0.5380	0.585	1.123
2012	0.4596	0.0784	0.5380	0.585	1.123
2013	0.4596	0.0784	0.5380	0.585	1.123
2014	0.4596	0.0784	0.5380	0.585	1.123
2015	0.5506	0.0915	0.6420	0.675	1.317
2016	0.5506	0.0915	0.6420	0.675	1.317

Sources: City Finance Office and Onslow County Tax Administrator/Collector

**Notes:**

1. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation that resulted in a 17% increase in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 3.84 cents to pay for 1/2 year of debt service for the planned Public Safety Building. This earmarked amount was reduced for one year in FY2008 to 2.84 cents due to the budget shortfall created by the County's decision to change the tax distribution method from per capita to ad valorem. In FY2009 the earmarked amount was restored to 3.84 cents.

2. In FY2011, the property tax rate was decreased by 8.8 cents in response to the County's property revaluation in tax year 2010, which resulted in a 22% increase in property values.

3. In FY2015, the property tax rate was increased by 10.4 cents in response to the County's property revaluation in tax year 2014, which resulted in a 9.4% decrease in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 1.31 cents to pay for the increased debt service for the Center for Public Safety bond.

Table 7

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PR Jacksonville Limited Partnership	\$ 44,492,600	1	1.34 %			
Duke Energy Progress, Inc	35,583,090	2	1.07			
Jones-Onslow EMC	25,770,430	3	0.78	\$ 19,197,705	3	0.76 %
Independence Place Arlington West LLC	24,512,060	4	0.74			
Williamsburg Plantation Apartments LLC	21,325,780	5	0.64			
Bailey & Fuller Properties LLC	20,232,697	6	0.61			
BRC Jacksonville Commons LLC	20,003,789	7	0.60	13,659,132	6	0.54
Cross Pointe Developers LLC	19,079,150	8	0.58	11,805,406	10	0.47
Wal Mart Real Estate Business Trust	17,016,470	9	0.51			
Carolina Telephone & Telegraph	16,449,892	10	0.50	25,813,207	2	1.02
Crown America Acquisition LP				36,967,910	1	1.47
Progress Energy Carolinas				16,204,833	4	0.64
Marine Federal Credit Union				14,713,150	5	0.58
United Dominion Realty Trust				12,875,554	7	0.51
New River Associates				12,347,078	8	0.49
Baily & Associates, Inc				11,960,862	9	0.47
<b>Total</b>	<b>\$ 244,465,958</b>		<b>7.37 %</b>	<b>\$ 175,544,837</b>		<b>6.95 %</b>

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
2007	\$ 13,527,026	\$ 13,142,197	97.16 %	\$ 295,008	\$ 13,437,205	99.33 %
2008	16,625,906	16,077,078	96.70	446,644	16,523,722	99.39
2009	17,426,095	16,682,062	95.73	596,711	17,278,773	99.15
2010	17,957,339	17,254,271	96.08	559,398	17,813,669	99.20
2011	18,696,869	18,083,308	96.72	475,723	18,559,031	99.26
2012	18,985,311	18,416,665	97.00	410,300	18,826,965	99.17
2013	19,870,580	19,236,220	96.81	355,684	19,591,904	98.60
2014	20,600,957	20,111,893	97.63	278,748	20,390,641	98.98
2015	22,976,393	22,526,620	98.04	260,059	22,526,620	98.04
2016	23,383,681	22,912,736	97.99	-	22,912,736	97.99

Source: Onslow County Tax Administrator/Collector

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

<u>Fiscal Year</u>	<u>Onslow County<sup>a</sup></u>
2007	2.50
2008	2.50
2009	2.25 <sup>b</sup>
2010	2.00 <sup>c</sup>
2011	2.25 <sup>d</sup>
2012	2.25
2013	2.25
2014	2.25
2015	2.25
2016	2.25

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.

<sup>a</sup> The City does not levy a separate sales tax from the County.

<sup>b</sup> The County sales tax rate decreased to 2.25% effective October 1, 2008.

<sup>c</sup> The County sales tax rate decreased to 2.00% effective October 1, 2009.

<sup>d</sup> The County sales tax rate increased to 2.25% effective October 1, 2010.

