

City of Jacksonville  
North Carolina

**Comprehensive Annual  
Financial Report**

For The Fiscal Year Ended June 30, 2012

Prepared by  
**FINANCE DEPARTMENT**

Finance Director  
**GAYLE MAIDES**



**City of Jacksonville, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

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in Financial Reporting
- \* City of Jacksonville - Organizational Chart
- \* City of Jacksonville - List of Principal Officials



# CITY OF JACKSONVILLE

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City Manager



## LETTER OF TRANSMITTAL

October 30, 2012

**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, 2012. The basic financial statements contained herein have been audited by the independent certified public accounting firm of McGladrey LLP, and their unqualified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit is included in the compliance section of this report.

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 55.35 square miles and serves a population of 74,610, 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. It is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

The City has been governed by the Council-Manager form of government since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Council members and the Mayor are elected-at-large, and four Council members are elected by district, all for staggered four-year terms. The Mayor and Council make appointments to various boards and commissions. The Council appoints the City Manager and City Attorney. The City Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, planning and budgetary management.

The Council is required to adopt a final budget by no later than July 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 2012 unemployment rate was 9.2 percent (not seasonally adjusted-NSA), which was lower than the statewide rate of 9.9 percent (NSA) but was higher than the national rate of 8.4 percent (NSA).

Personal income amounted to \$7.9 million for FY11, \$0.89 of every dollar earned in non-farm personal income within the area comes from government sources, \$0.62 of that same dollar comes from Military employment alone.<sup>1</sup>

Average earnings per job within the Metropolitan Statistical Area amounted to \$62,411 for 2010 the latest year available, up 6.2% from 2009.<sup>2</sup>

As the largest source of employment, Camp Lejeune and the New River Marine Corps Air Station have had a presence in the community since 1941. The bases are the home base for the II Marine Expeditionary Force, 2nd Marine Division, 2nd Marine Logistics Group, Marine Corps Forces Special Operations Command and other combat units and support commands.

More than 46,000 persons are assigned to Camp Lejeune and the New River Air Station. New River Air Station expects to see about 12 or 13 percent growth to its population, which amounts to almost 1,000 Marines and their families.

Military awarded contracts amounted to \$597,600,287 for 2011, and approximately \$300 million of additional construction is set to be completed this year. Housing construction will continue until 5,100 new homes are built between Camp Lejeune and New River.<sup>3</sup>

There are several major Marine Corps commands and one Navy command aboard Camp Lejeune. Some tenant commands include Marine Corps Base Camp Lejeune, II Marine Expeditionary Force, 2nd Marine Division, 2nd Marine Logistics Group, and the naval hospital to name a few. To help prepare warfighters for combat and humanitarian missions abroad, Camp Lejeune takes advantage of 156,000 acres, 11 miles of beach capable of supporting amphibious operations, 32 gun positions, 48 tactical landing zones, three state-of-the-art training facilities for Military Operations in Urban Terrain and 80 live fire ranges to include the Greater Sandy Run Training Area.

1 US Department of Commerce, Bureau of Economic Analysis, CA05N Personal Income by Major Source and Earnings by NAICS Industry

2 CA30 Regional economic profiles, *ibid*

3 State of the Community, February 14, 2012

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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 changes in state regulation:

- **New Water Source and Treatment Plant** – City staff has continued the implementation of a new water supply source to feed the new 8 (mgd) Membrane (Nano) Filtration Water Treatment Facility that came online August 2010. This facility allows water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer, as mandated in the 2002 Capacity Use Regulations. The water treatment plant is currently operating at 2 mgd. Staff is working with property owners to obtain easements for transmission mains to connect three (3) completed wells to the system. Construction is underway on four new wells.
- **Parkwood Regional Pump Station and Western Trunk Sewer** - The City hired Kimley-Horn and Associates, Inc. to begin working on the Parkwood Regional Pump Station and Western Trunk Sewer in February 2012. This project consists of the construction of a new regional pump station on the northwest side of the City, a new force main to the Land Treatment Site and the installation of gravity sewer along Western Boulevard. The planning and design component of this project contains several phases. The engineers are currently in Phase I of the project which consists of establishing the design parameters of the pump station and force main and the preparation of the Engineering Report and Environmental Information Document. Due to the size, it will take several years to complete the planning, design and construction phases of this project.
- **Public Services Complex Expansion (Public Services/Fleet Complex – Phase II)** – This project consists of the planning, design and construction of an expansion to the existing Public Services Complex to include the addition of a bus wash facility, expanded parking, six additional structures and maintenance/storage for the intelligent traffic control program. Design is complete and staff anticipates construction to begin by the end of 2012.
- **Jacksonville Transit System** – The City's transit division provides scheduled fixed-route service on two routes in the City 365 days a year. Two Express routes serving the area's Marine installations also are operated on all weekends and holiday periods. Using a mix of federal, state, and local funds for operating and capital needs, the transit system continues to grow, carrying 90,654 passengers in Fiscal Year 2012. A new route serving the Georgetown and Yopp Road areas is under development, bringing additional service to the citizens of the city. The system recently completed new improvements and amenities at bus stops throughout the transit system.
- **New Public Safety Complex** – Design and permitting for the new Center for Public Safety was completed in fiscal year 2012. The final design includes a 94,200 square foot facility that will house the Police Department, Fire Administration, Fire Station 1, the City's 911 Call Center, the new Traffic Control Center, and 1,600 square feet of retail space for the City to expand into in the future. To construct this project the City has demolished seven buildings, and will realign Court Street, relocate power lines below ground, demolish the existing headquarters building, and renovate the existing 4,000 square foot police training building. Actual construction began with ground breaking in July of 2012 and will take approximately 750 days to be complete.

- **Fire Safety for the Community** – Fire Station #2 is being replaced with a new modern facility in a more efficient location for community response. The plan schematics are complete and are in the process of being finalized. The project is expected to be bid in October 2012 with a groundbreaking in December of 2012. In addition, Fire Station #5 site selection is underway as part of an overall review of emergency response time analysis.
- **NPDES Stormwater Permit** – The City of Jacksonville’s National Pollutant Discharge Elimination System (NPDES) Phase II Permit to discharge stormwater became effective on March 1, 2007. The City of Jacksonville successfully implemented the City’s Stormwater Plan as described by the City’s NPDES permit and is in compliance for the entire term. Currently the City is transitioning from the Mandatory Phase II Rules to Coastal Rules as we are one of the 20 CAMA counties mandated to do so by 2012. As of March 2011, the City had completed all 41 Best Management Practices (BMP) included in the original permit. The second year involved the adoption of a Stormwater Ordinance that codified the City’s post-construction stormwater management program to address runoff from new development and redevelopment.
- **Buildings and Facilities** – Facilities Maintenance Services. The City has 120 Facilities and 152 related structures. The City received Department of Energy grant funds which were used to upgrade lighting at Fleet Maintenance, vehicle storage areas, two public works facilities, and two gyms, to help reduce electrical use. In addition, the replacement of LP Gas with Natural Gas at three Public Works facilities has helped reduce heating bills by 60%. The installation of an Energy Management system allowed us to control 46 HVAC units at 10 facilities. This helps to identify high energy users and recognize areas for possible energy savings while providing a comfortable working environment for City employees and visiting citizens.

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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:

- **Limited Obligation Bonds** – In May, 2012, the City successfully issued Limited Obligation Bonds totaling \$34.1 million to finance the construction of the Center for Public Safety, Fire Station #2, and the Sturgeon City Environmental Education Center; and to refund four existing State Revolving Fund Loans and a 2007 Installment Purchase Agreement. This issue was rated A1 by Moody’s Investors Service and A+ by Fitch Ratings.
- **Parkwood Area Stormwater Project** – The Parkwood Estates subdivision has a history of structure, roadway, and yard flooding. Corrective action includes an entirely new conveyance system comprised of large pipe and drainage structures constructed primarily in the public right-of-way. This project is approximately 90% complete and 3 months ahead of schedule.
- **Habitat Protection** – The City has continued the award winning and nationally recognized innovative program to protect and restore habitat within the City’s jurisdiction. The Wilson Bay Initiative has been lauded as a model for others to follow. For 40 years, the City had discharged its treated wastewater into the Bay. This discharge along with pollutants from other sources destroyed the habitat of the Bay placing it on the States 303D list for impaired waters and closed the middle portion of the River to recreational and commercial uses for

10 years in the mid 1980's-1995. In the continued efforts to restore that, 33 million SAV's or submerged aquatic vegetation, mostly in the form of Ruppia seeds have been collected annually in the summers from Currituck Sound which were processed and planted in Wilson Bay. Five hundred thousand oysters were added to Wilson bay bringing the total added over the past 11 years to 6.6 million. This year the Army Corps of Engineers and the City partnered on a 206 project which restored a portion of shoreline along the residential neighborhood on Thompson School Creek and built the base of granite rock for oyster reefs in Wilson Bay. Oyster reefs are being constructed along the shore of Wilson Bay Park in Bayshore Estates and around Wilson Island centrally located in the Bay. Both are efforts to restore habitat but more importantly improve water quality.

- **Public Safety Accreditation** – On August 13, 2008, the Commission on Fire Accreditation International voted unanimously to approve the Jacksonville Fire Department (JFD) as an accredited agency. The accreditation is good for a period of five years, through 2013. JFD is one of only ten accredited agencies in North Carolina and 138 accredited agencies in the world. The Jacksonville Police Department is currently working towards its 7th National Accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). The accreditation process is a proven modern management model; once implemented it presents to the agency a blueprint that promotes the efficient use of resources and improves delivery of service regardless of size, geographic location, or functional responsibilities of the agency. In November of 2010, JPD was recognized as a CALEA Flagship Agency for excellence in the CALEA process.
- **Service to the Community:** In Fiscal Year 2012, Jacksonville Department of Public Safety's Communications Division received 128,050 for service, with 911 emergency calls comprising 37%.
- **Increased Efficiency:** The Jacksonville Department of Public Safety consistently reviews emergency operation procedures to support the agency's goal of improving the effectiveness, efficiency and quality of police services to the community by making changes when appropriate. In order to render assistance to our citizens in an efficient and effective manner, the department created a Differential Response Program in 2008. This strategy reduced the response time to *Priority One* calls for police and fire service. In Fiscal Year 2012, this program has resulted in a decrease of 4:15 minutes for police service, from a high of 8:52 to 4:37 minutes and a decrease of 59 seconds for fire service, from a high of 5:58 to 4:59 minutes.
- **National Night Out Event:** The Jacksonville Police Department continues to work towards building a better relationship with the community while promoting crime prevention during the annual National Night Out event. This year's event was the 14<sup>th</sup> annual National Night Out in the City of Jacksonville, drawing over 4,500 people to enjoy the vendors, static displays, raffles, bands and fireworks. The National Night Out Community Project (Project 365) was implemented. This initiative involved working towards removing graffiti throughout the City of Jacksonville and educating the citizens about graffiti and how it pertains to gang awareness. The goal of this endeavor was to assist reduce and eliminate the chances of criminal activities which gangs would bring to our community. In 2011, the department received two (2) awards for National Night Out. The first was from the Association of National Town Watches. The City of Jacksonville's event received national recognition being rated eighth in the nation for communities with a population of 50,000 – 99,999. The department also received local recognition from the Jacksonville Onslow Chamber of Commerce during that agency's annual Festival and Event Awards. National

Night Out was selected for the "Best Sponsorship Package". The 2012 awards will not be posted until November of 2012.

- **Police Development and Training:** The organization continues to provide professional development opportunities to the supervisory staff. In 2011/2012 the department sponsored the fifth Leadership in Police Organizations (LPO) class, a program developed by the International Association of Chiefs of Police. This class was the second to include civilian personnel from the agency. A total of twenty-seven (27) students from different agencies throughout the state attended the session. One other management course was completed this year. One (1) lieutenant from the police department completed the three (3) month National Academy sponsored by the Federal Bureau of Investigation. Our agency remains committed to providing high quality training to first and second level supervisors in an effort to enhance their leadership knowledge, skills and abilities. The program is an investment in the future of the agency.
- **Information Technology** – The Information Technology Services (ITS) Department implemented several new software programs and hardware upgrades:
  - The City's network infrastructure has been upgraded to allow 10 Gigabit bandwidth in the core switches. The existing core switches at the three main locations, (City Hall, Public Safety, and Fire 4), were all upgraded and additional Nexus switches were installed. This gave us 10 times the bandwidth between those three sites and 10 times the bandwidth to our servers than we had previously.
  - ITS installed an additional Cisco Unified Computing System (UCS). The Cisco UCS platform provides the City enhanced scalability and performance. This system utilizes a 10 Gigabit Ethernet unified network fabric, which in combination with our Network upgrade provides the City with an upgraded path between the City's server and network equipment.
  - Citrix Implementation – The Citrix implementation is now complete. All users that were scheduled to be converted to the Citrix environment have been converted. The Citrix environment has been migrated to the Cisco UCS platform which has provided better performance and scalability for the environment.
- **Clean and Green** – The Parks Division was responsible for the cleaning and edging of Hwy 17, Hargett Street, Gum Branch Road, Bell Fork Road, Henderson Drive and Henderson Extension, weekly trash pick-up throughout the City, and the trimming of trees on Western Blvd, Hwy 17 and 24.
- **Recycling Program – Residential & Commercial** – The City has signed a 5-year contract with Sonoco Recycling, the new operators of the Material Recovery Facility. This partnership significantly expanded the range of recyclable materials being collected and also aided in the increase amount of collected recyclable materials.

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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, business-type activities and fiduciary 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, 2012. During the year, the City continued its sound current and long-range policies for financial management.

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

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

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

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal and state award programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2012, provided no instances of material weakness in internal control and no material instances of noncompliance with applicable laws and regulations.

**Independent Audit.** General Statute 159-34 requires an annual audit by a certified public accountant. The independent certified public accounting firm of McGladrey LLP, was selected by the City Council to provide this service. In addition to meeting statutory requirements, the audit also complies with the Single Audit Act, the US Office of Management and Budget Circular A-133, and North Carolina General Statute 159-34 (Single Audit Implementation Act). The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance Section.

**Investment Management.** Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. The rate of return on the City's investment performance exceeds the average yield rates of 0.12 percent for US Treasury bills in 2012. For the year ended June 30, 2012, the City realized investment earnings of \$176,799, for an average yield of 0.18 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, 2011. This was the twenty first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

# 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, 2011

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



*Linda C. Danison*

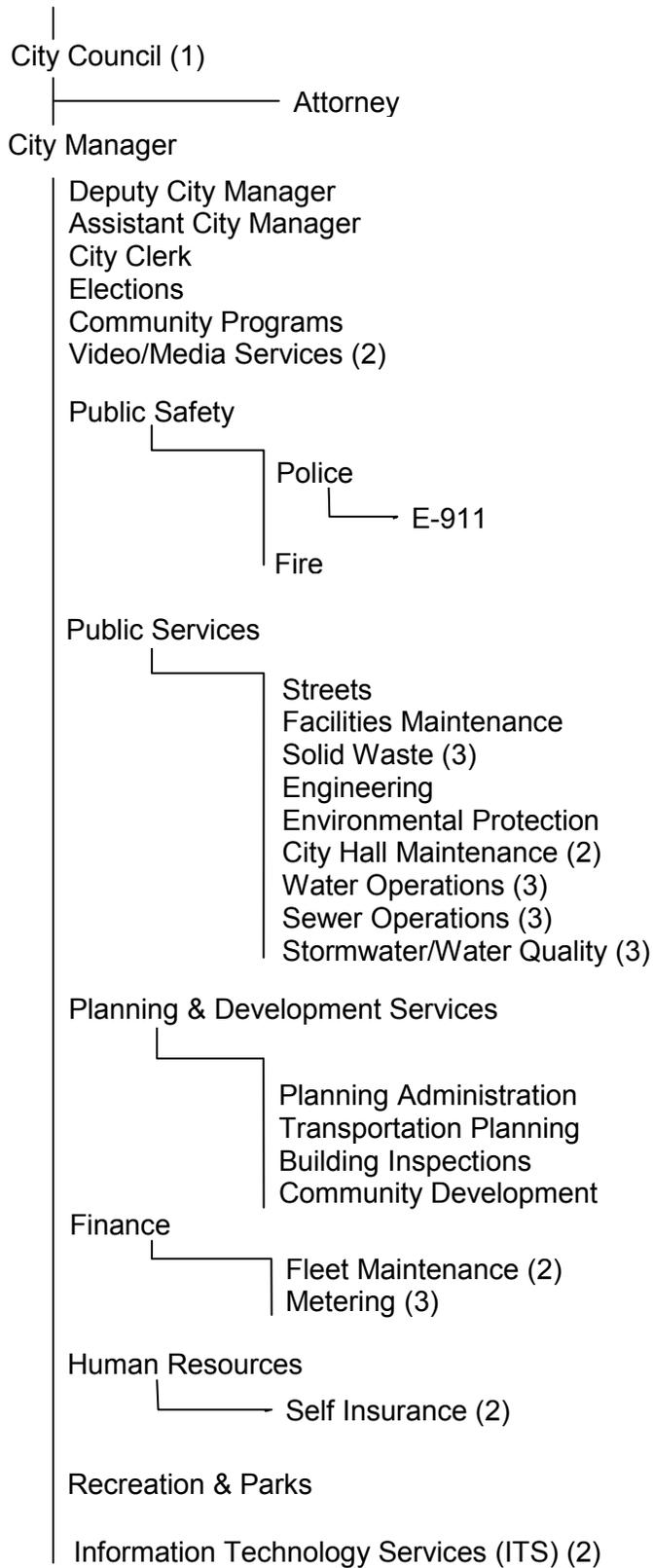
President

*Jeffrey R. Emer*

Executive Director

# City of Jacksonville Organizational Chart

## Citizens of Jacksonville



**Legend:**

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

**City of Jacksonville**  
**List of Principal Officials**  
**June 30, 2012**

<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
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Fire Chief	Rick McIntyre
Public Services Director	Frank Sanders
Recreation Director	Timothy Chesnutt



# FINANCIAL SECTION

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





## INDEPENDENT AUDITOR'S REPORT

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

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, as of and for the year ended June 30, 2012, which collectively comprise City of Jacksonville's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. The financial statements of Jacksonville Tourism Development Authority were not audited in accordance with *Government Auditing Standards*. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Jacksonville, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 17 through 33 and 94 through 97 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 insurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 supplementary information", as well as the Schedule of Expenditures of Federal and State Awards (in the compliance section) as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Jacksonville, North Carolina. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules, financial data, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Jacksonville. The introductory section and statistical tables of the Comprehensive Annual Financial Report are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*McGladrey LLP*

Morehead City, North Carolina  
October 30, 2012

**City of Jacksonville, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

**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, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

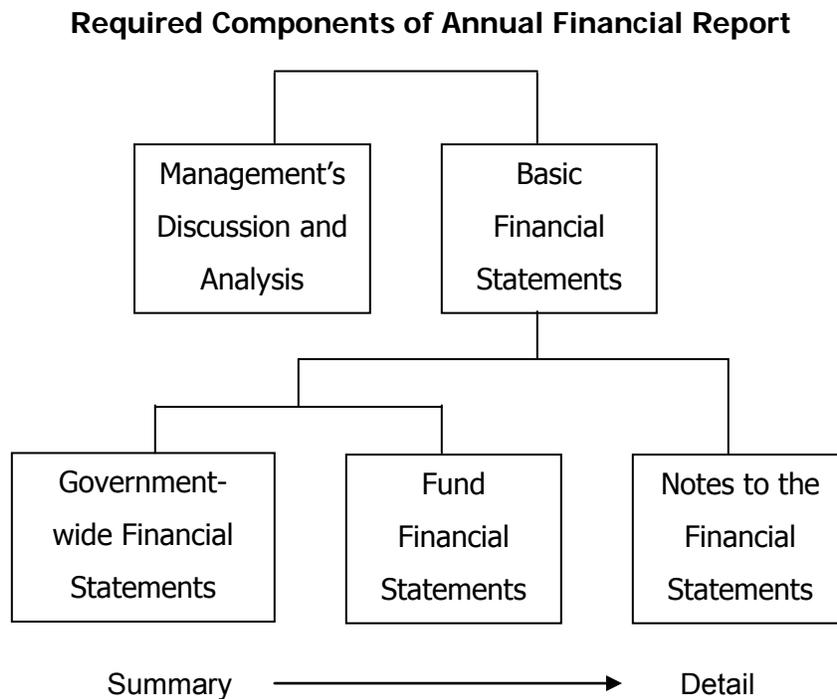
- The overall financial position of the City improved in 2012 as evidenced by an increase in total net assets of \$4.5 million. We have seen another positive year despite the national economy.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$168.9 million (net assets). Of this amount, \$55.7 million (unrestricted net assets) can be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62.4 million, an increase of \$29.3 million in comparison with the prior year. This increase came from the bond proceeds received for several capital projects in May of 2012. Approximately 11.1 percent of this total amount or \$6.2 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 \$8.1 million, or 19.9 percent of the budget for fiscal year 2013, as adopted. This exceeds the City Council's goal of 10 percent. The decrease in the fund balance used to balance the 2013 budget and a decrease in Stabilization by state statute were the major drivers for the increase in unassigned fund balance.
- The City's total long-term debt increased by \$21.81 million (17.7%) during the current fiscal year. This was due to Limited Obligation bonds issued for the Public Safety Building, Fire Station #2 and the Sturgeon City Environmental Education facility issued in May 2012. The City issued \$34.1 million limited obligation bonds for this construction, as well as refunding existing State Revolving Fund loans and a 2007 installment purchase agreement. These bonds mature serially from 2016 through 2032, and carry interest rates between 2.50% and 5.00%. The all-in true interest cost is 3.12%. This issue was rated A1 by Moody's and A+ by Fitch.