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2007	-	0%	-
2008	-	0%	-
2009	-	0%	-
2010	-	0%	-
2011	-	0%	-
2012	-	0%	-
2013	-	0%	-
2014	-	0%	-
2015	-	0%	-
2016	-	0%	-

Fiscal Year	Other Governmental Activities Debt	Business-type Activities				Total Primary Government	Percentage of Personal Income <sup>a</sup>	Debt Per Capita
	Installment Purchase Loans	State Revolving Loan	Installment Purchase Loans	Revenue Bonds	Other Loans			
2007	\$ 9,854,478	\$ 12,630,112	\$ 22,597,001	\$ -	\$ -	\$ 45,081,591	0.87%	606
2008	8,541,633	15,819,637	19,658,452	-	-	44,019,722	0.77%	569
2009	7,732,789	36,153,493	17,009,765	-	-	60,896,047	0.90%	744
2010	6,785,686	56,984,211	12,514,008	26,093,621	-	102,377,526	1.32%	1,254
2011	5,897,686	61,599,704	14,951,397	40,724,969	-	123,173,756	1.59%	1,593
2012	35,405,224	54,495,939	18,779,281	39,444,671	-	148,125,115	1.88%	1,985
2013	35,345,518	52,970,441	15,770,063	38,030,096	-	142,116,118	1.71%	1,857
2014	35,932,419	50,522,655	13,383,799	36,375,270	-	136,214,143	1.62%	1,742
2015	33,250,773	47,572,893	9,351,425	34,620,214	-	124,795,305	1.50%	1,630
2016	30,054,993	45,133,775	5,882,757	27,863,072	-	108,934,597	1.30%	1,405

**Notes:**

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). The "Installment Purchase Loans" totals for 2012, 2013, 2014, 2015, and 2016 are adjusted to include the unamortized bond premium for the City's limited obligation bonds, Series 2012 (see Note 9D).

<sup>a</sup> Source: US Bureau of Economic Analysis. See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**City of Jacksonville, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Direct and Overlapping Debt
<b>Debt repaid with property taxes</b>			
Onslow County General Obligation Debt	\$ 65,033,272	26.6%	\$ 17,298,850
<b>Other Debt</b>			
Onslow County Certificates of Participation	45,618,505	26.6%	12,134,522
Onslow County Installment Purchase Loans	9,043,992	26.6%	2,405,702
Onslow County Special Obligation Bonds	1,535,000	26.6%	408,310
Onslow County Limited Obligation Bonds	83,325,000	26.6%	<u>22,164,450</u>
Subtotal, overlapping debt			54,411,834
<b>City direct debt</b>			<u>31,486,694</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 85,898,529</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/ Assessor. Debt outstanding data provided by each governmental unit.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jacksonville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

City direct debt includes the debt service for the Solid Waste Fund, as this debt is serviced by the General Fund.

<sup>a</sup> 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, 2016, assessed valuation of the County of Onslow (\$13,153,104,318) as compared to the June 30, 2016, assessed valuation of the City of Jacksonville (\$3,615,673,234).

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

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Debt limit	\$ 201,645,680	\$ 212,391,193	\$ 221,148,026	\$ 228,253,284	\$ 275,956,149
Total net debt applicable to limit	<u>11,003,772</u>	<u>9,714,850</u>	<u>8,678,903</u>	<u>7,342,988</u>	<u>6,527,860</u>
Legal debt margin	<u>\$ 190,641,908</u>	<u>\$ 202,676,343</u>	<u>\$ 212,469,123</u>	<u>\$ 220,910,296</u>	<u>\$ 269,428,289</u>
Total net debt applicable to the limit as a percentage of debt limit	5.5%	4.6%	3.9%	3.2%	2.4%

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. Solid Waste Fund debt is included in the installment purchases total above since the Solid Waste Fund debt is serviced by the General Fund.

continued

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed value	\$ 3,615,673,234
Debt limit (8% of assessed value)	289,253,859
Debt applicable to limit:	
Installment purchase	31,486,694
Total net debt applicable to limit	<u>31,486,694</u>
Legal debt margin	<u>\$ 257,767,165</u>

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 280,601,240	\$ 292,839,267	\$ 304,717,109	\$ 283,109,508	\$ 289,253,859
Total net debt applicable to limit	<u>36,063,072</u>	<u>36,134,673</u>	<u>37,724,419</u>	<u>34,657,286</u>	<u>31,486,694</u>
Legal debt margin	<u>\$ 244,538,168</u>	<u>\$ 256,704,594</u>	<u>\$ 266,992,690</u>	<u>\$ 248,452,222</u>	<u>\$ 257,767,165</u>
Total net debt applicable to the limit as a percentage of debt limit	12.9%	12.3%	12.4%	12.2%	10.9%

**City of Jacksonville, North Carolina**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

<b>Fiscal Year</b>	<b>(1) Population<sup>a</sup></b>	<b>(2) Personal Income<sup>a</sup> (in thousands)</b>	<b>(2) Per Capita Personal Income<sup>a</sup></b>	<b>(1) Median Age<sup>a</sup></b>	<b>(3) School Enrollment<sup>b</sup></b>	<b>(4) Unemployment Rate Percentage</b>
2007	74,433	\$ 5,752,998	35,222	22.40	22,787 (6)	5.1
2008	77,301	6,757,771	36,771	24.68	22,840 (6)	6.0
2009	81,873	7,348,781	39,635	25.17	23,361 (6)	8.8
2010	81,612	7,747,194	42,463	25.83	23,493 (6)	8.0
2011	77,343	7,895,564	43,990	25.92	23,201	9.6
2012	74,610	8,296,419	46,163	26.04	24,161	9.2
2013	76,520	8,421,526	45,953	26.20	24,377	8.8
2014	78,190	8,342,524	45,041	26.29	25,251	8.7
2015	76,576	8,354,931	44,538	26.28	25,111	6.2
2016	77,542	NA	NA	26.27	25,484	5.5

**Sources:**

- (1) NC Office of State Budget and Management - State Demographer. Population figures are as of July 1 of the fiscal year.  
 (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) American Community Survey, US Census Bureau  
 (6) NC Department of Public Instruction (ncpublicschools.org)  
 NA - Data not available

**Notes:**

<sup>a</sup> 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.

<sup>b</sup> From FY2006 forward, school enrollment is based on a census of membership at the end of the school year (last day membership). Previous years' numbers were the actual enrollment during the school year; students who transferred schools during the academic year were 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.

**City of Jacksonville, North Carolina  
Principal Employers, Current and Ten Years Ago**

Employer	2016			2007		
	Employees <sup>a</sup>	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense (civilian employees) <sup>o</sup>	1,000+	1	See %	1000+	2	See %
Onslow County Board of Education	1,000+	2	below	1,000+	1	below
Camp Lejeune Marine Corps Community Services	1,000+	3		1,000+	3	
Wal-Mart Associates, Inc.	1000+	4		500-999	6	
Onslow County Government	1,000+	5		1,000+	4	
Onslow Memorial Hospital	1,000+	6		1,000+	5	
Coastal Carolina Community College	500-999	7		500-999	7	
Convergys Customer Management Group	500-999	8		250-499		
Food Lion, LLC	500-999	9		250-499	10	
City of Jacksonville	500-999	10		250-499	9	
McDonald's Restaurants of NC, Inc.	250-499	11		250-499	12	
Coastal Enterprises of Jacksonville	250-499	12		250-499	13	
SAG Payroll, LLC	250-499	13				
Stanadyne Corporation	250-499	14				
The Wood Company (A Corp)	250-499	15				
Prc				500-999	8	
Convergys Government Solutions				250-499	11	
Marine Federal Credit Union Inc				250-499	14	
General Mills Restaurants Inc				250-499	15	

Source: NC Employment Security Commission. Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow

**Notes:**

<sup>a</sup> Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used.

<sup>b</sup> Includes civilian employees at the Marine Corps Base Camp Lejeune, New River Air Station, and Camp Johnson.

**Employment by Industry Category**

Because only ranges are available, the percentage of total City employment cannot be calculated for each employer. To give an idea of the impact the Marine Corps installations and other government agencies have on the local economy, the following table from the NC Employment Security Commission is provided. The high percentage (30.0%) of government employment at all levels contributes to an extremely stable economy for Jacksonville and Onslow County.

<u>Industry</u>	<u>No. of Units</u>	<u>Annual Average Employment</u>	<u>Percentage</u>	<u>Average Weekly Wage</u>
Total Federal Government	26	6,644	13.6 %	\$ 907
Total State Government	17	1,071	2.2	621
Total Local Government	113	6,906	14.2	874
Total Private Industry	2,918	34,047	70.0	574
Total All Industries	3,074	48,668	100.0 %	

Table 15

**City of Jacksonville, North Carolina**  
**Full-Time City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	5	5	5	6	6	6	6	6.5	6.3	6.3
Community Programs	1	2	2	2	2	2	2	2	2	2
Legal	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	5	5	5	5	5	5	5
City Clerk	3	3	3	3	3	3	3	3	3	2
Finance	22	22	23	24	24	24	24	24	25	24
Planning	8.3	10	8	8	7	7	11	11	11	7
Transportation	2.6	2.1	2.1	2.1	2.1	2.1	3.1	2.6	3.5	3.5
Traffic Signal Control	-	-	-	-	-	-	2	4	4.3	4.3
Public Safety:										
Police (Note 1)	132	-	-	-	-	-	-	-	-	-
Sworn	-	113	115	115	119	120	121	121	122	123
Non-sworn	-	26	26	27	29	30	31	32	30	30
Fire (Note 1)	75	-	-	-	-	-	-	-	-	-
Firefighters	-	73	79	83	86	86	86	86	85	86
Administrative Support	-	2	2	3	3	3	3	3	3	2
Building Inspections	12.1	12	11	11	11	11	7	7	7	6
Code Enforcement	-	-	3.8	3.8	3.8	3.8	3.3	3.3	3.3	3.3
Public Works:										
Administration	1.6	1.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Engineering	3.6	4	4.5	4	4	4	3	3	3	2
Facilities Maintenance	13	13	15	10	10	10	10	10	12	14
Streets	22	22	22	23	23	19	20	20	20	19
Recreation and Parks	22	23	25	37	38	38	40	40	40	44
Water/Sewer Operations:										
Administration	3.4	3.6	2.6	3.6	3.6	3.6	3.6	2.6	2.6	1.6
Engineering	8.2	8.6	10.1	10.6	11.6	11.6	11.6	11.6	11.6	8.6
Metering	7	7	7	7	7	7	7	6	6	5
Utilities Maintenance	22	22	25	25	25	26	27	29	29	29
Water Supply	6	6	12	13.85	13.85	13.85	13.85	13.85	14.35	14.35
Wastewater	12	12	15	15.15	15.15	17.15	18.15	18.15	17.65	17.65
Stormwater/Water Quality	3	3	4	4	4	4	3	3	3	3
Streets/Stormwater Drainage	15	15	15	15	15	19	18	18	18	19
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41	41	41	37
Solid Waste/Commercial Disposal	-	-	-	-	-	-	-	5	5	5
Fleet Maintenance	8	9	9	9	9	9	9	10	11	11
City Hall Maintenance	1	1	2	2	2	2	2	2	1	1
Info Technology Services	10.1	11.1	12.1	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Video/Media Services	2	2	2	3	3	3	3	4	4	4
Community Development	4	4	3.2	3.2	3.2	1.2	1.7	1.7	1.7	1.7
E-911 (Note 2)	0.1	0.2	0.2	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>479</b>	<b>492</b>	<b>520</b>	<b>540</b>	<b>550</b>	<b>553</b>	<b>560</b>	<b>570</b>	<b>572</b>	<b>562</b>