## 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 like public safety were financed in the short term as well as what remains for future spending. A

budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.

- Proprietary funds statements offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The Fiduciary fund statements reflect the financial relationship with the Special Separation Allowance Pension Trust Fund, which provides benefits exclusively for City law enforcement employees.

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

### **Government-wide Financial Statements**

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

The Statement of Net Assets includes all of the government's assets and liabilities except fiduciary funds. The Statement of Activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Other 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 three kinds of funds:

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

The City adopts an annual budget for the General Fund, as required by State Statutes. A budgetary comparison statement is presented for the General Fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual 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.

- Fiduciary fund - The City is the trustee, or fiduciary, for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund. It is responsible for ensuring that the assets reported in this fund are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. This fund is excluded from the City's government-wide financial statements, because the City cannot use these assets to finance its operations. Fiduciary fund financial statements are included as Exhibits I and J of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 51 of this report.

## **Other Information**

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

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$168.87 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2012 and 2011 is presented on the following page:

**City of Jacksonville's Net Assets  
(In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 72.05	\$ 41.87	\$ 49.17	\$ 55.75	\$ 121.22	\$ 97.62
Capital assets	65.32	60.39	141.85	142.03	207.17	202.42
Total assets	<u>137.37</u>	<u>102.26</u>	<u>191.02</u>	<u>197.78</u>	<u>328.39</u>	<u>300.04</u>
Current and other liabilities	4.90	4.74	3.94	5.44	8.84	10.18
Noncurrent liabilities	37.56	7.83	113.12	117.65	150.68	125.48
Total liabilities	<u>42.46</u>	<u>12.57</u>	<u>117.06</u>	<u>123.09</u>	<u>159.52</u>	<u>135.66</u>
Net assets:						
Invested in capital assets, net of related debt	61.80	54.51	39.49	41.90	101.29	96.41
Restricted	11.91	12.72	-	-	11.91	12.72
Unrestricted	21.20	22.46	34.47	32.79	55.67	55.25
Total net assets	<u>\$ 94.91</u>	<u>\$ 89.69</u>	<u>\$ 73.96</u>	<u>\$ 74.69</u>	<u>\$ 168.87</u>	<u>\$ 164.38</u>

Government-wide net assets increased by \$4.50 million for the fiscal year ended June 30, 2012. The largest portion (59.98%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (7.05%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$55.67 million (32.97%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the 2012 fiscal year, the City was able to report positive balances for the government as a whole. The governmental activities show an increase in the invested in capital assets category due to completion of building projects, while the other two categories showed a slight decrease. The business-type activities show a slight decrease in the net assets because revenues are down and expenditures have increased somewhat.

Net assets of the Governmental Activities increased \$5.2 million, or 5.8%, to \$94.9 million. You will find \$73.7 million of these net assets either are restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of \$21.2 million decreased \$1.3 million from the previous year. The decrease was mainly due to the completion of a number of construction projects that were capitalized and infrastructure that was donated to the City.

The net assets of the Business-Type activities had a decrease of \$0.72 million, or 1.0%, to

\$74.0 million. These net assets will be used to finance the operations and expansion of the water, sewer, solid waste and storm water/water quality operations. The Unrestricted Net Assets of \$34.5 million increased \$1.7 million from the previous year. The decrease in net assets was attributable to increased operating expenses and interest on long-term debt.

**Changes in net assets.** The table below presents the City's changes in net assets for the fiscal years ended June 30, 2012 and 2011.

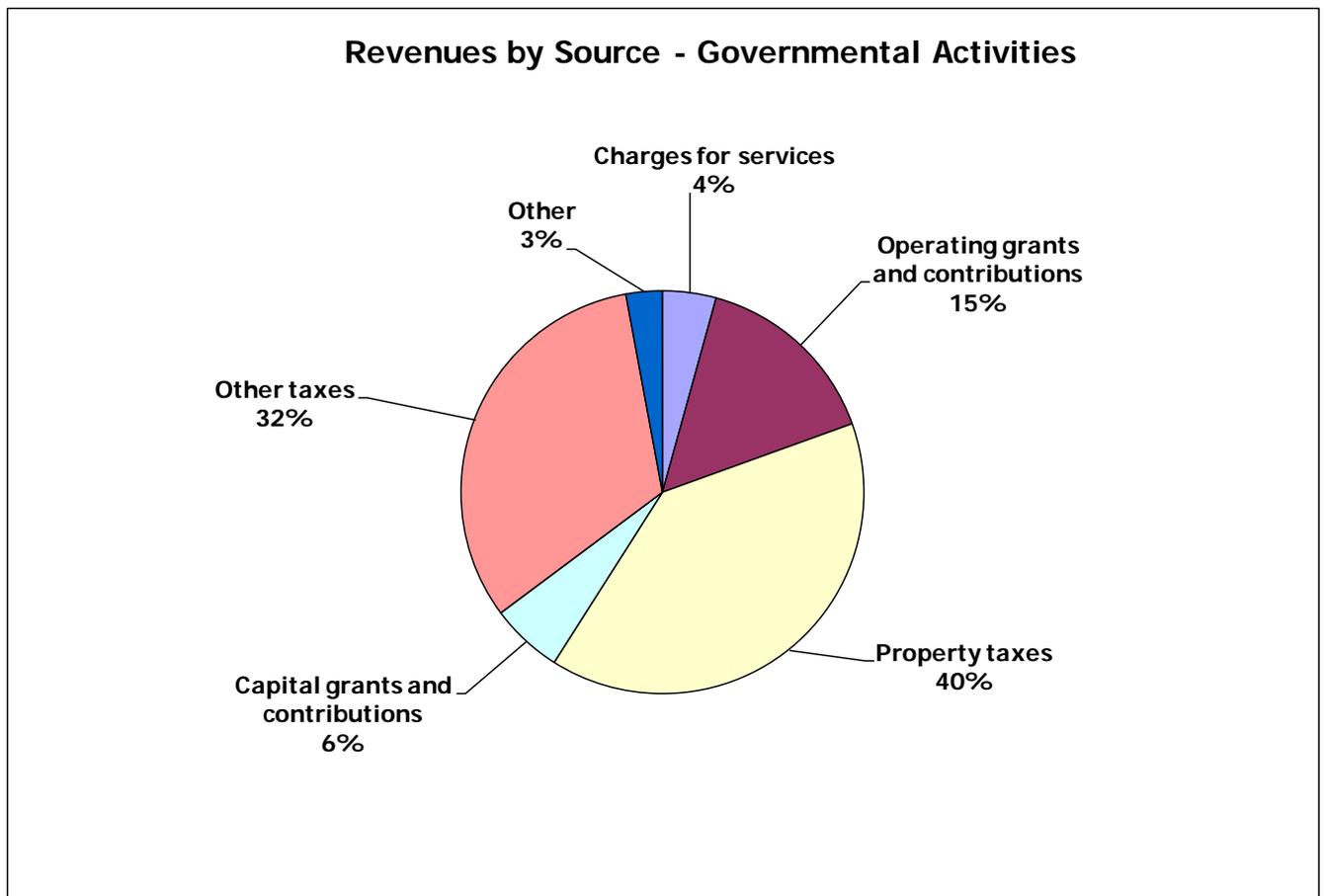
**City of Jacksonville's Changes in Net Assets  
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2.05	\$ 2.26	\$ 28.15	\$ 29.88	\$ 30.20	\$ 32.14
Operating grants and contributions	7.23	6.46	-	-	7.23	6.46
Capital grants and contributions	2.75	4.72	1.29	3.14	4.04	7.86
General revenues:						
Property taxes	18.85	18.51	-	-	18.85	18.51
Other taxes	15.39	15.14	-	-	15.39	15.14
Other	1.39	1.24	0.85	0.32	2.24	1.56
Total revenues	<u>47.66</u>	<u>48.33</u>	<u>30.29</u>	<u>33.34</u>	<u>77.95</u>	<u>81.67</u>
<b>Expenses:</b>						
General government	7.99	5.89	-	-	7.99	5.89
Transportation	1.42	0.90	-	-	1.42	0.90
Public works	4.95	6.53	-	-	4.95	6.53
Public safety	19.92	19.20	-	-	19.92	19.20
Economic and physical development	0.67	1.16	-	-	0.67	1.16
Culture and recreation	4.60	5.02	-	-	4.60	5.02
Interest on long-term debt	0.33	0.22	-	-	0.33	0.22
Water and sewer	-	-	25.91	22.04	25.91	22.04
Solid waste	-	-	5.20	5.03	5.20	5.03
Stormwater/Water Quality	-	-	2.46	2.00	2.46	2.00
Total expenses	<u>39.88</u>	<u>38.92</u>	<u>33.57</u>	<u>29.07</u>	<u>73.45</u>	<u>67.99</u>
Increase (decrease) in net assets before transfers	7.78	9.41	(3.28)	4.27	4.50	13.68
Transfers	(2.56)	0.14	2.56	(0.14)	-	-
Change in net assets	5.22	9.55	(0.72)	4.13	4.50	13.68
Net assets, July 1	<u>89.69</u>	<u>80.14</u>	<u>74.68</u>	<u>70.55</u>	<u>164.37</u>	<u>150.69</u>
Net assets, June 30	<u>\$ 94.91</u>	<u>\$ 89.69</u>	<u>\$ 73.96</u>	<u>\$ 74.68</u>	<u>\$ 168.87</u>	<u>\$ 164.37</u>

Total government-wide revenues of \$78.0 million were primarily derived from charges for services (38.7%), property taxes (24.2%) and other taxes (19.7%). Property tax revenues increased slightly at 1.8 percent from the prior year because of the growth in this region, in spite of the national recession. Other taxes increased slightly at \$15.4 million. Grants and contributions showed a decrease from FY 2011 of \$3.1 million to \$11.3 million, a decrease of 21.3%.

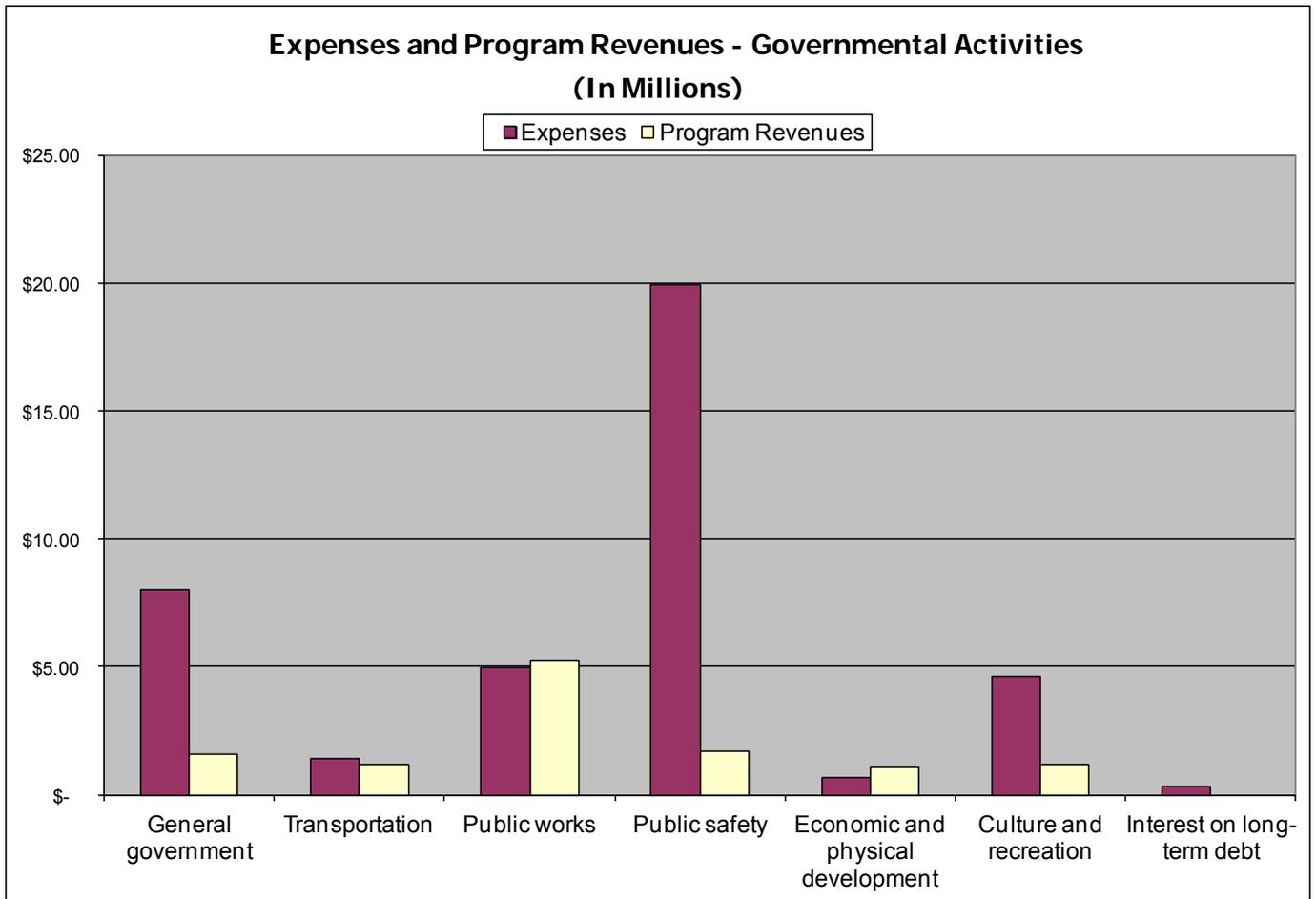
The total expenses of all programs were \$73.5 million. The expenses cover a range of services with the two largest being Public Safety (fire and police) and Water and Sewer, which account for 27.1 percent and 35.3 percent of total expenses, respectively. Water and Sewer expenses increased by \$3.9 million due to increased interest expense and overall general increases in expenses, while Public Safety increased by \$0.7 million.

### Governmental Activities



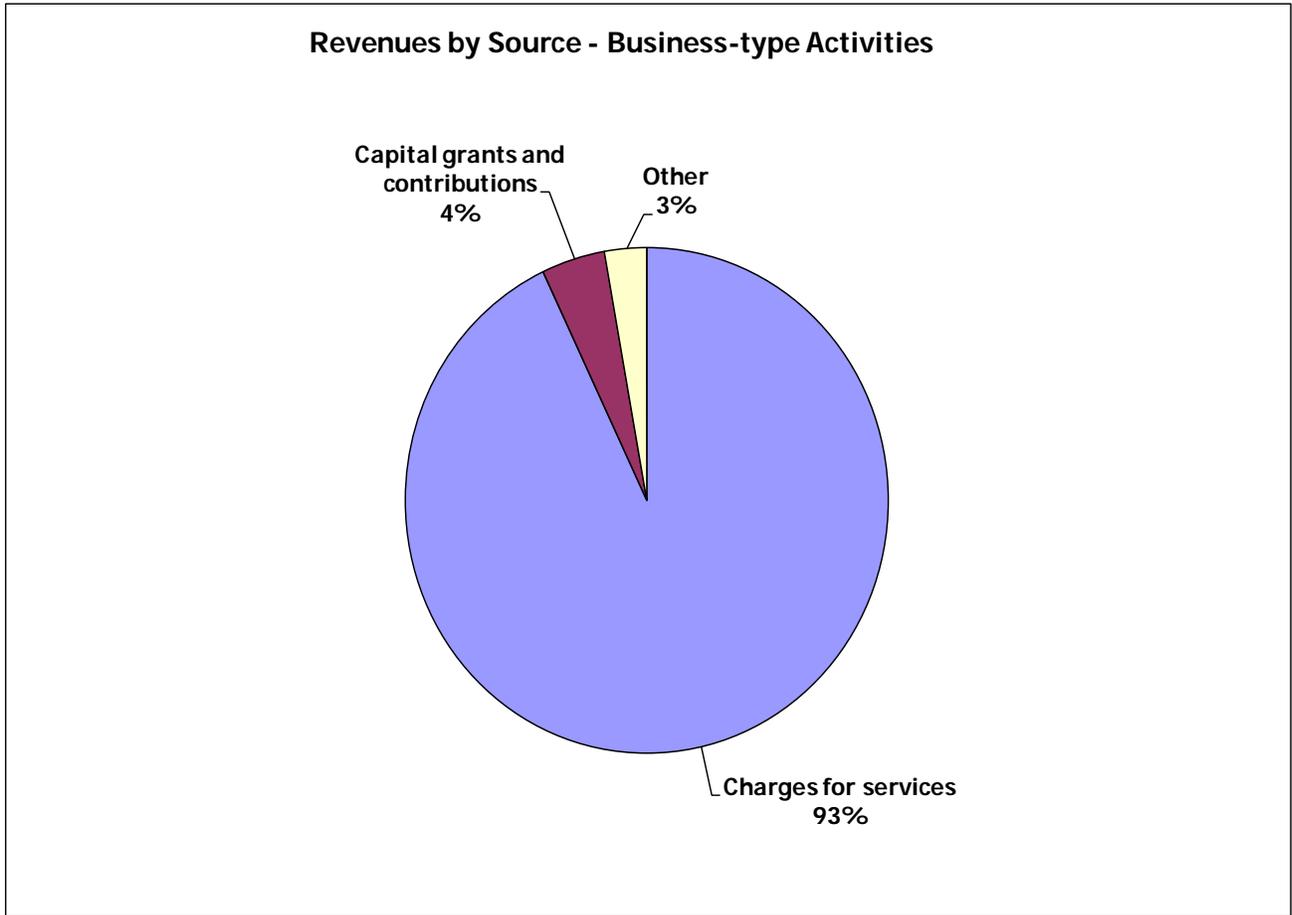
Public Safety accounts for 49.9 percent of the total Governmental Activities expenses of \$39.9 million. Public Safety expenses increased 3.8 percent from the prior year. Within the Business-type Activities, the Water and Sewer expenses account for 77.2 percent of the \$33.6 million of total Business-type expenses.