Source: Finance Department

**Note 1:** In FY2008, reporting for Police and Fire personnel was changed to reflect sworn/non-sworn Police personnel, and firefighters and administrative support Fire Department personnel.

**Note 2:** E-911 funds are split 20% for two GIS Specialist positions, with the remaining 80% charged to Planning (10%), ITS (10%), and Utilities Engineering (60%).

**Note 3:** Several positions are split between departments or funds, which accounts for the decimal numbers in various departments.

Table 16

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

Function/Program	2007	2008	2009	2010	2011
General government					
Building permits issued (Note 1)	924	867	675	1,533	1,031
Number of residential units (Note 2)	318	240	225	674	356
Number of commercial units (Note 2)	29	49	58	51	64
Building inspections conducted (Note 1)	17,947	14,680	12,371	15,470	18,916
Business privilege licenses issued	4,049	3,863	4,356	3,891	4,827
Business privilege license collections (Note 3)	607,299	649,834	704,057	710,282	718,554
Zoning inspections conducted (Note 4)	2,749	1,993	2,677	2,533	2,672
Police (Note 5)					
Physical arrests (Note 6)	2,461	2,902	2,622	2,802	3,380
Traffic citations	14,114	18,746	18,637	22,838	27,687
Calls for service	96,214	99,658	98,458	106,279	106,132
Priority 1 response time (minutes/seconds)	6:47	6:28	6:32	13:26	8:52
Fire					
Emergency responses	2,283	2,407	2,541	2,727	2,525
Fires extinguished	229	180	181	201	196
Fire inspections conducted	1,361	1,179	1,164	1,951	1,819
Calls for service	NA	5,089	6,425	15,500	15,490
Public Works					
Potholes repaired (Note 8)	2,243	2,438	2,509	1,056	4,491
Total street miles swept	2,729.6	2,813	3,147	2,500.0	1,798.0
Recreation and Parks					
After school program registrations	NA	3,425	3,488	2,159	4,310
Athletic program registrations	NA	1,801	3,139	3,919	3,617
Summer and adventure camp registrations	NA	1,308	1,201	1,009	877
Senior citizen program registrations	540	615	488	456	514
Water					
Avg daily consumption (thousands of gallons)	4,810	3,952	3,991	4,081	3,928
Number of utility accounts	15,478	15,715	16,066	16,716	17,420
Wastewater					
Avg daily sewer treatment (thousands of gallons)	5,498	4,549	3,990	5,895	4,567
Solid Waste Disposal					
Refuse collected (residential/commercial tons/wk)	669.20	650.37	622.0	603.61	605.80
Yard waste collected (tons per week)	95.89	92.42	94.51	93.77	88.65
Recyclables collected (tons per fiscal year)	1,124.0	1,427.0	1,557.0	1,793	1,967
Stormwater					
Drainage ditches maintained (miles)	59.0	47.7	71.0	80.0	100.0
Transportation					
Jacksonville Transit System ridership (monthly average) (Note 7)	1,306	1,937	3,936	4,943	6,892

Source: City departments

**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. FY13 Building

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)

Note 3: The significant gain from FY2006 to FY2007 was due to changing business license fees to a gross receipts basis.

Note 4: FY2001-06 are reported by calendar year. Effective FY2007, number will be reported by fiscal year to be consistent with other categories.