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



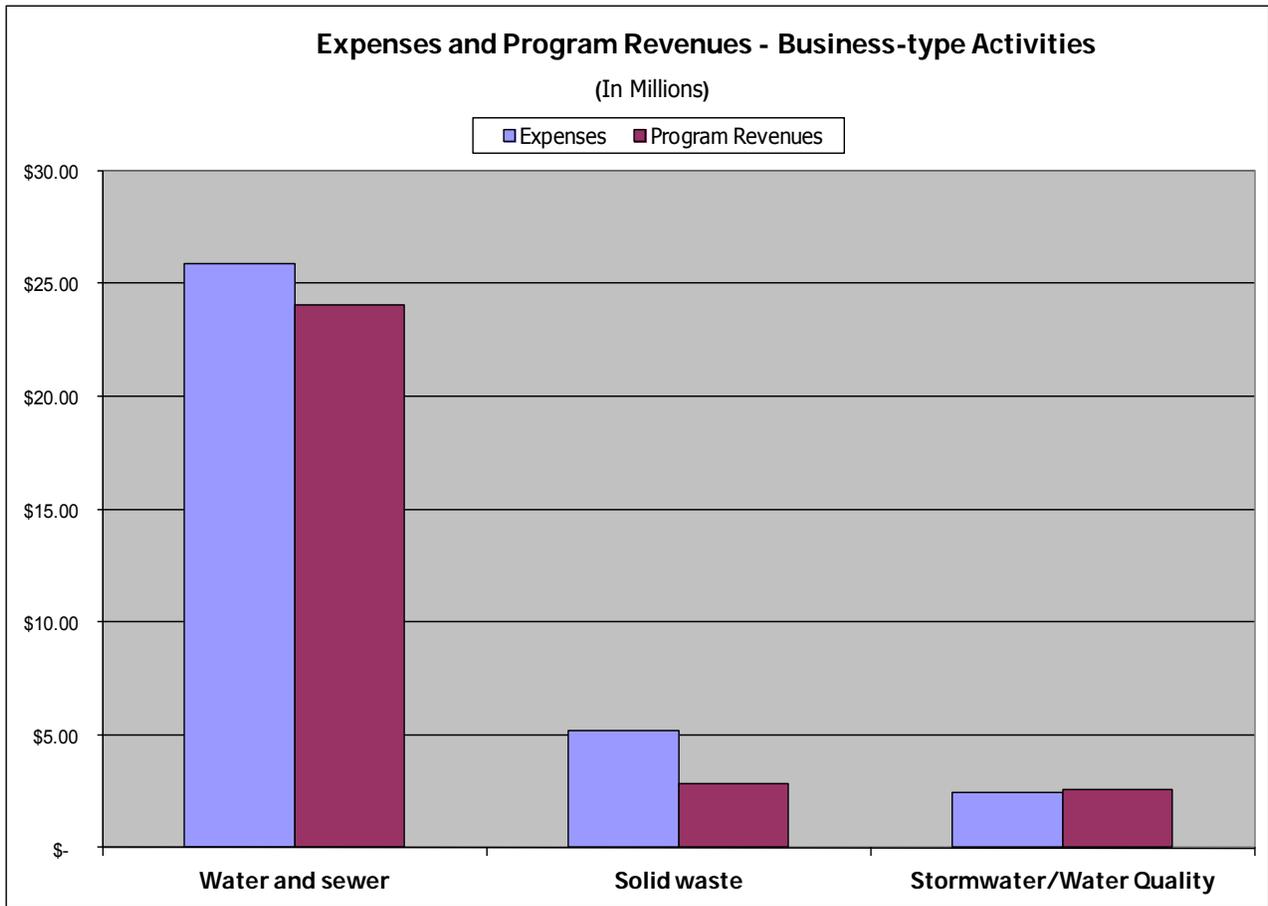
The total cost of governmental services of \$39.88 million was supported by \$2.05 million in fees, fines and charges from those who directly benefited from the programs. Another \$7.2 million was provided by other governments and organizations for specific programs. This increased 11.9 percent due to increases in various grants to support public safety activities, transportation grant reimbursements and an increase in Community Development spending, which translates to larger reimbursements.

## Business-type Activities



Revenues from the business-type activities were \$30.3 million, a decrease of 9.1% from the prior year. This was primarily due to a decrease of \$1.9 million in capital grants and a decrease in charges for services of \$1.7 million.

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



Total expenditures for Business-type Activities were \$33.6 million, up \$4.5 million from the prior year. The largest increase in expenses came from the Water and Sewer Fund with an increase of \$3.9 million (17.6%). This was mainly due to higher expenses for interest on long-term debt and refunding of \$5.9 million in existing debt.

The Solid Waste Fund ended 2012 with a small increase in net assets of \$0.08 million. Revenues and expenses remained fairly constant compared to the prior year.

The Non-major Proprietary funds are composed of the Stormwater/Water Quality Fund and the Stormwater Capital Projects Fund. They had a combined increase in net assets of \$0.1 million. Revenues increased slightly from one year ago, while the expenses increased by 21.7%, with the increases spread over all categories of spending.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2012, the governmental funds reported a combined fund balance of \$62.4 million, an increase of \$29.3 million, up 88.6 percent from last year. This amount consists of the following:

(a) \$0.7 million in non-spendable:	
Inventories	\$ 23,354
Compensating Balance	625,000
Prepaid items	3,621
	\$ 651,975
(b) \$40.6 million restricted for specific purpose:	
Stabilization by State Statute	\$ 5,754,614
Restricted for Streets	3,182,610
Restricted for Public Safety	2,198,510
Restricted for Capital Projects	24,967,348
Restricted for Community Development	4,456,525
	\$ 40,559,607
(c) \$15.0 million committed by City Council	
Assigned for Capital Projects	\$ 12,343,897
Assigned for Subsequent year's expenditures	2,611,336
	\$ 14,955,233
(d) \$6.2 million unassigned	\$ 6,202,794

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.1 million, while total fund balance reached \$18.5 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 19.9 percent of fiscal year 2013 budgeted total General Fund expenditures, while total fund balance represents 45.5 percent of that same amount.

The fund balance in the General Fund decreased by \$0.1 million or 0.5 percent during the current fiscal year. The key factor in this decrease is the increase in debt service and bond issuance costs associated with the Limited Obligation bonds issued in May of 2012.

The major Capital Projects Fund has a total fund balance of \$36.4 million, which is restricted or assigned for future capital projects. The net increase this year comes from the proceeds of the Limited Obligation bonds issued in May of 2012.

The non-major funds have a total fund balance of \$7.4 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 assets at the end of the year amount to \$34.2 million in the Water and Sewer fund, just \$0.11 million in the Solid Waste fund and just over \$0.1 million in the non-major enterprise fund (Stormwater/Water Quality fund). The changes in total net assets for the funds were \$(0.9) million, \$0.08 million and \$0.12 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

### **General Fund Budgetary Highlights**

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services. The changes in the fiscal year 2012 were significant in total, with the largest adjustments made to appropriate the Limited Obligation Bond proceeds used to pay for the associated issuance costs and refunding totaling \$8.1 million, \$2.2 million for General fund and \$5.9 million for Water and Sewer fund.

General Fund revenues exceeded budget amounts by less than 1% while the City's total expenditures in the General fund for the year were almost 11% less than the final budget.

General Fund revenues and other sources were less than expenditures and other uses by \$0.1 million. The Appropriated Fund Balance in the final amended budget was \$5.0 million, however, as previously noted, only \$0.1 million was used, due to the diligence in spending by the departments and debt payments that were less than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, the City had \$207.17 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings, and infrastructure. This amount represents a net increase of \$4.73 million, or 2.3% over last year. The summary of capital assets at June 30, 2012 and 2011 is presented below:

<b>City of Jacksonville's Capital Assets</b>						
<b>(net of depreciation)</b>						
<b>(=n Millions)</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 2.00	\$ 2.02	\$ 4.17	\$ 4.01	\$ 6.17	\$ 6.03
Land Rights	2.32	1.79	2.09	1.68	4.41	3.47
Buildings	10.28	10.65	57.97	62.84	68.25	73.49
Improvements other than buildings	6.59	6.69	61.04	61.84	67.63	68.53
Equipment	1.36	1.31	0.69	0.54	2.05	1.85
Software	0.15	0.09	0.03	0.03	0.18	0.12
Heavy equipment	0.05	0.09	0.28	0.23	0.33	0.32
Vehicles	2.93	2.34	1.79	1.62	4.72	3.96
Infrastructure	27.97	27.29	3.32	0.93	31.29	28.22
Construction in progress	11.67	8.12	10.47	8.31	22.14	16.43
<b>Total</b>	<b>\$ 65.32</b>	<b>\$ 60.39</b>	<b>\$ 141.85</b>	<b>\$ 142.03</b>	<b>\$ 207.17</b>	<b>\$ 202.42</b>

This year's major capital asset additions included:

- Water/Sewer system capital improvements \$ 4.52 million
- Donated Streets \$ 2.35 million
- Construction in progress Water/Sewer \$ 2.38 million

At June 30, 2012, authorized and unexpended capital projects totaled \$79.9 million. The City plans to issue additional debt to finance these projects in addition to using resources currently available. The authorized and unexpended capital projects are as follows:

- Governmental \$ 50.41 million
- Water and Sewer \$25.81 million
- Stormwater \$ 3.52 million
- Internal Service (ITS) \$ 0.21 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, 2012, the City had \$145.0 million of debt outstanding in installment purchases, bonds, and revolving loans to the State of North Carolina. This was an increase of \$21.81 million, or 17.7 percent over last year. Details by type of debt are presented below:

<b>City of Jacksonville</b>						
<b>Outstanding Debt</b>						
(in Millions)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Installment Purchases	\$32.66	\$ 5.90	\$ 18.38	\$ 14.95	\$ 51.04	\$ 20.85
Loans	-	-	54.50	61.60	54.50	61.60
Bonds	-	-	39.44	40.72	39.44	40.72
<b>Total</b>	<b>\$32.66</b>	<b>\$ 5.90</b>	<b>\$ 112.32</b>	<b>\$117.27</b>	<b>\$ 144.98</b>	<b>\$ 123.17</b>

New debt for 2012 resulted from installment purchases and loans for:

Refinancing Existing Debt:	
General Fund	\$ 1,740,221
Water/Sewer Fund	5,554,779
Public Safety	23,205,000
Economic & Physical Development	3,685,000
Water/Sewer Improvements	2,019,946
Vehicles & Equipment:	
General Fund	1,352,182
Solid Waste	348,633
Water/Sewer	449,556
Stormwater	192,629
Video Media	20,000
Computer Equipment	100,000
	<u>\$ 38,667,946</u>

The City's sound financial condition is evidenced by the rating issued for the Limited Obligation Bonds issued in May of 2012. This issue received ratings of A1 from Moody's and A+ from Fitch Ratings. 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 available legal debt margin for the City at June 30, 2012 was \$247.3 million.

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 during 2012 were \$44.5 million compared to \$40 million in 2011. This increase was partially attributable to the County enacting an additional local 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 considerable growth of \$2.8 million in sales tax, with the City gaining \$0.7 million.
- The June 2012 unemployment rate for Onslow County was 9.2 percent compared to 9.9 percent for the state and 8.4 percent for the nation.
- Building has slowed in the Jacksonville area which was evident in the decreased inspection fees in 2012.

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

The City appropriated \$5.0 million of General Fund unassigned fund balance for spending in the 2012 fiscal year amended budget. A strong, concerted effort was made by management to limit expenditures to revenues actually received. As noted earlier, only \$0.1 million of the fund balance had to be used. For FY 2013, \$2.6 million has been assigned from the 2012 General Fund unassigned fund balance to balance revenues and expenditures anticipated for the budget year.

The following are highlights for the 2013 budgets for the business-type activities:

- The City's budget included fee increases in both Stormwater and Solid Waste business-type activities for fiscal year 2013, but no increase was necessary in the Water/Sewer fees even though a Water/Sewer rate increase was anticipated in the rate study that was completed in the fall of 2009.

- The fee increase in the Solid Waste Fund reduced the required transfer from General Fund for this service.
- The Water/Sewer fund was approved for two new positions, one Utilities Maintenance Worker and one Wastewater Plant Operator.
- In the General Fund, a temporary position was approved to oversee the construction of the new Public Safety complex, to have City representation on site at all times.
- The budget also includes a Traffic Signal Supervisor and a Traffic Signal Technician to operate the new Intelligent Transportation System that NCDOT is currently installing and the City will be responsible for the operation of the system.
- The fiscal year 2013 budget also includes new Public Safety software to replace outdated software.
- The total budget increased significantly for fuel and maintenance, based on the steadily rising price for all petroleum products.

### **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 Assets**  
June 30, 2012

	<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	\$ 26,117,845	\$ 35,402,876	\$ 61,520,721	\$ 1,234,724
Restricted cash and cash equivalents	35,039,176	10,310,381	45,349,557	-
Receivables:				
Taxes (net)	1,591,944	-	1,591,944	86,804
Accrued interest on taxes (net)	338,569	-	338,569	-
Accounts receivable (net)	5,825,985	3,114,235	8,940,220	-
Notes receivable	2,663,598	-	2,663,598	-
Inventories	103,297	299,732	403,029	-
Prepaid items	81,634	860	82,494	-
Deferred charges	280,149	47,338	327,487	-
Capital assets:				
Land	2,003,182	4,166,424	6,169,606	-
Land Rights	2,321,989	2,092,772	4,414,761	-
Buildings and other structures	22,065,312	112,153,940	134,219,252	-
Improvements other than buildings	10,089,381	102,034,802	112,124,183	-
Equipment	10,108,524	5,231,753	15,340,277	-
Software	1,313,687	143,144	1,456,831	-
Heavy equipment	488,483	1,088,983	1,577,466	-
Vehicles	10,016,527	5,412,394	15,428,921	-
Infrastructure	46,030,086	3,540,708	49,570,794	-
Construction in progress	11,665,699	10,472,223	22,137,922	-
Less accumulated depreciation	(50,778,567)	(104,488,699)	(155,267,266)	-
<b>Total Assets</b>	<b>137,366,500</b>	<b>191,023,866</b>	<b>328,390,366</b>	<b>1,321,528</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	4,188,358	2,877,961	7,066,319	11,212
Customer deposits	290,076	951,757	1,241,833	-
Unearned revenue	414,322	107,941	522,263	-
Noncurrent liabilities:				
Due within one year	3,439,359	7,967,000	11,406,359	-
Due in more than one year	34,124,914	105,157,203	139,282,117	-
<b>Total Liabilities</b>	<b>42,457,029</b>	<b>117,061,862</b>	<b>159,518,891</b>	<b>11,212</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	61,803,084	39,486,272	101,289,356	-
Restricted:				
Stabilization by State Statute	5,754,614	-	5,754,614	86,804
Public Works	3,166,855	-	3,166,855	-
Public Safety	1,062,769	-	1,062,769	-
Economic Development	1,918,156	-	1,918,156	1,079,206
Unrestricted	21,203,993	34,475,732	55,679,725	144,306
<b>Total Net Assets</b>	<b>\$ 94,909,471</b>	<b>\$ 73,962,004</b>	<b>\$ 168,871,475</b>	<b>1,310,316</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 7,994,140	\$ 138,799	\$ 1,069,966	\$ 400,000
Transportation	1,426,094	130,115	615,279	452,370
Public works	4,951,808	797,243	2,564,031	1,900,958
Public safety	19,915,276	398,019	1,326,459	-
Economic and physical development	667,729	-	1,037,333	-
Cultural and recreational	4,601,950	586,966	615,650	-
Interest on long-term debt	329,417	-	-	-
Total governmental activities	<u>39,886,414</u>	<u>2,051,142</u>	<u>7,228,718</u>	<u>2,753,328</u>
Business-type Activities:				
Water and sewer	25,911,275	23,178,499	-	881,882
Solid waste	5,204,115	2,807,152	-	-
Stormwater/Water Quality	2,458,468	2,163,960	-	409,707
Total business-type activities	<u>33,573,858</u>	<u>28,149,611</u>	<u>-</u>	<u>1,291,589</u>
Total primary government	<u>73,460,272</u>	<u>30,200,753</u>	<u>7,228,718</u>	<u>4,044,917</u>
Component unit:				
Jacksonville Tourism Development Authority	466,930	-	-	-
Total component unit	<u>466,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Other taxes:				
Sales tax				
E-911 surcharge				
Utility Franchise tax				
Beer and Wine tax				
Gross receipts tax on short term vehicle leases				
Occupancy Tax				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

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

<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Jacksonville Tourism Development Authority</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
\$ (6,385,375)	\$ -	\$ (6,385,375)	\$ -
(228,330)	-	(228,330)	-
310,424	-	310,424	-
(18,190,798)	-	(18,190,798)	-
369,604	-	369,604	-
(3,399,334)	-	(3,399,334)	-
(329,417)	-	(329,417)	-
<u>(27,853,226)</u>	<u>-</u>	<u>(27,853,226)</u>	<u>-</u>
-	(1,850,894)	(1,850,894)	-
-	(2,396,963)	(2,396,963)	-
-	115,199	115,199	-
-	<u>(4,132,658)</u>	<u>(4,132,658)</u>	-
<u>(27,853,226)</u>	<u>(4,132,658)</u>	<u>(31,985,884)</u>	<u>-</u>
-	-	-	(466,930)
-	-	-	<u>(466,930)</u>
18,847,266	-	18,847,266	-
11,687,324	-	11,687,324	-
350,341	-	350,341	-
2,842,416	-	2,842,416	-
335,106	-	335,106	-
173,012	-	173,012	-
-	-	-	975,659
69,928	99,003	168,931	20,061
1,324,085	757,294	2,081,379	-
35,629,478	856,297	36,485,775	995,720
(2,557,128)	2,557,128	-	-
33,072,350	3,413,425	36,485,775	995,720
5,219,124	(719,233)	4,499,891	528,790
89,690,347	74,681,237	164,371,584	781,526
<u>\$ 94,909,471</u>	<u>\$ 73,962,004</u>	<u>\$ 168,871,475</u>	<u>\$ 1,310,316</u>

**City of Jacksonville, North Carolina**  
**Balance Sheet - Governmental Funds**  
June 30, 2012

	<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	\$ 12,754,643	\$ 8,550,160	\$ 1,787,355	\$ 23,092,158
Restricted cash and cash equivalents	2,412,436	28,994,490	3,612,245	35,019,171
Taxes receivable (net)	1,591,944	-	-	1,591,944
Accounts receivable (net)	4,554,259	71,114	1,199,944	5,825,317
Interfund receivable	803,471	-	-	803,471
Inventories	23,354	-	-	23,354
Prepaid items	3,621	-	-	3,621
Notes receivable	-	-	2,663,598	2,663,598
<b>Total assets</b>	<b>\$ 22,143,728</b>	<b>\$ 37,615,764</b>	<b>\$ 9,263,142</b>	<b>\$ 69,022,634</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,256,440	\$ 960,102	\$ 1,240,887	\$ 3,457,429
Interfund payable	-	207,171	596,300	803,471
Customer deposits	290,076	-	-	290,076
Deferred revenues	1,687,727	-	-	1,687,727
Unearned revenues	414,322	-	-	414,322
<b>Total liabilities</b>	<b>3,648,565</b>	<b>1,167,273</b>	<b>1,837,187</b>	<b>6,653,025</b>
<b>Fund balances:</b>				
<b>Non Spendable:</b>				
Inventories	23,354	-	-	23,354
Compensating Balance	625,000	-	-	625,000
Prepaid items	3,621	-	-	3,621
<b>Restricted:</b>				
Stabilization by State Statute	5,683,500	71,114	-	5,754,614
Streets	1,019,045	-	2,163,565	3,182,610
Public Safety	477,307	-	1,721,203	2,198,510
Community Development	-	-	4,456,525	4,456,525
Capital Projects	-	24,427,140	540,208	24,967,348
<b>Assigned:</b>				
Capital Projects	-	12,343,897	-	12,343,897
Subsequent year's expenditures	2,611,336	-	-	2,611,336
<b>Unassigned:</b>	<b>8,052,000</b>	<b>(393,660)</b>	<b>(1,455,546)</b>	<b>6,202,794</b>
<b>Total fund balances</b>	<b>18,495,163</b>	<b>36,448,491</b>	<b>7,425,955</b>	<b>62,369,609</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,143,728</b>	<b>\$ 37,615,764</b>	<b>\$ 9,263,142</b>	<b>\$ 69,022,634</b>

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

Continued on next page.