**Table 16  
(continued)**

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

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General government</b>					
Building permits issued (Note 1)	1,215	838	792	734	717
Number of residential units (Note 2)	440	210	111	132	118
Number of commercial units (Note 2)	100	184	220	209	202
Building inspections conducted (Note 1)	16,965	12,236	11,444	11,967	9,479
Business privilege licenses issued	5,106	4,686	5,093	3,546	410
Business privilege license collections (Note 3)	747,295	765,542	761,840	712,682	7,345
Zoning inspections conducted (Note 4)	2,741	2,049	4,470	3,792	3,021
<b>Police (Note 5)</b>					
Physical arrests (Note 6)	3,880	4,025	3,983	4,046	4,004
Traffic citations	29,292	23,255	15,327	15,622	12,316
Calls for service	111,355	99,576	74,749	76,153	45,142
Priority 1 response time (minutes/seconds)	4:37	3:14	3:16	3:16	3:15
<b>Fire</b>					
Emergency responses	2,636	2,018	2,783	3,358	3,775
Fires extinguished	164	126	121	133	112
Fire inspections conducted	1,745	1,946	1,867	3,228	3,304
Calls for service	16,695	18,613	19,926	36,205	42,415
<b>Public Works</b>					
Potholes repaired (Note 8)	483	168	157	503	2,182
Total street miles swept	702.2	4,680	3,708	4,518	3,378
<b>Recreation and Parks</b>					
After school program registrations	6,398	7,478	5,315	5,282	5,288
Athletic program registrations	3,560	3,263	4,261	5,265	6,595
Summer and adventure camp registrations	884	879	912	985	1,066
Adult program registrations	465	483	418	552	803
<b>Water</b>					
Avg daily consumption (thousands of gallons)	3,865	3,574	3,470	3,470	3,141
Number of utility accounts	17,429	17,002	17,267	17,453	17,662
<b>Wastewater</b>					
Avg daily sewer treatment (thousands of gallons)	4,624	5,500	5,500	5,500	6,500
<b>Solid Waste Disposal</b>					
Refuse collected (residential/commercial tons/wk)	778.40	587.37	586.00	597	566
Yard waste collected (tons per week)	111.00	74.00	75.00	79	78
Recyclables collected (tons per fiscal year)	2,385	2,398	2,588	2,561	2,615
<b>Stormwater</b>					
Drainage ditches maintained (miles)	88.4	64.0	98.0	118	79
<b>Transportation</b>					
Jacksonville Transit System ridership (monthly average) (Note 7)	7,555	7,821	9,833	9,551	10,868

Source: City departments

**Notes (continued):**

Note 5: Due to a conversion of data on July 16, 2013 there was data that was either lost or did not transfer correctly causing some information to be lost. The data for FY14 reflects the information that could be restored.

Note 6: Arrest data prior to FY2008's report reflected the number of charges rather than the number of physical arrests. The data has been corrected as of FY2008's report to show the actual number of individual arrests.

Note 7: The Jacksonville Transit System began operation in November 2007 with more vehicles and routes, using Federal Transit System Section 5307 grant and local match funds. Prior to that time, the local transit system, the LOOP, used one 9- to 12- person van that ran along a fixed, circular route. FY2008 numbers reflect LOOP ridership from July 2007 to October 2008, and Transit System figures for the remainder of the year. Because the Transit System is much more extensive than the LOOP was, the average for FY2008 reflects 2,905 riders per day for the Transit System versus 1,322 for the LOOP. The Transit System also provides limited service to the Marine Corps bases.

Note 8: Beginning in FY2012, only repairs on potholes measuring 12" or larger were documented.

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government					
Area (square miles)	45.15	45.30	46.38	54.85	54.85
Land/Buildings (dollars)	19,370,518	19,760,511	22,262,655	22,409,435	23,571,103
Police					
Stations	1	1	1	1	1
Police vehicles (Note 1)	118	143	128	140	149
Fire					
Stations	4	4	4	4	4
Fire Engines	9	9	9	9	9
Public Works					
Streets (miles) (Note 2)	173.73	174.87	179.16	148.34	150.90
Sidewalks (miles) (Note 3)	43.65	159.84	153.09	135.00	155.00
Recreation and Parks					
Parks (Note 4)	23	23	23	19	19
Acreage	292.57	292.57	292.57	267.40	267.40
Playgrounds	15	15	15	19	19
Athletic fields	25	25	25	21	21
Recreation centers	4	4	4	4	4
Splash pad	-	-	-	-	-
Marina	-	-	-	-	-
Water					
Water mains (miles)	273.59	275.00	278.00	280.00	271.00
Pump stations	39	39	40	42	42
Fire hydrants	2,057	2,133	2,181	2,156	2,156
Storage capacity (mil gallons)	3.9	3.9	3.9	3.4	5.9
Wastewater					
Sanitary sewers (miles)	247.13	245.00	248.00	248.60	253.98
Storm drainage ditches (miles)	100.0	129.00	85.00	80.00	100.00
Treatment capacity (mgd) (Note 5)	6.3	6.6	6.6	9.0	9.0
Solid Waste Disposal					
Sanitation trucks	11	11	12	19	18
Other sanitation vehicles (Note 6)	7	7	7	2	2

Source: City departments

**Notes:**

NA indicates data is not available.