**City of Jacksonville, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
June 30, 2012

Total fund balances for governmental funds	\$ 62,369,609
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	65,324,303
Adjustment for assets attributable to internal service funds	(542,379)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,687,727
Unamortized debt issuance costs	280,149
Accrued interest on Property Taxes - Statement of Net Assets	338,569
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	2,861,853
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(37,564,273)
Adjustment for internal service funds installment purchases and compensated absences	278,989
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore not reported in the funds	<u>(125,076)</u>
Total net assets of governmental activities	<u><u>\$ 94,909,471</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, 2012

	<u>Major</u>		<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 18,924,864	\$ -	\$ -	\$ 18,924,864
Other taxes and licenses	12,697,816	-	-	12,697,816
Unrestricted intergovernmental revenues	3,245,404	-	-	3,245,404
Restricted intergovernmental revenues	2,040,516	468,020	4,450,857	6,959,393
Permits and fees	946,270	-	-	946,270
Sales and services	694,439	-	-	694,439
Investment earnings	61,201	1,596	8,785	71,582
Miscellaneous	429,700	383,509	616,493	1,429,702
Total revenues	<u>39,040,210</u>	<u>853,125</u>	<u>5,076,135</u>	<u>44,969,470</u>
<b>Expenditures:</b>				
Current:				
General Government	4,121,460	1,343,405	2,058,096	7,522,961
Public Works	4,517,847	51,345	422,928	4,992,120
Public Safety	17,457,118	999,270	2,017,712	20,474,100
Cultural and Recreational	4,108,720	1,334,790	72,293	5,515,803
Economic and Physical Development	-	-	896,066	896,066
Capital outlay	1,786,025	-	1,124,493	2,910,518
Non-capitalized expenditures	-	9,499	-	9,499
Debt service:				
Principal retirement	3,252,974	-	-	3,252,974
Bond issuance costs	281,596	-	-	281,596
Interest and fees	209,374	-	-	209,374
Total expenditures	<u>35,735,114</u>	<u>3,738,309</u>	<u>6,591,588</u>	<u>46,065,011</u>
Revenues over (under) expenditures	<u>3,305,096</u>	<u>(2,885,184)</u>	<u>(1,515,453)</u>	<u>(1,095,541)</u>
<b>Other financing sources (uses):</b>				
Debt issued	3,092,403	26,890,000	-	29,982,403
Premium on debt issued	458,680	2,290,000	-	2,748,680
Sales of capital assets	139,676	-	241,871	381,547
Transfers in	1,341,848	4,779,415	3,917,432	10,038,695
Transfers (out)	<u>(8,439,544)</u>	<u>(1,258,710)</u>	<u>(3,054,940)</u>	<u>(12,753,194)</u>
Total other financing sources (uses)	<u>(3,406,937)</u>	<u>32,700,705</u>	<u>1,104,363</u>	<u>30,398,131</u>
Net change in fund balances	(101,841)	29,815,521	(411,090)	29,302,590
<b>Fund balances:</b>				
Beginning of year, July 1	<u>18,597,004</u>	<u>6,632,970</u>	<u>7,837,045</u>	<u>33,067,019</u>
End of year, June 30	<u>\$ 18,495,163</u>	<u>\$ 36,448,491</u>	<u>\$ 7,425,955</u>	<u>\$ 62,369,609</u>

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

Continued on next page.

**City of Jacksonville, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
 For the Fiscal Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 29,302,590

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

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

Increase in donated Capital Assets	2,353,328
Increase in purchased Capital Assets net of decrease in construction in progress	7,739,132
Adjustment for increases attributable to Internal Service Funds	(237,422)
Depreciation Expense	(5,154,098)
Adjustment for expense attributable to Internal Service Funds	317,679

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

Gain on the Sale of Capital Assets	372,419
Proceeds from the Sale of Capital Assets	(381,546)

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

Increase in Beer & Wine Tax	46,305
(Decrease) in Deferred Property Tax Revenue	(91,669)
Increase in Accrued Interest on Taxes	14,071
(Decrease) in Investment Interest	(1,654)
Increase in Deferred revenue	397

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

Accrued Interest on Long-Term Debt	(125,074)
Debt issuance costs net amortization	280,149
Additions to Long-Term Liabilities	(34,106,484)
Adjustment for additions attributable to Internal Service Funds	193,310
Retirements of Long-Term Liabilities	4,370,457
Adjustment for retirements attributable to Internal Service Funds	(174,184)

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

501,418

Changes in net assets of governmental activities \$ 5,219,124

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, 2012

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 18,829,657	\$ 18,837,119	\$ 18,924,864	\$ 87,745
Other taxes and licenses	12,357,880	12,357,880	12,697,816	339,936
Unrestricted intergovernmental revenues	3,214,225	3,214,225	3,245,404	31,179
Restricted intergovernmental revenues	1,958,674	2,131,681	2,040,516	(91,165)
Permits and fees	1,359,835	1,359,835	946,270	(413,565)
Sales and services	619,765	624,321	694,439	70,118
Investment earnings	84,536	84,536	61,201	(23,335)
Miscellaneous	186,811	237,733	429,700	191,967
Total revenues	<u>38,611,383</u>	<u>38,847,330</u>	<u>39,040,210</u>	<u>192,880</u>
<b>Expenditures:</b>				
Current:				
General Government	4,976,801	5,457,582	4,254,556	1,203,026
Public Works	4,914,793	5,087,426	4,567,778	519,648
Public Safety	19,861,610	19,937,459	18,791,692	1,145,767
Cultural and Recreational	4,615,111	4,652,687	4,377,144	275,543
Debt service:				
Principal retirement	3,023,489	2,354,403	1,344,185	1,010,218
Payment to refund principal	-	1,908,789	1,908,789	-
Debt Issuance costs	-	281,964	281,596	368
Interest and fees	1,317,076	466,133	209,374	256,759
Total expenditures	<u>38,708,880</u>	<u>40,146,443</u>	<u>35,735,114</u>	<u>4,411,329</u>
Revenues over (under) expenditures	<u>(97,497)</u>	<u>(1,299,113)</u>	<u>3,305,096</u>	<u>4,604,209</u>
<b>Other financing sources (uses):</b>				
Debt issued	1,494,127	3,545,851	3,551,083	5,232
Appropriated fund balance	4,128,385	4,974,412	-	(4,974,412)
Sales of general capital assets	50,000	97,900	139,676	41,776
Transfers in	2,463,413	1,385,307	1,341,848	(43,459)
Transfers (out)	<u>(8,038,428)</u>	<u>(8,704,357)</u>	<u>(8,439,544)</u>	<u>264,813</u>
Total other financing sources (uses)	<u>97,497</u>	<u>1,299,113</u>	<u>(3,406,937)</u>	<u>(4,706,050)</u>
Deficiency of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(101,841)</u>	<u>\$ (101,841)</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>18,597,004</u>	
End of year, June 30			<u>\$ 18,495,163</u>	

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

**City of Jacksonville, North Carolina**  
**Proprietary Funds**  
**Statement of Net Assets**  
June 30, 2012

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Non-Major Enterprise Funds</b>		
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 34,680,704	\$ 241,625	\$ 480,547	\$ 35,402,876	\$ 3,025,689
Accounts receivable (net)	2,700,589	235,153	178,493	3,114,235	668
Inventories	299,732	-	-	299,732	79,943
Prepaid items	860	-	-	860	78,013
<b>Total Current Assets</b>	<b>37,681,885</b>	<b>476,778</b>	<b>659,040</b>	<b>38,817,703</b>	<b>3,184,313</b>
Noncurrent Assets:					
Restricted cash and cash equivalents	8,640,381	-	1,670,000	10,310,381	20,005
Deferred charges	47,338	-	-	47,338	-
Land and other non-depreciable assets	14,638,647	-	2,092,772	16,731,419	-
Other capital assets, net of depreciation	120,430,871	858,011	3,828,143	125,117,025	542,379
<b>Total Noncurrent Assets</b>	<b>143,757,237</b>	<b>858,011</b>	<b>7,590,915</b>	<b>152,206,163</b>	<b>562,384</b>
<b>Total Assets</b>	<b>181,439,122</b>	<b>1,334,789</b>	<b>8,249,955</b>	<b>191,023,866</b>	<b>3,746,697</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	2,151,329	251,394	475,238	2,877,961	605,855
Compensated absences payable - current	130,899	45,994	31,165	208,058	-
Installment purchases payable - current	3,189,233	228,911	478,437	3,896,581	99,840
Loans payable - current	2,447,786	-	-	2,447,786	-
Bonds payable - current	1,414,575	-	-	1,414,575	-
<b>Total Current Liabilities</b>	<b>9,333,822</b>	<b>526,299</b>	<b>984,840</b>	<b>10,844,961</b>	<b>705,695</b>
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	76,379	43,920	22,132	142,431	96,112
Unearned revenue	107,941	-	-	107,941	-
Customer deposits	951,757	-	-	951,757	-
Other postemployment benefits	29,173	24,650	-	53,823	-
Installment purchases payable - noncurrent	11,074,266	428,939	3,379,495	14,882,700	83,037
Loans payable - noncurrent	52,048,153	-	-	52,048,153	-
Bonds payable - noncurrent	38,030,096	-	-	38,030,096	-
<b>Total Noncurrent Liabilities</b>	<b>102,317,765</b>	<b>497,509</b>	<b>3,401,627</b>	<b>106,216,901</b>	<b>179,149</b>
<b>Total Liabilities</b>	<b>111,651,587</b>	<b>1,023,808</b>	<b>4,386,467</b>	<b>117,061,862</b>	<b>884,844</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	35,553,128	200,161	3,732,983	39,486,272	379,507
Unrestricted	34,234,407	110,820	130,505	34,475,732	2,482,346
<b>Total Net Assets</b>	<b>\$ 69,787,535</b>	<b>\$ 310,981</b>	<b>\$ 3,863,488</b>	<b>\$ 73,962,004</b>	<b>\$ 2,861,853</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 Fund Net Assets**  
For the Fiscal Year Ended June 30, 2012

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Non-Major Enterprise Funds</b>		
<b>Operating revenues:</b>					
Charges for services	\$ 23,178,499	\$ 2,807,152	\$ 2,163,960	\$ 28,149,611	\$ 8,785,913
Other operating revenue	-	-	-	-	1,320,095
Total operating revenues	<u>23,178,499</u>	<u>2,807,152</u>	<u>2,163,960</u>	<u>28,149,611</u>	<u>10,106,008</u>
<b>Operating expenses:</b>					
Solid Waste Fund	-	4,868,989	-	4,868,989	-
Stormwater/Water Quality	-	-	2,029,794	2,029,794	-
Water/Sewer Operations	6,926,007	-	-	6,926,007	-
Water Supply	1,863,161	-	-	1,863,161	-
Wastewater Treatment	2,482,252	-	-	2,482,252	-
Non-capitalized expenses - projects	-	-	-	-	-
Fleet Maintenance Operations	-	-	-	-	2,499,560
City Hall Maintenance Operations	-	-	-	-	216,477
Information Technology Services	-	-	-	-	2,221,159
Video/Media Services	-	-	-	-	410,383
Self Insurance	-	-	-	-	4,099,071
Depreciation	9,690,860	319,504	293,305	10,303,669	317,679
Total operating expenses	<u>20,962,280</u>	<u>5,188,493</u>	<u>2,323,099</u>	<u>28,473,872</u>	<u>9,764,329</u>
Operating income (loss)	<u>2,216,219</u>	<u>(2,381,341)</u>	<u>(159,139)</u>	<u>(324,261)</u>	<u>341,679</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings	96,152	482	2,369	99,003	3,880
Gain on sale of capital assets	41,056	31,260	31,646	103,962	1,230
Restricted revenue	-	53,319	-	53,319	-
Tax rebate - Build America Bond interest	-	-	47,013	47,013	-
Miscellaneous revenue	552,317	194	489	553,000	-
Interest and other charges	(4,948,995)	(15,622)	(135,369)	(5,099,986)	(2,742)
Total nonoperating revenues (expenses)	<u>(4,259,470)</u>	<u>69,633</u>	<u>(53,852)</u>	<u>(4,243,689)</u>	<u>2,368</u>
Income (loss) before capital contributions and transfers	<u>(2,043,251)</u>	<u>(2,311,708)</u>	<u>(212,991)</u>	<u>(4,567,950)</u>	<u>344,047</u>
<b>Capital contributions:</b>					
ONWASA contribution	40,158	-	-	40,158	-
State Revolving Fund-ARRA Forgiveness loan	173,532	-	-	173,532	-
NC Department of Transportation contribution	160,175	-	-	160,175	-
Developer contributions	508,017	-	409,707	917,724	-
Total capital contributions	<u>881,882</u>	<u>-</u>	<u>409,707</u>	<u>1,291,589</u>	<u>-</u>
Income (loss) before transfers	<u>(1,161,369)</u>	<u>(2,311,708)</u>	<u>196,716</u>	<u>(3,276,361)</u>	<u>344,047</u>
<b>Transfers:</b>					
Transfers in	348,304	2,390,008	-	2,738,312	157,371
Transfers (out)	(106,099)	-	(75,085)	(181,184)	-
Total transfers	<u>242,205</u>	<u>2,390,008</u>	<u>(75,085)</u>	<u>2,557,128</u>	<u>157,371</u>
Change in Net Assets	(919,164)	78,300	121,631	(719,233)	501,418
<b>Net Assets:</b>					
Beginning of year, July 1	70,706,699	232,681	3,741,857	74,681,237	2,360,435
End of year, June 30	<u>\$ 69,787,535</u>	<u>\$ 310,981</u>	<u>\$ 3,863,488</u>	<u>\$ 73,962,004</u>	<u>\$ 2,861,853</u>

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

**City of Jacksonville, North Carolina**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**

For the Fiscal Year Ended June 30, 2012

	<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Non-Major Enterprise Funds</u>		
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 23,950,083	\$ 2,764,106	\$ 2,087,069	\$ 28,801,258	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	10,108,246
Cash payments for interfund services provided (used)	-	-	-	-	(9,675,630)
Cash paid for goods and services	(7,419,065)	(3,054,421)	(184,729)	(10,658,215)	-
Cash paid to employees	(5,784,437)	(1,812,156)	(1,426,601)	(9,023,194)	-
Customer deposits	138,485	-	-	138,485	-
Net cash provided by (used in) operating activities	<u>10,885,066</u>	<u>(2,102,471)</u>	<u>475,739</u>	<u>9,258,334</u>	<u>432,616</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	348,304	2,390,008	-	2,738,312	157,371
Transfers (out)	(106,099)	-	(75,085)	(181,184)	-
Advances from other funds	-	-	(45,000)	(45,000)	-
Miscellaneous revenue	552,317	194	489	553,000	-
Restricted Intergovernmental	-	53,319	-	53,319	-
Net cash provided by (used in) noncapital related financing activities	<u>794,522</u>	<u>2,443,521</u>	<u>(119,596)</u>	<u>3,118,447</u>	<u>157,371</u>
<b>Cash flows from capital and related financing activities:</b>					
Capital Contributions	373,865	-	-	373,865	-
Debt issued	8,430,047	348,633	192,629	8,971,309	120,000
Principal paid on long-term debt	(12,706,404)	(320,957)	(495,818)	(13,523,179)	(85,540)
Interest paid on long-term debt	(4,952,812)	(15,622)	(135,369)	(5,103,803)	(2,742)
Debt issuance costs	(47,830)	-	-	(47,830)	-
Tax rebate - Build America Bond interest	-	-	47,013	47,013	-
Acquisition and construction of capital assets	(6,151,271)	(353,477)	(2,697,060)	(9,201,808)	(237,422)
Proceeds from sale of capital assets	41,056	31,260	31,646	103,962	1,230
Net cash (used in) capital and related financing activities	<u>(15,013,349)</u>	<u>(310,163)</u>	<u>(3,056,959)</u>	<u>(18,380,471)</u>	<u>(204,474)</u>
<b>Cash flows from investing activities:</b>					
Investment earnings	96,152	482	2,369	99,003	3,880
Net cash provided by investing activities	<u>96,152</u>	<u>482</u>	<u>2,369</u>	<u>99,003</u>	<u>3,880</u>
Net increase (decrease) in cash and cash equivalents	(3,237,609)	31,369	(2,698,447)	(5,904,687)	389,393
Cash and cash equivalents, July 1	46,558,694	210,256	4,848,994	51,617,944	2,656,301
Cash and cash equivalents, June 30	<u>\$ 43,321,085</u>	<u>\$ 241,625</u>	<u>\$ 2,150,547</u>	<u>\$ 45,713,257</u>	<u>\$ 3,045,694</u>
			<b>Reconciliation to Exhibit F</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
			Cash and cash equivalents	\$ 35,402,876	\$ 3,025,689
			Restricted cash and cash equivalents	10,310,381	20,005
				<u>\$ 45,713,257</u>	<u>\$ 3,045,694</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
For the Fiscal Year Ended June 30, 2012

	<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Non-Major Enterprise Funds</u>		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>					
Operating income (loss)	\$ 2,216,219	\$(2,381,341)	\$ (159,139)	\$ (324,261)	\$ 341,679
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>					
Depreciation	9,690,860	319,504	293,305	10,303,669	317,679
Bad debt expense	5,074	2,530	4,556	12,160	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	815,166	(43,046)	(76,891)	695,229	2,238
(Increase) decrease in inventories	47,492	-	-	47,492	12,740
(Increase) decrease in prepaid items	470	-	-	470	239
Increase (decrease) in accounts payable and accrued liabilities	(1,999,614)	1,869	410,509	(1,587,236)	(226,626)
Increase (decrease) in accrued compensated absences	14,496	(1,987)	3,399	15,908	(15,333)
Increase (decrease) in unearned revenues	(43,582)	-	-	(43,582)	-
Increase (decrease) in customer deposits	138,485	-	-	138,485	-
Total adjustments	8,668,847	278,870	634,878	9,582,595	90,937
Net cash provided by (used in) operating activities	<u>\$ 10,885,066</u>	<u>\$(2,102,471)</u>	<u>\$ 475,739</u>	<u>\$ 9,258,334</u>	<u>\$ 432,616</u>
<b>Noncash investing, capital, and financing activities:</b>					
Capital contributed by developers	<u>\$ 508,017</u>	<u>\$ -</u>	<u>\$ 409,707</u>	<u>\$ 917,724</u>	<u>\$ -</u>

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

**City of Jacksonville, North Carolina**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
 June 30, 2012

	<b>Special Separation Allowance Pension Trust Fund</b>
<b>Assets</b>	
Cash	\$ 314,210
Investments at face value -	
Commercial paper	-
Interest receivable	-
Total Assets	314,210
<b>Liabilities</b>	
Accounts payable	10,400
Total Liabilities	10,400
<b>Net Assets</b>	
Assets held in trust for pension benefits	303,810
Total Net Assets	\$ 303,810

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

**City of Jacksonville, North Carolina**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
 For the Fiscal Year Ended June 30, 2012

	<b>Special Separation Allowance Pension Trust Fund</b>
<b>Additions:</b>	
Employer contributions	\$ 211,317
Interest	579
Total additions	211,896
 <b>Deductions:</b>	
Benefits	244,428
Total deductions	244,428
Net decrease	(32,532)
 <b>Net assets reserved for employees' pension benefit:</b>	
Beginning of year	336,342
End of year	\$ 303,810

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, 2012

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

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

**A. Reporting Entity**

The City of Jacksonville is a municipal corporation governed by an elected Mayor and a six-member Council. The accompanying financial statements present the government and its component 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 Assets 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 are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

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

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

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

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

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, parks and recreation, streets and highways, and general government services. Additionally, the City has legally adopted a Community Assistance Fund. Under GASB 54 guidance, the Community Assistance Fund is consolidated in the General Fund.