(1) The FY2002, FY2003, FY2005 and FY2008 numbers of police vehicles include surplus vehicles not

(2) Street mileage includes those streets within the City limits that are maintained by the NC Department of Transportation (32.03 miles).

(3) In prior years, sidewalks were measured using the street's center line measurement. This has been corrected for FY2008 to reflect actual mileage of sidewalks on both sides of the streets.

(4) Recreation parks and acreage for FY 2006 included 3 proposed parks totaling 31.85 acres. The then-existing 20 parks comprised 262.4 acres. Adjustment in FY2007 is due to obtaining more accurate GIS

(5) Wastewater Treatment Capacity has incorrectly record the Nano-Plant in previous year. This facility is only a cleansing process for the water distributed from the Castle Haynes Aquifer

(6) Prior to FY2010, other sanitation vehicles included three boom trucks, three dial-a-trucks, and two pickup trucks.

**Table 17  
(continued)**

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

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government					
Area (square miles)	55.35	55.35	55.85	55.89	55.89
Land/Buildings (dollars)	24,068,494	30,978,391	59,624,895	66,095,117	66,109,656
Police					
Stations	1	1	1	1	1
Police vehicles (Note 1)	144	144	144	144	145
Fire					
Stations	4	4	4	4	4
Fire Engines	11	10	10	10	11
Public Works					
Streets (miles) (Note 2)	150.90	150.90	154.11	155.25	187.28
Sidewalks (miles) (Note 3)	201.18	201.18	NA	NA	NA
Recreation and Parks					
Parks (Note 4)	19	19	19	19	19
Acreage	267.40	267.40	267.40	265.40	265.40
Playgrounds	19	19	19	19	19
Athletic fields	21	21	21	21	21
Recreation centers	4	4	4	4	4
Splash pad	-	-	-	-	1
Marina	-	-	-	-	1
Water					
Water mains (miles)	272.13	310.00	310.00	318.00	318.00
Pump stations	42	45	45	45	45
Fire hydrants	2,184	2,184	2,401	2,406	2,406
Storage capacity (mil gallons)	5.9	5.9	5.9	5.9	5.9
Wastewater					
Sanitary sewers (miles)	255.62	291.22	291.22	291.00	291.00
Storm drainage ditches (miles)	88.36	64.00	98.00	118.00	118.00
Treatment capacity (mgd) (Note 5)	10.5	10.5	6.5	6.5	6.5
Solid Waste Disposal					
Sanitation trucks	20	20	28	28	24
Other sanitation vehicles (Note 6)	2	2	3	3	9

Source: City departments



# COMPLIANCE SECTION

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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 received Federal assistance. The audit requirements were established to ensure that audits are conducted on an organization-wide basis, rather than on a grant-by-grant basis.



RSM US LLP

**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  
Jacksonville, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated November 29, 2016. The financial statements of Jacksonville Tourism Development Authority were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Jacksonville Tourism Development Authority.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Jacksonville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jacksonville's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in finding 2016-001 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Jacksonville's financial statements are free from 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*.

**City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Jacksonville's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering City of Jacksonville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Morehead City, North Carolina

November 29, 2016



**Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; Report  
on Schedule of Expenditures of Federal  
Awards Required by the Uniform Guidance and the State Single Audit  
Implementation Act**

**RSM US LLP**

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

**Report on Compliance for the Major Federal Program**

We have audited City of Jacksonville, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on City of Jacksonville's major federal program for the year ended June 30, 2016. 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.

City of Jacksonville's basic financial statements include the operations of Jacksonville Tourism Development Authority, a discretely presented component unit of City of Jacksonville. Our audit, described below, did not include the operations of Jacksonville Tourism Development Authority because their financial statements were not audited in accordance with *Government Audit Standards*, the Uniform Guidance or the State Single Audit Implementation Act.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for City of Jacksonville's major federal program based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance 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 on compliance for its major federal program. However, our audit does not provide a legal determination of City of Jacksonville's compliance.

**Opinion on the Major Federal Program**

In our opinion, City of Jacksonville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

**Other Matter**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2016-002. Our opinion on the major federal program is not modified with respect to this matter.

The City of Jacksonville's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Jacksonville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

**Report on Internal Control Over Compliance**

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Jacksonville's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-002 that we consider to be a significant deficiency.

**City's Response to Finding**

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The City's response was not subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliances and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes

*RSM US LLP*

Morehead City, North Carolina

November 29, 2016

**Independent Auditor's Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance**

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

**Report on Compliance for the Major State Program**

We have audited City of Jacksonville, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on City of Jacksonville's major State program for the year ended June 30, 2016. 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.