**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 32 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Vietnam Veterans Memorial, Youth Center, Fire Training Facility, Country Club Park, Sturgeon City Boardwalk III, West Gum Branch Fire Station, Police/Fire Facility, Carolina Forest Park, Firing Range Improvements, Buddy Phillips Bridge Improvements, Georgetown Water Access Site, Relocation of Northwoods Fire Station, Sturgeon City Boardwalk IV, Northeast Creek Ramp and Boardwalk, Jack Amyette Center Renovations, Freedom Fountain, Business Park Improvements, Richard Ray Park Garden Improvements, Wooten Park, JTDA Museum of the Marine, New Bridge Streetscape, FY12 Playground Surfaces, Jacksonville Commons Phase III, Richard Ray Park Phase II, City Hall Envelope, Sturgeon City Education Center and Jacksonville Landing Park.

**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. Although the Solid Waste 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.

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

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

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

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

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 nonoperating 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 portion of tap fees 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 nonoperating 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Onslow County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Jacksonville. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Onslow County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred revenues.

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. 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 until received in cash.

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

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

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

or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the 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 the 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), a SEC registered (2a-7) money market mutual fund, which complies with municipal investment laws.

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

**F. Cash and Cash Equivalents**

The City pools moneys from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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 completely restricted by State law. Also, State and Federal Drug Enforcement assets are recorded as restricted assets since their use is restricted by law.

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

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

The detail of restricted cash and cash equivalent balances is as follows:

Governmental Activities:	
Powell Bill	\$ 3,186,662
E-911 Revenue	826,624
Drug Enforcement Assets	344,123
Unexpended Debt Proceeds	29,491,802
Compensating Balance	625,000
Customer Deposits	290,076
Other Restricted Grants	258,125
Other	16,764
	<u>\$ 35,039,176</u>
Business-Type Activities:	
Unexpended Debt Proceeds	<u>\$ 10,310,381</u>

**H. Ad Valorem Taxes Receivable and Unearned/Deferred Revenues**

In accordance with State law [G.S. 105-347 and 159-13(a)], the City levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1, the lien date; however, no interest or penalties are assessed until the following January 6. The current year’s tax levy is based on the assessed values as of January 1, 2011.

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

**I. Allowances for Doubtful Accounts**

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

**J. Inventory and Prepaid Items**

The inventories of the City’s General Fund are valued at cost (first in, first out) which approximates market. The inventory of the General Fund consists of fuel held for consumption. The cost is recorded as an expenditure when the inventory is consumed. The General Fund inventory reported on the Governmental Funds Balance Sheet is offset by a 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, using the first-in, first-out 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 are recorded at estimated fair market value at the date of donation.

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 replacement 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	10 to 40 years
Improvements Other Than	
Buildings	10 to 40 years
Equipment	3 to 10 years
Software	3 years
Heavy Equipment	5 to 10 years
Vehicles	2 to 10 years
Infrastructure	10 to 40 years

**L. 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.

**M. 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.

**N. Long-Term Obligations**

In the Government-wide Financial Statements and Proprietary Funds 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 Statement of Net Assets. 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 are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

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

## **O. Compensated Absences**

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

The City has assumed a first-in, first-out method of using accumulated compensated time. Compensatory time was eliminated as of January 1, 2008; however, employees continued to use compensatory time accumulated prior to that date until such leave was exhausted. All compensatory time has been exhausted as of June 30, 2012.

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

## **P. Net Assets/Fund Balances**

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

**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 revenues.

**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 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** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Jacksonville’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

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

**Assigned 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 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** – the 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.

## 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. As 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, 2012, the City's deposits had a book balance of \$32,719,485, which includes a \$625,000 compensating balance, while the bank balance was \$32,600,286. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$31,350,286 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer). The carrying amount of deposits for the Tourism and Development Authority was \$1,234,724 and the bank balance was \$1,234,724. Of the bank balance, \$250,000 was covered by federal depository insurance and \$984,724 was covered by collateral held under the Pooling Method (State Treasurer). At June 30, 2012, the City's petty cash fund totaled \$7,699.

### Investments

At June 30, 2012, the City had the following investments and maturities:

Investment Type	Carrying	Fair Value	Less than		
	Value		6 Months	6-12 Months	1-3 Years
US Government Agencies	\$ 2,006,340	\$ 2,006,340	\$ -	\$ 2,006,340	\$ -
Commercial Paper	2,989,478	2,989,478	1,995,665	993,813	-
NCCMT- Cash Portfolio	34,996,240	34,996,240	N/A	N/A	N/A
NCCMT- Term Portfolio	5,005,769	5,005,769	N/A	N/A	N/A
Other Investments - Loan proceeds held in escrow - NCCMT	29,459,478	29,459,478	N/A	N/A	N/A
<b>Total</b>	<b>\$ 74,457,305</b>	<b>\$ 74,457,305</b>	<b>\$ 1,995,665</b>	<b>\$ 3,000,153</b>	<b>\$ -</b>

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

approved by City Council.

*Credit Risk.* The City's investment policy follows State law (North Carolina General Statute 159-30) for allowable investment types. The commercial paper bears the highest rating of at least one nationally recognized rating service, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation. The City's commercial paper carries a credit rating of A1 by Standard and Poor's and P1 by Moody's. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012. The investments in Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association are rated AA+ by Standard and Poor's.

*Concentration of Credit Risk.* The City's investment policy limits that, with the exception of US Treasuries and the NC Capital Management Trust, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This year at June 30, the City's investments are made up of 12% Certificates of Deposit, 4% commercial paper, 2% US agencies, and 82% with the North Carolina Capital Management Trust. The commercial paper held is issued by FCAR and UBS.

### 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:

<b>Activities</b>	<b>Gross Receivables</b>	<b>Allowance</b>	<b>Net Receivables</b>
Governmental			
General			
Taxes receivable	\$ 1,991,231	\$ 399,287	\$ 1,591,944
Accrued interest on taxes	677,138	338,569	338,569
Accounts receivable	5,651,299	1,097,040	4,554,259
Special Revenue	1,199,944	-	1,199,944
Major Capital Projects	71,114	-	71,114
Non-Major Funds	-	-	-
Internal Service Fund	668	-	668
Total Governmental Activities	9,591,394	1,834,896	7,756,498
Business-Type			
Water/Sewer	3,099,347	398,758	2,700,589
Solid Waste	253,606	18,453	235,153
Non-Major	207,358	28,865	178,493
Total Business-Type Activities	3,560,311	446,076	3,114,235
Discretely Presented			
Component Unit	86,804	-	86,804
Total Discrete Units	86,804	-	86,804
	<b>\$ 13,238,509</b>	<b>\$ 2,280,972</b>	<b>\$ 10,957,537</b>

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.

Notes receivable as of June 30, 2012, of \$2,663,598 consists of low interest or interest free loans to homeowners and others. These loans range in term from a five-year term to a thirty-year term with various loans being deferred, forgiven or repaid. These loans were originally funded by Federal Grants.

## Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

### Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,015,240	\$ 13,299	\$ (25,357)	\$ 2,003,182
Land Rights	1,791,964	530,025	-	2,321,989
Construction in progress	8,118,886	3,815,971	(269,158)	11,665,699
Total capital assets not being depreciated	<u>11,926,090</u>	<u>4,359,295</u>	<u>(294,515)</u>	<u>15,990,870</u>
Capital assets being depreciated:				
Buildings	21,555,862	509,450	-	22,065,312
Improvements other than buildings	9,691,147	398,234	-	10,089,381
Equipment	9,441,342	695,684	(28,502)	10,108,524
Software	1,190,492	123,195	-	1,313,687
Heavy equipment	488,483	-	-	488,483
Vehicles	8,991,029	1,677,887	(652,389)	10,016,527
Infrastructure	43,406,851	2,623,235	-	46,030,086
Total capital assets being depreciated	<u>94,765,206</u>	<u>6,027,685</u>	<u>(680,891)</u>	<u>100,112,000</u>
Less accumulated depreciation for:				
Buildings	(10,904,480)	(881,605)	-	(11,786,085)
Improvements other than buildings	(3,005,956)	(491,588)	-	(3,497,544)
Equipment	(8,130,231)	(645,396)	27,932	(8,747,695)
Software	(1,096,947)	(66,329)	-	(1,163,276)
Heavy equipment	(400,320)	(36,034)	-	(436,354)
Vehicles	(6,648,729)	(1,084,981)	643,832	(7,089,878)
Infrastructure	(16,109,570)	(1,948,165)	-	(18,057,735)
Total accumulated depreciation	<u>(46,296,233)</u>	<u>(5,154,098)</u>	<u>671,764</u>	<u>(50,778,567)</u>
Total capital assets being depreciated, net	<u>48,468,973</u>			<u>49,333,433</u>
Governmental activity capital assets, net	<u>\$ 60,395,063</u>			<u>\$ 65,324,303</u>

### Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 4,359,295
Total capital assets being depreciated	<u>6,027,685</u>
	<u>\$ 10,386,980</u>

General Fund	\$ 2,001,356
Non-Major Governmental	934,942
Major Capital	4,859,932
Internal Service	237,422
Donated infrastructure	<u>2,353,328</u>
	<u>\$ 10,386,980</u>

## Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 4,010,968	\$ 155,456	\$ -	\$ 4,166,424
Construction in progress	8,313,612	2,379,686	(221,075)	10,472,223
Total capital assets not being depreciated	<u>12,324,580</u>	<u>2,535,142</u>	<u>(221,075)</u>	<u>14,638,647</u>
Capital assets being depreciated:				
Buildings	111,748,660	364,297	-	112,112,957
Improvements other than buildings	98,818,390	3,171,104	-	101,989,494
Equipment	4,734,933	423,586	(45,651)	5,112,868
Software	82,400	22,000	-	104,400
Heavy Equipment	645,692	146,152	(28,949)	762,895
Vehicles	1,548,311	254,144	(105,463)	1,696,992
Total capital assets being depreciated	<u>217,578,386</u>	<u>4,381,283</u>	<u>(180,063)</u>	<u>221,779,606</u>
Less accumulated depreciation for:				
Buildings	(48,911,345)	(5,235,454)	-	(54,146,799)
Improvements other than buildings	(37,016,277)	(3,968,837)	-	(40,985,114)
Equipment	(4,230,841)	(252,722)	45,651	(4,437,912)
Software	(59,662)	(19,567)	-	(79,229)
Heavy Equipment	(616,392)	(35,915)	28,949	(623,358)
Vehicles	(967,359)	(214,427)	105,463	(1,076,323)
Total accumulated depreciation	<u>(91,801,876)</u>	<u>\$ (9,726,922)</u>	<u>\$ 180,063</u>	<u>(101,348,735)</u>
Total capital assets being depreciated, net	<u>125,776,510</u>			<u>120,430,871</u>
Business-type activities capital assets, net	<u>\$ 138,101,090</u>			<u>\$ 135,069,518</u>

### Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ 2,535,142
Total capital assets being depreciated	4,381,283
	<u>\$ 6,916,425</u>
Water and Sewer Fund	\$ 857,720
Water Capital Projects	997,999
Sewer Capital Projects	4,516,627
Transfers from General Fund	36,062
Donated Assets	508,017
	<u>\$ 6,916,425</u>

**Capital Assets (continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Solid Waste Fund				
Capital assets being depreciated:				
Buildings	\$ 40,983	\$ -	\$ -	\$ 40,983
Software	38,744	-	-	38,744
Vehicles	2,544,197	353,477	(100,088)	2,797,586
Total capital assets being depreciated	<u>2,623,924</u>	<u>353,477</u>	<u>(100,088)</u>	<u>2,877,313</u>
Less accumulated depreciation for:				
Buildings	(40,982)	-	-	(40,982)
Software	(29,853)	(7,674)	-	(37,527)
Vehicles	(1,729,051)	(311,830)	100,088	(1,940,793)
Total accumulated depreciation	<u>(1,799,886)</u>	<u>\$ (319,504)</u>	<u>\$ 100,088</u>	<u>(2,019,302)</u>
Total capital assets being depreciated, net	<u>824,038</u>			<u>858,011</u>
Business-type activities capital assets, net	<u>\$ 824,038</u>			<u>\$ 858,011</u>

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

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	353,477
	<u>\$ 353,477</u>
Solid Waste Fund	<u>\$ 353,477</u>
	<u>\$ 353,477</u>

**Capital Assets (continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land Rights	\$ 1,683,065	\$ 409,707	\$ -	\$ 2,092,772
Total capital assets not being depreciated	<u>1,683,065</u>	<u>409,707</u>	<u>-</u>	<u>2,092,772</u>
Capital assets being depreciated:				
Infrastructure	1,037,193	2,503,515	-	3,540,708
Improvements other than buildings	45,308	-	-	45,308
Equipment	118,885	-	-	118,885
Heavy Equipment	393,013	-	(66,925)	326,088
Vehicles	865,151	193,545	(140,880)	917,816
Total capital assets being depreciated	<u>2,459,550</u>	<u>2,697,060</u>	<u>(207,805)</u>	<u>4,948,805</u>
Less accumulated depreciation for:				
Infrastructure	(104,204)	(114,447)	-	(218,651)
Improvements other than buildings	(10,435)	(2,265)	-	(12,700)
Equipment	(86,414)	(14,722)	-	(101,136)
Heavy Equipment	(195,040)	(57,727)	66,925	(185,842)
Vehicles	(639,069)	(104,144)	140,880	(602,333)
Total accumulated depreciation	<u>(1,035,162)</u>	<u>\$ (293,305)</u>	<u>\$ 207,805</u>	<u>(1,120,662)</u>
Total capital assets being depreciated, net	<u>1,424,388</u>			<u>3,828,143</u>
Business-type activities capital assets, net	<u>\$ 3,107,453</u>			<u>\$ 5,920,915</u>

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

Total capital assets not being depreciated	\$ 409,707
Total capital assets being depreciated	<u>2,697,060</u>
	<u>\$ 3,106,767</u>
Stormwater/Water Quality Fund	\$ 193,545
Stormwater Capital Projects	2,503,515
Donated Land Rights	409,707
	<u>\$ 3,106,767</u>

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

Governmental activities:	
General government	\$ 439,208
Public Works	2,030,008
Public Safety	1,114,221
Cultural and Recreational	1,034,806
Economic Development	218,176
Internal Service Funds	317,679
Total depreciation expense - governmental activities	<u>\$ 5,154,098</u>
Business-type activities:	
Water and Sewer Fund	\$ 9,690,860
Solid Waste Fund	319,504
Non-Major Enterprise Funds	293,305
Total depreciation expense - business-type activities	<u>\$ 10,303,669</u>
Reconciliation of depreciation:	
Depreciation expense	\$ 10,303,669
Intergovernmental transfer of fully depreciated asset from General Fund	36,062
Total depreciation - governmental activities	<u>\$ 10,339,731</u>

## Construction Commitments

As of June 30, 2012, the City has active construction projects. The City's commitments with contractors at June 30, 2012, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water and Sewer Improvements	\$ 8,902,847	\$ 5,016,323
Public Safety Bldg	-	22,270,500
Street/Storm water Improvements	2,903,725	2,049,990
Transportation	169,645	89,867
Recreation	65,100	224,357
City Hall	661,350	455,575
Buddy Phillips Bridge	11,000	226,678
Freedom Fountain	396,514	201,394
<b>Total</b>	<u>\$ 13,110,181</u>	<u>\$ 30,534,684</u>

## Note 5. Pension Plan and Postemployment Obligations

### A. Local Governmental Employees' Retirement System

**Plan Description.** City of Jacksonville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for

the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at [www.ncosc.net](http://www.ncosc.net).

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88% and 6.90%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Jacksonville are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$1,622,468, \$1,422,763, and \$1,005,098, respectively. The contributions made by the City equaled the required contributions for each year.

**B. Law Enforcement Officers' Special Separation Allowance**

**Plan Description.**

City of Jacksonville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 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. The Separation Allowance is reported in the City's report as a pension trust fund and no stand-alone financial report is issued.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>126</u>
Total	<u>144</u>

**Summary of Significant Accounting Policies:**

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

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

**Contributions.**

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$211,317, or 3.8% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% investment rate of return, and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (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, 2011 was 19 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	\$ 211,350
Interest on net pension obligation	170
Adjustment to annual required contribution	(203)
Annual pension cost	211,317
Contributions made	(211,317)
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	\$ -

**Three-Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 193,842	100%	\$ -
6/30/11	224,079	100%	-
6/30/12	211,350	100%	-

**Funded Status and Funding Progress**

As of December 31, 2011, the most recent actuarial valuation date, the plan was 16.86 percent funded. The actuarial accrued liability for benefits was \$2,540,061, and the actuarial value of assets was \$428,351, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,111,710. The covered payroll (annual payroll of active employees covered by the plan) was \$5,555,744, and the

ratio of the UAAL to the covered payroll was 38.01 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.ncosc.net](http://www.ncosc.net).

***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, 2012, were \$351,887, which consisted of \$283,210 from the City and \$68,677 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. Authority to establish and amend benefit provisions is assigned to the City Council.

***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'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, 2012, were \$636,272, which consisted of \$358,061 from the City and \$278,211 from the employees.

### **E. Firemen's and Rescue Squad Workers' Pension Fund**

***Plan Description.*** The State of North Carolina contributes, on behalf of the City of Jacksonville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and

Rescue Squad Workers' Pension Fund 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 the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at [www.ncosc.net](http://www.ncosc.net).

**Funding Policy.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**F. Other Post-Employment Benefits**

**Plan Description**

The City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 10 years of creditable service with the City. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Retirees pay 100% of the health insurance premium set by the City. The benefits cease when the retiree reaches age 65. The City Council may amend the benefit provisions. During the fiscal year 2011 budget workshop, the City Council placed a freeze on the retiree health insurance benefits for all new hires as of July 1, 2010 until further review. A separate report was not issued for the plan.

Membership in the plan included the following at December 31, 2010, the date of the latest actuarial valuation:

Active Members	
Law Enforcement Officers	109
Firefighters	76
General employees	304
Retired Members	<u>25</u>
Total	<u>514</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 1.18% of annual covered payroll. For the fiscal year ended June 30, 2012, the total retiree contributions for health insurance were \$149,601. 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 Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures 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 annual required contribution of the employer (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	\$ 265,915
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>265,915</u>
Contribution made	<u>(51,329)</u>
Increase (decrease) in net OPEB obligation	<u>214,586</u>
Net OPEB obligation, beginning of year	<u>476,086</u>
Net OPEB obligation, end of year	<u><u>\$ 690,672</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
2010	\$ 256,304	18.7%	\$ 331,324
2011	260,744	44.5%	476,086
2012	265,915	19.3%	690,672

**Funded Status and Funding Progress**

As of December 31, 2010, 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 \$2,350,959. The covered payroll (annual payroll of active employees covered by the plan) was \$20,600,953, and the ratio of the UAAL to the covered payroll was 11.4%. 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 fund 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, 2010 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 10.5 to 5 percent over 7 years. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at December 31, 2010 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. For the fiscal year ended June 30, 2012, the City made contributions to the State for death benefits of \$22,246. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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 time and a half of 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 (\$2.5 million), computer equipment (\$7.8 million), and property (\$106.6 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 \$331,953 reported in the Self Insurance Fund at June 30, 2012, is based on the requirements of GASB 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, 2002, were as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year-End</b>
2002-2003	\$ 63,617	\$ 1,402,910	\$ 1,281,596	\$ 184,931
2003-2004	184,931	1,868,524	1,861,108	192,347
2004-2005	192,347	2,229,998	2,243,300	179,045
2005-2006	179,045	2,528,402	2,451,812	255,635
2006-2007	255,635	3,267,020	3,264,923	257,732
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

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 areas of the City are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, which includes the property adjacent to Fire Station 2, the City is eligible for and has purchased coverage totaling \$630,100 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, 2012, the City was a party to various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**Note 9. Long-Term Obligations**

In the Government-wide Financial Statements, and proprietary Fund 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 statement of net assets.

As of June 30, 2012, the City had a legal debt margin of \$247,281,817.

**A. Current Refunding**

In May 2012, the City issued \$7,295,000 of limited obligation bonds to refund \$5,459,104 of NCDENR State Revolving Fund Loans and \$2,347,292 for a 2007 installment purchase agreement. The bonds were issued at a premium of \$601,703. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. The transaction resulted in an economic gain of \$392,842 and a decrease of \$505,124 in future debt service payments.

**B. 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 1.39% to 5.00%.

The installment purchase contracts payable at June 30, 2012, are comprised of the following individual contracts:

**Serviced by the General Fund:**

	<u>Principal Balance</u> <u>June 30, 2012</u>
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 65 equal principal payments of \$27,778 not including interest at 3.95%.	\$ 1,805,556
\$390,369 installment agreement – for vehicles and equipment with PNC Bank dated December 23, 2008; remaining balance payable in 12 monthly payments of \$7,102 including interest at 2.89%.	67,571
\$554,157 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable 28 payments of \$9,962 including interest at 2.463%.	270,798
\$352,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 17 monthly payments of \$9,978 including interest at 1.39%.	167,862
\$591,200 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 40 monthly payments of \$10,427 including interest at 1.66%.	405,484
\$485,000 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 28 monthly payments of \$13,761 including interest at 1.46%.	378,589
\$867,182 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 51 monthly payments of \$15,286 including interest at 1.64%.	752,616
\$80,000 installment agreement – for land purchase located on Sandy Drive for Fire Station #2, dated May 4, 2012; remaining balance payable in 2 principal payments of \$45,000 and \$35,000 not including interest at 1.50%.	80,000
\$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%.	28,550,222
<b>Total</b>	<u><u>\$ 32,478,698</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$12,560,106 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,620,102	\$ 1,112,630	\$ 3,732,732
2014	2,490,074	1,201,385	\$ 3,691,459
2015	2,232,888	1,118,522	\$ 3,351,410
2016	2,063,610	1,040,314	\$ 3,103,924
2017	1,894,836	964,403	\$ 2,859,239
2018-2022	7,807,188	3,832,052	\$ 11,639,240
2023-2027	6,700,000	2,313,575	\$ 9,013,575
2028-2032	6,670,000	977,225	\$ 7,647,225
Total	<u>\$ 32,478,698</u>	<u>\$ 12,560,106</u>	<u>\$ 45,038,804</u>

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

	<u>Principal Balance June 30, 2012</u>
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 74 monthly payments of \$23,838 not including interest at 3.235%.	\$ 1,763,990
\$1,660,132 installment agreement – for an elevated water storage tank with PNC Bank dated May 14, 2004; remaining balance payable in 82 monthly payments of \$9,223 not including interest at 3.27%.	756,282
\$864,690 installment agreement – for water and sewer line replacements with PNC Bank dated August 12, 2004; remaining balance payable in 25 equal principal payments of \$7,206 not including interest at 3.44%.	180,054
\$2,950,600 installment agreement – for vehicles and equipment with Wells Fargo dated December 19, 2005; remaining balance payable in 41 monthly payments of \$29,187 including interest at 3.57%.	1,125,003
\$7,700,000 installment agreement – for vehicles and equipment with Wells Fargo dated October 20, 2006; remaining balance payable in 51 monthly payments of \$29,187 including interest at 3.57%.	3,620,320
\$235,353 installment agreement – for vehicles and equipment with PNC Bank dated December 23, 2008; remaining balance payable in 16 monthly payments of \$4,282 including interest at 2.89%.	59,435
\$95,141 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 28 monthly payments of \$1,710 including interest at 2.463%.	46,492
\$535,100 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 40 monthly payments of \$9,437 including interest at 1.66%.	367,007

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

	<u>Principal Balance</u> <u>June 30, 2012</u>
\$17,000 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 28 monthly payments of \$482 including interest at 1.46%.	\$ 13,270
\$432,556 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 51 monthly payments of \$7,625 including interest at 1.64%.	375,410
\$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%.	5,554,779
<b>Total</b>	<u><u>\$ 13,862,042</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$1,279,844 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,152,639	\$ 442,476	\$ 3,595,115
2014	3,108,441	360,894	\$ 3,469,335
2015	3,061,146	248,667	\$ 3,309,813
2016	2,823,216	139,148	\$ 2,962,364
2017	963,272	47,554	\$ 1,010,826
2018-2022	753,328	41,105	\$ 794,433
<b>Total</b>	<u><u>\$ 13,862,042</u></u>	<u><u>\$ 1,279,844</u></u>	<u><u>\$ 15,141,886</u></u>

**Serviced by the Solid Waste Fund:**

	<u>Principal Balance June 30, 2012</u>
\$365,798 installment agreement – for vehicles and equipment with PNC Bank dated December 23, 2008; remaining balance payable in 16 monthly payments of \$6,654 including interest at 2.89%.	\$ 75,659
\$25,756 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009 ; remaining balance payable in 28 monthly payments of \$482 including interest at 2.463%	13,089
\$388,600 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 40 monthly payments of \$6,854 including interest at 1.66%	266,528
\$348,633 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 51 monthly payments of \$6,145 including interest at 1.64%.	302,574
<b>Total</b>	<u><u>\$ 657,850</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$20,896 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 228,911	\$ 10,558	\$ 239,469
2014	155,841	5,926	161,767
2015	154,595	3,320	157,915
2016	100,118	1,042	101,160
2017	18,385	50	18,435
<b>Total</b>	<u><u>\$ 657,850</u></u>	<u><u>\$ 20,896</u></u>	<u><u>\$ 678,746</u></u>

**Serviced by the Fleet Maintenance Fund:**

	<u>Principal Balance June 30, 2012</u>
\$19,576 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 28 monthly payments of \$352 including interest at 2.463%	\$ 9,566
Total	<u><u>\$ 9,566</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$287 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,033	\$ 190	\$ 4,223
2014	4,133	90	4,223
2015	1,400	7	1,407
Total	<u><u>\$ 9,566</u></u>	<u><u>\$ 287</u></u>	<u><u>\$ 9,853</u></u>

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

	<u>Principal Balance June 30, 2012</u>
\$167,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 17 monthly payments of \$4,734 including interest at 1.39%.	\$ 79,639
\$100,000 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 28 monthly payments of \$2,837 including interest at 1.46%.	78,060
Total	<u><u>\$ 157,699</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$2,215 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 89,181	\$ 1,672	\$ 90,853
2014	57,203	514	57,717
2015	11,315	29	11,344
Total	<u><u>\$ 157,699</u></u>	<u><u>\$ 2,215</u></u>	<u><u>\$ 159,914</u></u>

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

	<u>Principal Balance June 30, 2012</u>
\$20,000 installment agreement - for equipment with Bank of America dated November 18, 2011; remaining balance payable in 28 monthly payments of \$567 including interest at 1.46%.	\$ 15,612
<b>Total</b>	<u><u>\$ 15,612</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$264 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,626	\$ 184	\$ 6,810
2014	6,723	73	6,796
2015	<u>2,263</u>	<u>7</u>	<u>2,270</u>
<b>Total</b>	<u><u>\$ 15,612</u></u>	<u><u>\$ 264</u></u>	<u><u>\$ 15,876</u></u>

**Serviced by the Stormwater Fund:**

	<u>Principal Balance June 30, 2012</u>
\$161,006 installment agreement – for vehicles and equipment with PNC Bank dated December 23, 2008; remaining balance payable in 16 monthly payments of \$2,929 including interest at 2.89%.	\$ 43,560
\$25,756 installment agreement – for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 28 monthly payments of \$463 including interest at 2.463%.	12,586
\$4,100,000 installment agreement/Build America Bond - for stormwater improvements with PNC Bank dated December 16, 2010; remaining balance payable in 18 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%.	3,569,086
\$15,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 17 monthly payments of \$425 including interest at 1.39%.	7,153
\$85,100 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 40 monthly payments of \$1,501 including interest at 1.66%.	58,367
\$192,629 installment agreement - for vehicles and equipment with Bank of America dated November 18, 2011; remaining balance payable in 51 monthly payments of \$3,396 including interest at 1.64%.	167,180
<b>Total</b>	<u><u>\$ 3,857,932</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2012, including \$576,169 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 478,437	\$ 122,118	\$ 600,555
2014	445,591	107,456	553,047
2015	453,819	93,398	547,217
2016	454,312	79,046	533,358
2017	432,175	64,619	496,794
2018-2022	1,593,598	109,532	1,703,130
Total	<u>\$ 3,857,932</u>	<u>\$ 576,169</u>	<u>\$ 4,434,101</u>

## B. Loans Payable

### Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2012</u>
\$1,000,000 State Revolving Loan dated February 10, 2004 due in 2 annual installments of \$100,000 each; interest at 2.82%.	\$ 200,000
\$27,955,716 State Revolving Loan dated June 3, 2008 due in 19 annual installments of \$1,397,786 each; interest at 2.10%	26,557,930
\$10,535,297 State Revolving Loan dated June 3, 2008 due in 20 annual installments of \$526,765 each; interest at 2.01%	10,535,297
\$16,652,712 State Revolving Loan dated March 26, 2009 due in 19 annual installments of \$832,636 each; interest at 2.10%	15,777,712
\$1,425,000 State Revolving Loan dated July 7, 2009 due in 20 annual installments of \$71,250 each; interest at 0.0%	1,425,000
Total	<u>\$ 54,495,939</u>

The future minimum payments of the loans payable as of June 30, 2012, including \$11,662,740 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,447,786	\$ 912,481	\$ 3,360,267
2014	2,447,786	861,933	3,309,719
2015	2,949,763	1,134,597	4,084,360
2016	2,949,763	993,551	3,943,314
2017	2,949,763	933,723	3,883,486
2018-2022	14,748,816	3,771,191	18,520,007
2023-2027	14,748,816	2,275,485	17,024,301
2028-2032	11,253,446	779,779	12,033,225
Total	<u>\$ 54,495,939</u>	<u>\$ 11,662,740</u>	<u>\$ 66,158,679</u>

**C. Revenue Bonds Payable**

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

	<u>Principal Balance June 30, 2012</u>
\$501,235 Revenue Bond Payable dated September 10, 2009 due in 52 monthly installments of \$6,695 including interest at 3.95%	\$ 325,120
\$25,000,000 Revenue Bond Payable dated September 10, 2009 due in 17 annual installments with semi-annual interest payments at 4.55%	24,190,000
\$12,328,634 Revenue Bond Payable dated September 17, 2010 due in 31 semi-annual installments with semi-annual interest payments at 3.97%	11,501,305
\$3,428,246 Recovery Zone Economic Development Bond Payable dated September 17, 2010 with semi-annual interest only payments at 6.10% until 3/1/2027; then 7 remaining semi-annual principal and interest payments. The City receives a subsidy of 45% of interest cost from the Federal Government reducing the effective interest rate to 3.36%.	3,428,246
<b>Total</b>	<u><u>\$ 39,444,671</u></u>

The future minimum payments of the bonds payable as of June 30, 2012, including \$18,724,228 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,414,575	\$ 1,772,465	\$ 3,187,040
2014	1,654,827	1,711,496	3,366,323
2015	1,755,055	1,639,732	3,394,788
2016	1,831,238	1,563,550	3,394,788
2017	1,863,408	1,484,514	3,347,922
2018-2022	10,419,271	6,152,954	16,572,225
2023-2027	12,897,206	3,675,029	16,572,235
2028-2032	7,609,091	724,488	8,333,578
<b>Total</b>	<u><u>\$ 39,444,671</u></u>	<u><u>\$ 18,724,228</u></u>	<u><u>\$ 58,168,899</u></u>

The City is in compliance with the rate covenant 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, 2012, are as follows:

<b>Operating Revenues</b>		
	User Charges	\$ 23,178,499
	Subtotal: Operating Revenues	<u>23,178,499</u>
<b>Operating Expenses</b>		
	Salaries, Fringe Benefits and Operating Expenditures	11,271,420
	Depreciation and Amortization	9,690,860
	Subtotal: Operating Expenses	<u>20,962,280</u>
<b>Operating Income</b>		<u>2,216,219</u>
<b>Nonoperating Revenues (Expenses):</b>		
	Investment Earnings	96,152
	Interest and Other Debt Service Expense	(4,948,995)
	Other Nonoperating Revenue	593,373
	Subtotal: Nonoperating Revenues (Expenses)	<u>(4,259,470)</u>
<b>Income before Transfers and Capital Contributions</b>		(2,043,251)
<b>Adjustments</b>		
	Plus: Depreciation and Amortization	9,690,860
	Plus: Interest Expense and Other Debt Service Expense	4,948,995
A	<b>Net Revenues</b>	<u>12,596,604</u>
	Plus 20% of Surplus Account	6,255,847
B	<b>Net Revenues plus 20% of Surplus Account</b>	<u>18,852,451</u>
<b>Parity Indebtedness</b>		
	1996- State Loan \$5,000,000	315,689
	Series 2009 and 2010 Series Revenue Bonds*	3,107,754
C	Subtotal: Revenue Bond Debt Service	<u>3,423,443</u>
<b>Debt Service Coverage - Parity Indebtedness</b>		
	Calculated Using Net Revenues (A/C)	3.68
	Calculated Using Net Revenues plus 20% of Surplus Account (B/C)	5.51
D	<b>Net Revenues Available for Subordinate and Other Debt Service (A-C)</b>	<u>9,173,161</u>
<b>Subordinate and Other Indebtedness</b>		
	State Revolving Fund Loans	
	2010 - State RLF \$27,955,716	2,874,709
	2010 - State RLF \$12,029,547	-
	2010 - State RLF \$17,500,000	1,722,767
	2004 - State RLF \$1,000,000	108,460
	1997 - State RLF \$15,000,000	890,917
	1997 - State RLF \$2,836,415	169,061
	1997 - State RLF \$3,000,000	178,812
	Subtotal: SRF Loans--SUBORDINATE DEBT **	<u>5,944,726</u>
	Installment Purchases--OTHER INDEBTEDNESS	<u>2,389,131</u>
E	<b>Subordinate and Other Indebtedness</b>	8,333,857

(Continued on next page)

<b>Debt Service Coverage - Subordinate and Other Indebtedness (D/E)</b>	1.10
<b>F Total Debt Service: Revenue Bonds plus Subordinate and Other Indebtedness</b>	11,757,300
<b>Debt Service Coverage - Total Debt</b>	
Calculated using Net Revenues (A/F)	1.07
Calculated using Net Revenues plus 20% of Surplus Account (B/F)	1.60
<b>Net Revenues After Total Debt</b>	839,304
<b>* Debt Service for 2009 and 2010 Series:</b>	
2009A	80,341
2009C	1,806,358
2010A	1,011,932
2010B	209,123
<b>Total</b>	<b>\$ 3,107,754</b>

\*\*Debt service payments for State RLF loans (\$27,955,716 and \$17,500,000) included payment of interest accrued to date and do not represent future annual debt service amounts for these loans.

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

Long-term liability activity for Governmental Activities for the year ended June 30, 2012, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	\$ 5,897,686	\$ 30,102,403	\$ 3,338,514	\$ 32,661,575	\$ 2,719,941
Unamortized premiums - I/P	-	2,748,680	5,031	2,743,649	42,734
Other postemployment benefits	437,062	391,838	192,051	636,849	-
*Compensated absences	1,493,498	863,563	834,861	1,522,200	676,684
Total	<b>\$ 7,828,246</b>	<b>\$ 34,106,484</b>	<b>\$ 4,370,457</b>	<b>\$ 37,564,273</b>	<b>\$ 3,439,359</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Current Portion of Balance</b>
<b>By purpose</b>					
General government	\$ 2,298,325	\$ 4,432,964	\$ 433,911	\$6,297,378	\$ 617,810
Fire equipment	745,251	3,522,632	294,689	3,973,194	486,557
Police equipment	467,081	22,634,000	375,710	22,725,371	1,281,083
Recreation	2,104,332	2,131,687	2,086,456	2,149,563	213,653
Streets	134,280	9,800	67,239	76,841	63,732
Fleet Maintenance	13,501	-	3,935	9,566	4,033
Information Technology Services	134,916	100,000	77,217	157,699	89,181
Video/Media Services	-	20,000	4,388	15,612	6,626
Other postemployment benefits	437,062	391,838	192,051	636,849	-
*Compensated absences	1,493,498	863,563	834,861	1,522,200	676,684
Total	<b>\$ 7,828,246</b>	<b>\$ 34,106,484</b>	<b>\$ 4,370,457</b>	<b>\$ 37,564,273</b>	<b>\$ 3,439,359</b>

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

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

Long-term liability activity for Business-Type Activities for the year ended June 30, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Loans	\$ 61,599,704	\$2,019,946	\$ 9,123,711	\$ 54,495,939	\$ 2,447,786
Revenue Bonds	40,724,969	-	1,280,298	39,444,671	1,414,575
Installment purchases	14,951,397	6,545,597	3,119,170	18,377,824	3,859,987
Unamortized premiums - I/P	-	405,766	4,309	401,457	36,594
Other postemployment benefits	39,024	27,196	12,397	53,823	-
*Compensated absences	334,581	247,708	231,800	350,489	208,058
<b>Total</b>	<b>\$ 117,649,675</b>	<b>\$ 9,246,213</b>	<b>\$ 13,771,685</b>	<b>\$ 113,124,203</b>	<b>\$ 7,967,000</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	\$49,438,183	\$2,102,645	\$2,340,862	\$ 49,199,966	\$2,409,932
Metering	28,361	25,400	15,271	38,490	17,324
Utilities Maintenance	487,776	268,458	154,953	601,281	175,164
Sewer	62,530,455	6,033,544	10,199,627	58,364,372	4,449,174
Solid Waste/Sanitation	630,174	348,633	320,957	657,850	228,911
Stormwater/Water Quality	4,161,121	192,629	495,818	3,857,932	478,437
Other postemployment benefits	39,024	27,196	12,397	53,823	-
*Compensated absences	334,581	247,708	231,800	350,489	208,058
<b>Total</b>	<b>\$ 117,649,675</b>	<b>\$ 9,246,213</b>	<b>\$ 13,771,685</b>	<b>\$ 113,124,203</b>	<b>\$ 7,967,000</b>

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

## Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2012, 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>
General	Non-Major Governmental	\$ 596,300	\$ -	\$ -
	Major Capital Project	207,171	-	-
		<u>\$ 803,471</u>		
			<u>\$ -</u>	<u>\$ -</u>