City of Jacksonville's basic financial statements include the operations of Jacksonville Tourism Development Authority, a discretely presented component unit of City of Jacksonville. Our audit, described below, did not include the operations of Jacksonville Tourism Development Authority because their financial statements were not audited in accordance with *Government Audit Standards*, applicable sections of the Uniform Guidance or the State Single Audit Implementation Act.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for City of Jacksonville's major State program based on our audit of the types of compliance requirements referred to above. 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; the applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of the Uniform Guidance, 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 on compliance for the major State program. However, our audit does not provide a legal determination on City of Jacksonville's compliance.

**Opinion on the Major State Program**

In our opinion, City of Jacksonville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2016.

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### **Report on Internal Control Over Compliance**

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Jacksonville's internal control over compliance with the types of requirements that could have a direct and material effect on the major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State program and to test and report on internal control over compliance in accordance with applicable sections of the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purposes.

*RSM US LLP*

Morehead City, North Carolina

November 29, 2016

City of Jacksonville, North Carolina  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2016

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Section 1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
- Significant deficiency(ies) identified? \_\_\_\_\_       X       Yes \_\_\_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes       X       No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
- Significant deficiency(ies) identified? \_\_\_\_\_       X       Yes \_\_\_\_\_ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_       X       Yes \_\_\_\_\_ No

(Continued)

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2016

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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 \$ 750,000

Auditee qualified as low-risk auditee?  X  Yes   No

State Awards

Internal control over State program:

Material weakness(es) identified?   Yes  X  No  
Significant deficiency(ies) identified?   Yes  X  None Reported

Type of auditor's report issued on compliance for major State program: Unmodified

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 program:  
Nonstate System Street Aid Allocation (Powell Bill)

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2016

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Section 2. Financial Statement Findings

**Finding 2016-001 – Overstatement of debt (significant deficiency in internal control)**

Criteria: According to Governmental Accounting Standards Board (GASB) Statement No. 34, local governments are required to present Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting.

Condition and Context: The City overstated debt related to loan proceeds that were not received until the subsequent fiscal year.

Effect: The amount recorded in the City's trial balance for debt and accounts receivable was incorrect.

Cause: Human Error.

Recommendation: We recommend a year-end procedure be put in place to reconcile debt with third-party source documents.

Views of Responsible Management: See management's corrective action plan.

Section 3. Findings and Questioned Costs for Federal Awards

**Finding 2016-002 – Inadequate Subrecipient Monitoring (compliance finding and significant deficiency in internal control)**

Criteria: According to the OMB Compliance Supplement 2016: Community Development Block Grants/Entitlement Grants (CFDA 14.218), before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall include provisions concerning the statement of work, records and reports, program income, and uniform administrative requirements (24 CFR section 570.503). Within the subrecipient agreement between the City and its subrecipients it reads as follows: "The Subrecipient shall undertake to insure that all contracts in the performance of this Agreement shall be awarded on a fair and open competition basis. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process."

Condition and Context: An instance was identified during testing where the subrecipient entered into a contract and it is unclear as to whether the bid process was followed correctly and contract was awarded on a "fair and open competition basis."

Effect: Process transparency as to fair and open competition was not readily determinable.

Cause: Inadequate subrecipient monitoring by the City to ensure that recipient was following the bid process in accordance with the subrecipient agreement.

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2016

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**Section 3. Findings and Questioned Costs for Federal Awards (Continued)**

Questioned Costs: None, construction costs are allowable expenses.

Recommendation: We recommend the City strengthen its controls around subrecipient monitoring to ensure recipients are performing bid process appropriately per the subrecipient agreement. In addition, we recommend the City clarify, within its subrecipient agreements, what constitutes "fair and open competition."

Views of Responsible Management: See management's corrective action plan.

**Section 4. Findings and Questioned Costs for State Awards**

None



# City of Jacksonville

**City Manager's Office**

PO Box 128 • Jacksonville NC 28541-0128 • 910 938-5220

Fax 910 938-6513

City of Jacksonville, North Carolina

**Corrective Action Plan**

**For the Fiscal Year Ended June 30, 2016**

## Section 2. Financial Statement Findings

### Finding 2016-001 – Overstatement of debt

Name of contact person: Gayle Maides, Finance Director

Corrective Action: The City agrees with the recommendation and will comply. The City will add a procedure to its year-end checklist: reconcile debt with third-party source documents. The Finance Officer will perform her review and approval of debt.

Proposed Completion Date: November 22, 2016

## Section 3. Findings and Questioned Costs for Federal Awards Finding 2016-

### 002 – Inadequate Subrecipient Monitoring

Name of contact person: Lillie Gray, Community Development Administrator

Corrective Action: The City agrees with recommendation and will comply. The City will implement an additional procedure related to the bid process within their subrecipient monitoring procedures. City will revise the subrecipient agreement to clarify the definition of "fair and open competition."

Proposed Completion Date: January 31, 2017

## Section 4. Findings and Questioned Costs for State Awards

No corrective action plan is required in the current year.

Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2016

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There are no prior audit findings 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, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures				
			Federal	State	Pass-Through to Subrecipients	Local	
<b>FEDERAL AWARDS</b>							
US Department of Housing & Urban Development							
Direct Program:							
Community Development Entitlement	14.218	B-13-MC-37-0014	M	\$ 343,598	\$ -	\$ 167,116	\$ -
Community Development Entitlement	14.218	B-14-MC-37-0014	M	365,774	-	132,155	-
Community Development Entitlement	14.218	B-15-MC-37-0014	M	122,332	-	47,969	-
Total US Department of HUD				<u>831,704</u>	<u>-</u>	<u>347,240</u>	<u>-</u>
US Department of Justice							
Direct Programs:							
Bulletproof Vest Partnership Grant	16.607			10,602	-	-	10,602
Justice Assistance Grant							
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0183		11,656	-	-	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-1182		2,723	-	-	-
Pass through: Onslow County Board of Education							
School Resource Officer	16.592			264,258	-	-	114,476
Pass through: NC Department of Crime Control and Public Safety							
Jacksonville PD Crisis Intervention Counselor	16.575	2014-VA-GX-0021		27,996	-	-	-
Total US Department of Justice				<u>317,234</u>	<u>-</u>	<u>-</u>	<u>125,078</u>
US Department of Transportation							
Direct Programs:							
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507			568,545	-	-	121,291
ARRA-Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	NC-96-X019-00		381,565	-	-	-
Pass through: NC Department of Transportation							
NC Governor's Highway Safety Program FY2015	20.600	2000003161		974	-	-	-
Section 5303 Grant	20.505	2000004363		27,840	3,480	-	3,480
Transportation Enhancement	20.205	EB-47054434		526,946	114,544	-	17,758
104-F Transportation Grant	20.205-5	N/A		214,640	-	-	53,660
Total US Department of Transportation				<u>1,720,510</u>	<u>118,024</u>	<u>-</u>	<u>196,189</u>
US Environmental Protection Agency							
Pass through: NC Department of Environment and Natural Resources							
Public Water Supply Division							
Drinking Water State Revolving Loan	66.468			78,811	19,703	-	-
Division of Water Infrastructure							
Clean Water State Revolving Loan	66.458			199,598	-	-	-
Total US Environmental Protection Agency				<u>278,409</u>	<u>19,703</u>	<u>-</u>	<u>-</u>
Build America Bond Rebate		N/A		25,607	-	-	-

(Continued)

CITY OF JACKSONVILLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
For the Fiscal Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures				
			Federal	State	Pass-Through to Subrecipients	Local	
<b>STATE GRANTS (all direct):</b>							
NC Department of Public Safety							
Division of Adult Correction & Juvenile Justice							
Juvenile Transportation Program		N/A	-	396	-	-	
Total NC Department of Public Safety			-	396	-	-	
NC Department of Transportation							
Non-State System Street Aid Allocation		N/A	-	2,387,877	-	-	
State Maintenance Assistance Program		N/A	-	162,423	-	162,423	
Beirut Memorial Grove		N/A	-	133,120	-	-	
Total NC Department of Transportation			-	2,683,420	-	162,423	
NC Department of Commerce							
Department of Commerce Military Support Funds		N/A	-	13,371	-	-	
Total federal expenditures			<u>\$ 3,173,464</u>				
Total state expenditures				<u>\$ 2,834,914</u>			
Total pass-through to subrecipients expenditures					<u>\$ 347,240</u>		
Total local expenditures						<u>\$ 483,690</u>	

M indicates major program  
See Notes to the Schedule of Expenditures of Federal and State Awards.

City of Jacksonville, North Carolina

Notes to the Schedule of Expenditures of Federal and State Awards  
For the Fiscal Year Ended June 30, 2016

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (the "Schedule") includes the federal and State award activity of City of Jacksonville, North Carolina, primary government, under programs of the federal and State government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Jacksonville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Jacksonville.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not adopted the 10% diminimus rule for indirect cost allocations.

**Note 3. Loans Outstanding**

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. Balances and transactions related to these programs are included in the City of Jacksonville's basic financial statements.

<u>Program Name</u>	<u>CFDA Number</u>	<b>Beginning</b>			<b>Ending</b>
		<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Capitalization Grants for State Revolving Funds:					
2008 State Revolving Loan Fund - Phase II	66.468	\$ 9,933,318	\$ 98,514	\$ 601,977	\$ 9,429,855
2015 State Revolving Loan Fund	66.458	-	199,598	23,899	175,699
		<u>\$ 9,933,318</u>	<u>\$ 298,112</u>	<u>\$ 625,876</u>	<u>\$ 9,605,554</u>