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

## Note 11. Deferred and Unearned Revenues

The balance in deferred and unearned revenues at June 30,2012 is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
<b>General Fund</b>		
Prepaid taxes not yet earned	\$ -	\$ 43,769
Taxes receivable	1,591,944	-
Beer and wine tax receivable	83,776	-
Sturgeon City	-	80
Youth Council	-	378
Harmony Grant	-	2,320
Hall of Fame	-	3,668
Employee Assistance Grant	-	3,000
National Night	-	2,212
Fire Department Materials	397	-
Tree fund donations not yet earned, included in restricted assets	-	602
Beirut memorial donations not yet earned, included in restricted assets	-	406
Cooperative Lease	-	100
Privilege licenses for next year	-	357,787
Investment interest receivable	11,610	-
Total	<u>\$ 1,687,727</u>	<u>\$ 414,322</u>
<b>Proprietary Fund</b>		
Scientific Study Deposit	\$ -	\$ 24,000
PILOT revenues not yet earned	-	5,372
Special assessments receivable	-	66,161
Collection fees	-	12,408
Total	<u>\$ -</u>	<u>\$ 107,941</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, 2012, are as follows:

	Major General	Non-Major Government	Major Capital Projects	Non-Major Internal Service Fund	Major Solid Waste	Major Water and Sewer	Total Transfers Out
Major General Fund	\$ -	\$ 3,145,333	\$ 2,795,115	\$ 109,088	\$ 2,390,008	\$ -	\$ 8,439,544
Non-Major Government	691,839	-	1,984,300	30,497	-	348,304	3,054,940
Major Capital Projects	574,924	683,786	-	-	-	-	1,258,710
Non-Major Enterprise Fund	75,085	-	-	-	-	-	75,085
Major Water and Sewer	-	88,313	-	17,786	-	-	106,099
Total transfers in	<u>\$ 1,341,848</u>	<u>\$ 3,917,432</u>	<u>\$ 4,779,415</u>	<u>\$ 157,371</u>	<u>\$ 2,390,008</u>	<u>\$ 348,304</u>	<u>\$ 12,934,378</u>

Transfers consist primarily of the following:

- \$ 471,472 From Capital Reserve to General Fund for debt retirement.
- \$ 348,304 From Capital Reserve to Water Sewer Fund for debt retirement.
- \$ 1,405,691 From General Fund to Capital Reserve

#### 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, 2012, are as follows:

General Fund	\$ 421,553
Capital Projects	24,427,140
Non Major Funds	3,457,047

#### Note 15. Jointly Governed Organizations

The City, in conjunction with Camp Lejeune Marine Corps Base, Onslow County, and the other five municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to all Onslow County residents. ONWASA's board is comprised of two members from the City, two members from the County and one member from each of the five municipalities. The City has elected to be a wholesale member and not a full service member of ONWASA. The City 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. The City has expended approximately \$78,000 in FY2012 for construction of this project.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. In FY 2011-2012 funding of these activities has been assumed by the Jacksonville TDA (Tourism Development Authority). The City has the opportunity to appoint half of the members of the Commission's Board of Directors.

The City, in conjunction with Onslow County and Y.O.U. Inc., dba Committee of 100, established an Economic Development Program. The purpose of this organization is to guide the growth in all of Onslow County by encouraging the expansion of local industry and the development of new jobs. The City and County each fund one-half of the cost for this organization. The City's funding for FY2011-2012 was \$90,000.

The City established the Sturgeon City Project in FY2000 and in FY2007 turned over directorship to the non-profit Sturgeon City of Jacksonville, Inc. In May 2012, the City committed to long-term debt in order to build a \$4,000,000 facility, the Sturgeon City Civic and Environmental Education Center. The Jacksonville TDA (Tourism Development Authority) will be contributing \$150,000 annually towards the long-term debt while Sturgeon City nonprofit will be contributing by making rental payments.

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

The GASB has issued several pronouncements prior to June 30, 2012, with effective dates that may affect future financial presentations.

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

- GASB Statement Number 60, "Accounting and Financial Reporting for Service Concession Arrangements" will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 61, "The Financial Reporting Entity: Omnibus" will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" will be effective for the City beginning with its year ending June 30, 2013
- GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" will be effective for the City with its year ending June 30, 2013.
- GASB Statement Number 65, "Items Previously Reported as Assets and Liabilities" will be effective for the City beginning with its year ending June 30, 2014.

- GASB Statement Number 66, "Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62" will be effective for the City beginning with its year ending June 30, 2014.
- GASB Statement Number 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" will be effective for the City beginning with its year ending June 30, 2014.
- GASB Statement Number 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" will be effective for the City beginning with its year ending June 30, 2015.



# **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**

**Schedule of Employer Contributions**

**Notes to the Required Schedules**

## **Other Postemployment Benefits:**

**Schedule of Funding Progress**

**Schedule of Employer Contributions**

**Notes to the Required Schedules**

**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)
12/31/06	\$ 326,749	\$ 1,630,510	\$ 1,303,761	20.04 %	\$ 4,309,754	30.25 %
12/31/07	451,242	1,793,930	1,342,688	25.15	4,491,542	29.89
12/31/08	269,473	1,931,842	1,662,369	13.95	5,249,250	31.67
12/31/09	432,834	2,392,379	1,959,545	18.09	5,207,150	37.63
12/31/10	438,840	2,185,924	1,747,084	20.08	5,176,879	33.75
12/31/11	428,351	2,540,061	2,111,710	16.86	5,555,744	38.01

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

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2007	\$ 131,840	100 %
2008	151,262	100
2009	157,283	100
2010	193,841	100
2011	224,112	100
2012	211,350	100

**Notes to the Required Schedules:**

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases *	Ranging from 4.25% to 7.85%
* Includes inflation at	3.00%
Cost-of-living adjustments	None

**City of Jacksonville, North Carolina  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/07	\$ -	\$ 3,236,458	\$ 3,236,458	0.0 %	\$ 17,801,569	18.2 %
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

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

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2010	\$ 256,304	18.7 %
2011	265,915	44.5
2012	265,915	19.3

**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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend *	10.50% - 5.00%
* Includes inflation at	3.00%



# MAJOR FUNDS

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- General Fund
- Capital Projects Fund
- Water and Sewer Fund
- Solid Waste 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, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 12,754,643	\$ 13,561,146
Restricted cash and cash equivalents	2,412,436	1,840,521
Taxes receivable (net)	1,591,944	1,683,613
Accounts receivable (net)	4,554,259	4,673,580
Interfund receivables	803,471	633,659
Inventories	23,354	23,954
Prepaid items	3,621	2,437
Total Assets	\$ 22,143,728	\$ 22,418,910
<b>Liabilities and Fund Balances</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,256,440	\$ 1,398,155
Deferred revenue	1,687,727	1,734,269
Unearned revenue	414,322	378,818
Total Current Liabilities	3,358,489	3,511,242
Noncurrent Liabilities:		
Customer deposits	290,076	310,664
Total Noncurrent Liabilities	290,076	310,664
Total Liabilities	3,648,565	3,821,906
Fund Balances:		
Non Spendable:		
Inventories	23,354	23,954
Compensating Balance	625,000	625,000
Prepaid items	3,621	2,437
Restricted:		
Stabilization by State Statute	5,683,500	6,822,476
Streets	1,019,045	579,793
Public Safety	477,307	341,726
Assigned:		
Subsequent year's expenditures	2,611,336	4,842,273
Unassigned	8,052,000	5,359,345
Total Fund Balances	18,495,163	18,597,004
Total Liabilities and Fund Balances	\$ 22,143,728	\$ 22,418,910

**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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current year (net of discounts)	\$ 18,394,550	\$ 18,344,160	\$ (50,390)	\$ 17,886,818
Prior years	332,300	438,606	106,306	492,990
Penalties and interest	110,269	142,098	31,829	151,625
Total	<u>18,837,119</u>	<u>18,924,864</u>	<u>87,745</u>	<u>18,531,433</u>
Other taxes and licenses:				
CATV franchise tax	89,000	90,185	1,185	91,887
Privilege licenses	725,055	747,295	22,240	718,554
Local option sales tax	4,455,326	4,511,012	55,686	4,311,417
One-half cent sales tax (2003)	2,208,953	2,328,156	119,203	2,124,630
One-half cent sales tax (1983)	2,409,894	2,518,861	108,967	2,370,036
One-half cent sales tax (1986)	2,287,452	2,329,295	41,843	2,231,305
Gross receipt on short term vehicle tax	163,200	173,012	9,812	174,971
Occupancy Tax	19,000	-	(19,000)	19,444
Total	<u>12,357,880</u>	<u>12,697,816</u>	<u>339,936</u>	<u>12,042,244</u>
Unrestricted intergovernmental revenues:				
Utility franchise tax	2,990,264	2,842,416	(147,848)	3,030,253
Beer and wine tax	149,882	335,106	185,224	359,696
Payment in lieu of taxes (PILOT)	3,700	4,927	1,227	3,542
State Owned Buildings Fire Protection	2,039	1,853	(186)	2,549
ABC revenue	68,340	61,102	(7,238)	61,851
Total	<u>3,214,225</u>	<u>3,245,404</u>	<u>31,179</u>	<u>3,457,891</u>
Restricted intergovernmental revenues:				
Federal – 104F transportation grant	269,095	201,127	(67,968)	249,158
Federal – FEMA	-	-	-	37,331
Federal – FTA Section 5303 grant	24,240	-	(24,240)	24,240
Federal – DEA Task Force	12,000	21,306	9,306	15,969
State – Mosquito Control grant	-	4,919	4,919	-
State – CAMA permits	100	-	(100)	-
State – Street-aid Allocation	1,785,575	1,785,575	-	1,823,502
State – FEMA Match	-	-	-	12,443
State – Wellness Incentive grant	3,000	-	(3,000)	-
State – 5303 State grant funds	3,030	-	(3,030)	3,030
State – Arts Council	2,500	1,500	(1,000)	2,500
Local – Juvenile Transportation	350	100	(250)	400
Local – EAP ongoing grant	3,000	366	(2,634)	2,634
Local – NCLM Safety grant	1,500	1,248	(252)	1,500
Local – Police Dept Community Services Contribution	300	-	(300)	-
Local – NARTEST-Court Ordered Payment	9,500	6,884	(2,616)	8,688
Metropolitan Planning Organization	17,491	17,491	-	15,600
Total	<u>2,131,681</u>	<u>2,040,516</u>	<u>(91,165)</u>	<u>2,196,995</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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Permits and fees:				
Taxi permits	\$ 10,550	\$ 11,921	\$ 1,371	\$ 10,735
Development review fees	57,285	46,620	(10,665)	67,015
Planning fees	115,000	40,650	(74,350)	84,162
Inspection fees	1,129,500	779,657	(349,843)	1,148,959
Erosion control fees	10,000	13,100	3,100	13,250
Fire protection permit	20,000	21,751	1,751	34,703
Nuisance abatement fees	17,500	32,571	15,071	16,914
Total	<u>1,359,835</u>	<u>946,270</u>	<u>(413,565)</u>	<u>1,375,738</u>
Sales and services:				
Utility patching service	35,000	42,768	7,768	55,788
Recreation fees	465,143	500,626	35,483	433,892
Recreation concession	44,869	50,388	5,519	46,000
Photocopy and map sales	200	425	225	391
Credit reports	7,000	9,230	2,230	7,779
Powell Bill equipment use allowance	30,000	33,912	3,912	46,356
Property Leases	22,418	38,898	16,480	87,429
Youth Center	-	72	72	492
Annexation/street closing petition	1,500	2,500	1,000	2,500
Funeral escorts	5,800	5,325	(475)	4,725
Wrecker rotation member	9,000	8,000	(1,000)	8,750
Miscellaneous Sales	1,500	404	(1,096)	700
NC DOT	1,891	1,891	-	960
Total	<u>624,321</u>	<u>694,439</u>	<u>70,118</u>	<u>695,762</u>
Investment earnings:				
Investment earnings	82,274	60,704	(21,570)	117,691
Investment earnings - Powell Bill	2,262	497	(1,765)	938
Total	<u>84,536</u>	<u>61,201</u>	<u>(23,335)</u>	<u>118,629</u>
Miscellaneous:				
Police court fees	58,075	75,643	17,568	75,738
Parking fines	60	-	(60)	8
Program income-Powell Bill	-	25,350	25,350	8,000
Miscellaneous	171,598	319,957	148,359	236,223
Contributions	8,000	8,750	750	21,620
ICMA Refund	-	-	-	10,532
Total	<u>237,733</u>	<u>429,700</u>	<u>191,967</u>	<u>352,121</u>
Total revenues	<u>38,847,330</u>	<u>39,040,210</u>	<u>192,880</u>	<u>38,770,813</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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
<b>Expenditures:</b>				
General government				
Mayor and Council				
Salaries and employee benefits	\$ -	\$ 60,414	\$ -	\$ 60,397
Operating expenses		119,234		116,985
Other departmental expenses		208,633		164,076
Overhead allocation from General Fund		(193,204)		(118,364)
Total		195,077		223,094
City Manager				
Salaries and employee benefits		422,353		438,365
Operating expenses		39,397		42,295
Contracted services		6,782		867
Other departmental expenses		67,451		87,212
Overhead allocation from General Fund		(244,029)		(184,779)
Total		291,954		383,960
Human Resources				
Salaries and employee benefits		372,183		354,381
Operating expenses		176,211		187,593
Contracted services		12,835		9,467
Other departmental expenses		49,176		54,903
Overhead allocation from General Fund		(168,754)		(168,753)
Total		441,651		437,591
City Clerk				
Salaries and employee benefits		163,763		166,187
Operating expenses		17,776		24,910
Other departmental expenses		39,588		37,896
Overhead allocation from General Fund		(27,766)		(26,582)
Total		193,361		202,411
Elections				
Contracted services		17,012		3,796
Total		17,012		3,796

**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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
<b>Finance</b>				
Salaries and employee benefits	\$ -	\$ 1,289,869	\$ -	\$ 1,266,162
Operating expenses		250,040		233,285
Maintenance and repairs		362		142
Contracted services		446,724		402,043
Other departmental expenses		181,823		193,259
Capital outlay		15,755		8,000
Overhead allocation from General Fund		(940,334)		(819,464)
Total		<u>1,244,239</u>		<u>1,283,427</u>
<b>Community Programs</b>				
Salaries and employee benefits		166,910		129,546
Operating expenses		69,989		73,752
Maintenance and Repairs		88		110
Contracted services		11,936		39,467
Other departmental expenses		63,540		67,158
Overhead allocation from General Fund		(39,422)		-
Total		<u>273,041</u>		<u>310,033</u>
<b>Legal</b>				
Salaries and employee benefits		179,427		175,215
Operating expenses		12,486		14,812
Contracted services		73,281		4,083
Other departmental expenses		7,438		7,381
Overhead allocation from General Fund		(139,874)		(114,255)
Total		<u>132,758</u>		<u>87,236</u>
<b>Planning</b>				
Salaries and employee benefits		488,574		473,654
Operating expenses		60,092		64,211
Contracted services		6,000		15,553
Other departmental expenses		52,405		76,501
Capital outlay		104,042		-
Overhead allocation from General Fund		(58,833)		(22,051)
Total		<u>652,280</u>		<u>607,868</u>
<b>Transportation</b>				
Salaries and employee benefits		167,538		136,669
Operating expenses		19,424		17,945
Contracted services		117,597		264,435
Other departmental expenses		32,179		33,144
Total		<u>336,738</u>		<u>452,193</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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Non-departmental				
Operating expenses	\$ -	\$ 109,269.00	\$ -	\$ 882,620.00
Utilities, maintenance and repairs		-		268
Contracted services		27,313		26,233
Other departmental expenses		-		94,833
Reserve for insurance deductible		122,611		247,976
Miscellaneous payments		209,169		255,000
Capital outlay		13,299		-
Bad debts		(5,216)		(3,718)
Total		476,445		1,503,212
Total general government	5,457,582	4,254,556	1,203,026	5,494,821
Public works				
Inspections				
Salaries and employee benefits		751,281		717,328
Operating expenses		103,252		83,431
Contracted services		300		1,558
Other departmental expenses		85,912		89,260
Capital outlay		-		21,511
Total		940,745		913,088
Code Enforcement				
Salaries and employee benefits		224,686		224,357
Operating expenses		19,335		19,651
Contracted services		12,129		8,955
Other departmental expenses		23,180		22,146
Total		279,330		275,109
Administration				
Salaries and employee benefits		29,645		42,958
Operating expenses		1,974		4,128
Other departmental expenses		7,001		7,382
Total		38,620		54,468
Engineering				
Salaries and employee benefits		259,657		247,637
Operating expenses		21,351		31,915
Contracted services		23,225		468
Other departmental expenses		33,190		34,285
Overhead allocation from General Fund		(167,024)		(137,393)
Total		170,399		176,912

**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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Maintenance				
Salaries and employee benefits	\$ -	\$ 509,551	\$ -	\$ 480,241
Operating expenses		73,614		70,970
Utilities		9,312		12,249
Maintenance and repairs		30,670		10,838
Contracted services		70,426		58,378
Other departmental expenses		50,883		48,397
Capital outlay		41,736		33,705
Overhead allocation from General Fund		(104,364)		(113,622)
Total		681,828		601,156
Streets - Powell Bill				
Salaries and employee benefits		365,744		649,519
Operating expenses		359,247		321,198
Maintenance and repairs		45,057		4,617
Contracted services		8,970		42,751
Total		779,018		1,018,085
Streets - Non-Powell Bill				
Salaries and employee benefits		678,829		512,827
Operating expenses		139,327		117,816
Utilities		368,553		371,113
Maintenance and repairs		1,045		1,118
Street lighting		400,245		-
Contracted services		63,954		48,162
Other departmental expenses		75,064		470,398
Mosquito control		22,582		20,308
Capital outlay		8,195		-
Overhead allocation from General Fund		(79,956)		(47,160)
Total		1,677,838		1,494,582
Total public works	5,087,426	4,567,778	519,648	4,533,400
Public safety				
Police				
Salaries and employee benefits		8,617,486		8,271,108
Employer contribution to separation allowance trust fund		211,317		224,112
Operating expenses		1,494,303		1,555,779
Utilities		50,452		54,142
Maintenance and repairs		28,081		61,944
Contracted services		16,446		13,884
Other departmental expenses		1,054,300		1,045,072
Capital outlay		312,828		384,417
Total		11,785,213		11,610,458

**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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>2012</b>		<b>Variance Positive (Negative)</b>	<b>2011</b>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
Fire				
Salaries and employee benefits	\$ -	\$ 5,000,305	\$ -	\$ 4,907,518
Operating expenses		449,790		489,161
Utilities		69,167		79,435
Maintenance and repairs		50,790		38,140
Contracted services		37,146		1,540
Other departmental expenses		377,535		353,079
Capital outlay		1,021,746		275,177
Total		<u>7,006,479</u>		<u>6,144,050</u>
Total public safety	<u>19,937,459</u>	<u>18,791,692</u>	<u>1,145,767</u>	<u>17,754,508</u>
Cultural and recreational				
Recreation				
Salaries and employee benefits		2,170,260		1,987,730
Operating expenses		557,041		568,564
Utilities		257,014		259,622
Maintenance and repairs		62,634		75,243
Contracted services		768,298		775,464
Other departmental expenses		293,473		278,411
Capital outlay		268,424		114,620
Total cultural and recreational	<u>4,652,687</u>	<u>4,377,144</u>	<u>275,543</u>	<u>4,059,654</u>
Debt service				
Principal retirements	2,354,403	1,344,185	1,010,218	1,952,953
Payment to refund principal	1,908,789	1,908,789	-	-
Interest and fees	466,133	209,374	256,759	221,531
Debt issuance costs	281,964	281,596	368	-
Total debt service	<u>5,011,289</u>	<u>3,743,944</u>	<u>1,267,345</u>	<u>2,174,484</u>
Total expenditures	<u>40,146,443</u>	<u>35,735,114</u>	<u>4,411,329</u>	<u>34,016,867</u>
Revenues over (under) expenditures	<u>(1,299,113)</u>	<u>3,305,096</u>	<u>4,604,209</u>	<u>4,753,946</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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Other financing sources (uses):				
Debt issued	\$ 3,087,171	\$ 3,092,403	\$ 5,232	\$ 943,200
Premium on debt issued	458,680	458,680	-	-
Appropriated fund balance	4,974,412	-	(4,974,412)	-
Sales of general capital assets	97,900	138,078	40,178	50,673
Sales of capital assets - Powell Bill	-	1,598	1,598	45,000
Transfers in--				
From Major Capital Project Fund	620,586	574,924	(45,662)	118,753
From Non-Major Governmental Fund	689,636	691,839	2,203	513,823
From Non-Major Enterprise Fund	75,085	75,085	-	83,085
Transfers (out)--				
To Major Capital Project Fund	(3,698,895)	(2,795,115)	903,780	(2,719,899)
To Major Enterprise Fund	(2,654,821)	(2,390,008)	264,813	-
To Non-Major Governmental Fund	(2,241,553)	(3,145,333)	(903,780)	(2,677,364)
To Non-Major Enterprise Fund	-	-	-	(5,000)
To Internal Service Fund	(109,088)	(109,088)	-	(200,000)
Total other financing (uses)	<u>1,299,113</u>	<u>(3,406,937)</u>	<u>(4,706,050)</u>	<u>(3,847,729)</u>
Net change in fund balance	<u>\$ -</u>	<u>(101,841)</u>	<u>\$ (101,841)</u>	<u>906,217</u>
Fund balance:				
Beginning of year, July 1		<u>18,597,004</u>		<u>17,690,787</u>
End of year, June 30		<u>\$ 18,495,163</u>		<u>\$ 18,597,004</u>

# 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:**

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

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

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

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

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

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

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

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

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

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

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

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

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

# MAJOR CAPITAL PROJECTS FUND

(Continued)

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**Firing Range Improvements Capital Project** – accounts for funds used to improve the Firing Range.

**Buddy Phillips Bridge Improvements Capital Project** – accounts for funds used to improve the Buddy Phillips Bridge.

**Georgetown Water Access Site Capital Project** – accounts for funds used for the purchase of land for the Georgetown Water Access Site.

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

**Sturgeon City Boardwalk IV Capital Project** – accounts for funds used for the continued construction of the Sturgeon City Boardwalk.

**Northeast Creek Ramp and Boardwalk Capital Project** – accounts for funds used to repair the boat ramp located at Northeast Creek Park.

**Jack Amyette Center Renovations Capital Project** – accounts for funds used for renovations to the Jack Amyette Center.

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

**Business Park Improvements Capital Project** – accounts for funds used to improve the Business Park.

**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 Pak.

**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 used for streetscape improvements to New Bridge Street and Johnson Boulevard.

**FY12 Playground Surfaces Capital Project** - accounts for funds used towards upgrades of playground surfaces at Northwoods and Kerr Street Recreation Centers.

# MAJOR CAPITAL PROJECTS FUND

(Continued)

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**Jacksonville Commons Phase III Capital Project** – accounts for funds used for construction of a storage building for the Athletics programs.

**Richard Ray Park Phase II Capital Project** – accounts for funds used for continued upgrades to Richard Ray Park.

**City Hall Envelope Capital Project** – accounts for funds used for repairs to outside of City Hall building.

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

**Jacksonville Landing Park Capital Project** – accounts for funds used to construct a welcome center and Gateway Park.

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Comparative Balance Sheets**  
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and investments	\$ 8,550,160	\$ 7,001,287
Restricted cash and investments	28,994,490	-
Accounts receivable (net)	71,114	79
Total Assets	<u>\$ 37,615,764</u>	<u>\$ 7,001,366</u>
<b>Liabilities and Fund Balances</b>		
Accounts payable and accrued liabilities	\$ 960,102	\$ 368,317
Deferred revenue	-	79
Interfund payable	207,171	-
Total Liabilities	<u>1,167,273</u>	<u>368,396</u>
Fund Balances:		
Restricted:		
Stabilization by State Statute	71,114	-
Capital Projects	24,427,140	79
Assigned:		
Capital Projects	-	1,822,395
Subsequent year's expenditures	12,343,897	4,862,873
Unassigned:	(393,660)	(52,377)
Total Fund Balances	<u>36,448,491</u>	<u>6,632,970</u>
Total Liabilities and Fund Balances	<u>\$ 37,615,764</u>	<u>\$ 7,001,366</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Restricted intergovernmental revenues:					
NC Transp Enhancement Grant	\$ 1,837,582	\$ 1,187,582	\$ -	\$ 1,187,582	\$ (650,000)
Bike/Pedestrian Grant	400,000	400,000	-	400,000	-
Part F Grant	825,000	-	-	-	(825,000)
104F Transportation	120,899	120,898	-	120,898	(1)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	12,876	12,876	200,000	212,876	200,000
Contribution - Onslow County	410,307	10,308	-	10,308	(399,999)
NCDENR	518,020	232,817	68,020	300,837	(217,183)
Contributions - JTDA	400,000	200,000	200,000	400,000	-
Total restricted intergovernmental revenues	4,537,684	2,177,481	468,020	2,645,501	(1,892,183)
Investment earnings	528,522	464,614	1,596	466,210	(62,312)
Miscellaneous Revenues	10,000	10,000	-	10,000	-
Contributions	525,800	66,550	383,509	450,059	(75,741)
Total revenues	5,602,006	2,718,645	853,125	3,571,770	(2,030,236)
<b>Expenditures:</b>					
General Government	14,311,095	7,841,233	1,343,405	9,184,638	(5,126,457)
Public Works	345,500	-	51,345	51,345	(294,155)
Public Safety	37,896,289	3,687,506	999,270	4,686,776	(33,209,513)
Cultural and Recreation	12,337,328	6,312,241	1,334,790	7,647,031	(4,690,297)
Non Capitalized Expenditures	2,112,608	1,086,103	9,499	1,095,602	(1,017,006)
Total expenditures	67,002,820	18,927,083	3,738,309	22,665,392	(44,337,428)
Revenues (under) expenditures	(61,400,814)	(16,208,438)	(2,885,184)	(19,093,622)	42,307,192
Other financing sources (uses):					
Sale of Capital Assets	100,000	100,000	-	100,000	-
Debt issued	38,576,537	5,807,582	26,890,000	32,697,582	(5,878,955)
Premium on debt issued	2,290,000	-	2,290,000	2,290,000	-
Transfers in--					
From Capital Reserve Fund	10,459,770	8,475,470	1,984,300	10,459,770	-
From General Fund	11,427,344	8,632,229	2,795,115	11,427,344	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(720,747)	(18,832)	(683,786)	(702,618)	18,129
To General Fund	(746,195)	(169,146)	(574,924)	(744,070)	2,125
Total other financing sources	61,400,814	22,841,408	32,700,705	55,542,113	(5,858,701)
Net Change In Fund Balance	\$ -	\$ 6,632,970	\$ 29,815,521	\$ 36,448,491	\$ 36,448,491

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Combining Balance Sheet**  
June 30, 2012  
With Comparative Totals for June 30, 2011

	<u>City Hall Expansion</u>	<u>NC24 Culvert Trail</u>	<u>Marine Corps Museum</u>	<u>Wilson Bay Initiative</u>	<u>Vietnam Veterans Memorial</u>	<u>Youth Center</u>
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 337,046	\$ 130,928	\$ 755,566	\$ 13,474	\$ 229,540	\$ 7,151
Restricted cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Total Current Assets	<u>337,046</u>	<u>130,928</u>	<u>755,566</u>	<u>13,474</u>	<u>229,540</u>	<u>7,151</u>
Total Assets	<u>\$ 337,046</u>	<u>\$ 130,928</u>	<u>\$ 755,566</u>	<u>\$ 13,474</u>	<u>\$ 229,540</u>	<u>\$ 7,151</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 306,053	\$ -	\$ -	\$ -	\$ -	\$ 6,018
Deferred revenue	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>306,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,018</u>
Fund Balances:						
Restricted						
Stabilization by State Statute	-	-	-	-	-	-
Capital Projects	79,289	8,813	-	-	-	6,018
Assigned:						
Capital Projects	-	122,115	755,566	13,474	229,540	-
Unassigned	<u>(48,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,885)</u>
Total Fund Balance	<u>30,993</u>	<u>130,928</u>	<u>755,566</u>	<u>13,474</u>	<u>229,540</u>	<u>1,133</u>
Total Liabilities and Fund Balances	<u>\$ 337,046</u>	<u>\$ 130,928</u>	<u>\$ 755,566</u>	<u>\$ 13,474</u>	<u>\$ 229,540</u>	<u>\$ 7,151</u>

<u>Fire Training Facility</u>	<u>Country Club Park</u>	<u>Sturgeon City Boardwalk III</u>	<u>Police/Fire Facility</u>	<u>Firing Range Improvements</u>	<u>Buddy Phillips Bridge Improvements</u>	<u>Relocation of Northwoods Fire Station</u>	<u>Sturgeon City Boardwalk IV</u>
\$ 5,241	\$ 41,820	\$ 22,394	\$ 4,516,135	\$ 21,937	\$ 324,055	\$ 54,135	\$ 50,000
-	-	-	22,300,000	-	-	2,694,490	-
-	-	-	-	-	-	-	-
<u>5,241</u>	<u>41,820</u>	<u>22,394</u>	<u>26,816,135</u>	<u>21,937</u>	<u>324,055</u>	<u>2,748,625</u>	<u>50,000</u>
<u>\$ 5,241</u>	<u>\$ 41,820</u>	<u>\$ 22,394</u>	<u>\$ 26,816,135</u>	<u>\$ 21,937</u>	<u>\$ 324,055</u>	<u>\$ 2,748,625</u>	<u>\$ 50,000</u>
\$ -	\$ -	\$ -	\$ 14,741	\$ 13,912	\$ 29,900	\$ 47,486	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	14,741	13,912	29,900	47,486	-
-	-	-	-	-	-	-	-
-	-	-	23,041,432	-	226,678	88,073	-
5,241	41,820	22,394	3,759,962	8,025	67,477	2,613,066	50,000
-	-	-	-	-	-	-	-
<u>5,241</u>	<u>41,820</u>	<u>22,394</u>	<u>26,801,394</u>	<u>8,025</u>	<u>294,155</u>	<u>2,701,139</u>	<u>50,000</u>
<u>\$ 5,241</u>	<u>\$ 41,820</u>	<u>\$ 22,394</u>	<u>\$ 26,816,135</u>	<u>\$ 21,937</u>	<u>\$ 324,055</u>	<u>\$ 2,748,625</u>	<u>\$ 50,000</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Major Capital Projects Fund**  
**Combining Balance Sheet**  
June 30, 2012  
With Comparative Totals for June 30, 2011

	<u>Northeast Creek Ramp and Boardwalk</u>	<u>Jack Amyette Center Renovations</u>	<u>Freedom Fountain</u>	<u>Richard Ray Park Garden Improvements</u>	<u>Wooten Park</u>	<u>JTDA - Museum of the Marine</u>
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 274,263	\$ 240,665	\$ 402,794	\$ 2,347	\$ 94,944	\$ 200,000
Restricted current assets	-	-	-	-	-	-
Accounts receivable	-	-	64,840	-	-	-
Total Current Assets	<u>274,263</u>	<u>240,665</u>	<u>467,634</u>	<u>2,347</u>	<u>94,944</u>	<u>200,000</u>
Total Assets	<u>\$ 274,263</u>	<u>\$ 240,665</u>	<u>\$ 467,634</u>	<u>\$ 2,347</u>	<u>\$ 94,944</u>	<u>\$ 200,000</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 33,497	\$ 29,419	\$ 268,808	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>33,497</u>	<u>29,419</u>	<u>268,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted						
Stabilization by State Statute	-	-	64,840	-	-	-
Capital Projects	235,016	-	266,694	-	414	-
Assigned:						
Capital Projects	5,750	211,246	-	2,347	94,530	200,000
Unassigned	-	-	(132,708)	-	-	-
Total Fund Balance	<u>240,766</u>	<u>211,246</u>	<u>198,826</u>	<u>2,347</u>	<u>94,944</u>	<u>200,000</u>
Total Liabilities and Fund Balances	<u>\$ 274,263</u>	<u>\$ 240,665</u>	<u>\$ 467,634</u>	<u>\$ 2,347</u>	<u>\$ 94,944</u>	<u>\$ 200,000</u>

Statement 5,  
continued.

New Bridge Streetscape	Jacksonville Commons Phase III	Richard Ray Park Phase II	City Hall Envelope	Sturgeon City Education Center	Jacksonville Landing Park	Totals	
						June 30, 2012	June 30, 2011
\$ 121,012	\$ 31,369	\$ 899	\$ 672,445	\$ -	\$ -	\$ 8,550,160	\$ 7,001,287
-	-	-	-	4,000,000	-	28,994,490	-
-	-	-	-	-	6,274	71,114	79
121,012	31,369	899	672,445	4,000,000	6,274	37,615,764	7,001,366
<u>\$ 121,012</u>	<u>\$ 31,369</u>	<u>\$ 899</u>	<u>\$ 672,445</u>	<u>\$ 4,000,000</u>	<u>\$ 6,274</u>	<u>\$ 37,615,764</u>	<u>\$ 7,001,366</u>
\$ -	\$ 22,652	\$ -	\$ 185,216	\$ 1,800	\$ 600	\$ 960,102	\$ 368,317
-	-	-	-	-	-	-	79
-	-	-	-	-	207,171	207,171	-
-	22,652	-	185,216	1,800	207,771	1,167,273	368,396
-	-	-	-	-	6,274	71,114	-
-	29	-	474,684	-	-	24,427,140	79
121,012	8,688	899	12,545	3,998,200	-	12,343,897	6,685,268
-	-	-	-	-	(207,771)	(393,660)	(52,377)
121,012	8,717	899	487,229	3,998,200	(201,497)	36,448,491	6,632,970
<u>\$ 121,012</u>	<u>\$ 31,369</u>	<u>\$ 899</u>	<u>\$ 672,445</u>	<u>\$ 4,000,000</u>	<u>\$ 6,274</u>	<u>\$ 37,615,764</u>	<u>\$ 7,001,366</u>

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

For the Fiscal Year Ended June 30, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>NC24 Culvert Trail</u>	<u>Marine Corps Museum</u>	<u>Wilson Bay Initiative</u>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	1,395	-
Contributions	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395</u>	<u>-</u>
<b>Expenditures:</b>					
Capital Outlay:					
General Government	-	37,099	-	-	3,265
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	-	-	14,922	-	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	<u>-</u>	<u>37,099</u>	<u>14,922</u>	<u>-</u>	<u>3,265</u>
Revenues over (under) expenditures	<u>-</u>	<u>(37,099)</u>	<u>(14,922)</u>	<u>1,395</u>	<u>(3,265)</u>
Other financing sources (uses):					
Debt Issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	<u>(146,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(146,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(146,876)	(37,099)	(14,922)	1,395	(3,265)
Fund balances:					
Beginning of year, July 1	<u>146,876</u>	<u>68,092</u>	<u>145,850</u>	<u>754,171</u>	<u>16,739</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 30,993</u>	<u>\$ 130,928</u>	<u>\$ 755,566</u>	<u>\$ 13,474</u>

Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Country Club Park	Sturgeon City Boardwalk III	West Gum Branch Fire Station	Police/Fire Facility
\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,020
201	-	-	-	-	-	-
-	-	-	-	-	-	-
100,201	-	-	-	-	-	68,020
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	665,652
-	-	-	-	-	-	-
9,499	-	-	-	-	-	-
9,499	-	-	-	-	-	665,652
90,702	-	-	-	-	-	(597,632)
-	-	-	-	-	-	22,300,000
-	-	-	-	-	-	1,770,910
-	-	-	-	-	(390,933)	-
-	-	-	-	-	(390,933)	24,070,910
90,702	-	-	-	-	(390,933)	23,473,278
138,838	1,133	5,241	41,820	22,394	390,933	3,328,116
<u>\$ 229,540</u>	<u>\$ 1,133</u>	<u>\$ 5,241</u>	<u>\$ 41,820</u>	<u>\$ 22,394</u>	<u>\$ -</u>	<u>\$ 26,801,394</u>

Continued on next page.

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

For the Fiscal Year Ended June 30, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<u>Carolina Forest Park</u>	<u>Firing Range Improvements</u>	<u>Buddy Phillips Bridge Improvements</u>	<u>Georgetown Water Access Site</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	51,345	-
Public Safety	-	98,478	-	-
Cultural and Recreation	-	-	-	-
Non-capitalized expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>98,478</u>	<u>51,345</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(98,478)</u>	<u>(51,345)</u>	<u>-</u>
Other financing sources (uses):				
Debt Issued	-	-	-	-
Transfers in	-	4,593	-	-
Transfers (out)	(129,840)	(81,539)	-	(474,643)
Total other financing sources (uses)	<u>(129,840)</u>	<u>(76,946)</u>	<u>-</u>	<u>(474,643)</u>
Net change in fund balance	(129,840)	(175,424)	(51,345)	(474,643)
Fund balances:				
Beginning of year, July 1	<u>129,840</u>	<u>183,449</u>	<u>345,500</u>	<u>474,643</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 8,025</u>	<u>\$ 294,155</u>	<u>\$ -</u>

Relocation of Northwoods Fire Station	Sturgeon City Boardwalk IV	Northeast Creek Ramp & Boardwalk	Jack Amyette Center Renovations	Freedom Fountain	Business Park Improvements	Richard Ray Park Garden Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
13,000	-	-	-	370,509	-	-
13,000	-	-	-	370,509	-	-
-	-	-	-	550,682	-	-
-	-	-	-	-	-	-
235,140	-	-	-	-	-	-
-	-	60,857	172,279	-	-	-
-	-	-	-	-	-	-
235,140	-	60,857	172,279	550,682	-	-
(222,140)	-	(60,857)	(172,279)	(180,173)	-	-
2,880,000	-	-	-	-	-	-
6,250	-	284,000	300,000	290,924	-	-
-	-	-	-	-	(25,736)	-
2,886,250	-	284,000	300,000	290,924	(25,736)	-
2,664,110	-	223,143	127,721	110,751	(25,736)	-
37,029	50,000	17,623	83,525	88,075	25,736	2,347
\$ 2,701,139	\$ 50,000	\$ 240,766	\$ 211,246	\$ 198,826	\$ -	\$ 2,347

Continued on next page.

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

For the Fiscal Year Ended June 30, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Wooten Park</b>	<b>JTDA - Museum of the Marine</b>	<b>New Bridge Streetscape</b>	<b>FY12 Playground Surfaces</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ 100,000	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	-	-	-
Total revenues	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
General Government	-	-	5,988	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	3,556	-	-	55,857
Non-capitalized expenditures	-	-	-	-
Total expenditures	<u>3,556</u>	<u>-</u>	<u>5,988</u>	<u>55,857</u>
Revenues over (under) expenditures	<u>(3,556)</u>	<u>100,000</u>	<u>(5,988)</u>	<u>(55,857)</u>
Other financing sources (uses):				
Debt Issued	-	-	-	-
Transfers in	63,500	-	127,000	65,000
Transfers (out)	-	-	-	(9,143)
Total other financing sources (uses)	<u>63,500</u>	<u>-</u>	<u>127,000</u>	<u>55,857</u>
Net change in fund balance	59,944	100,000	121,012	-
Fund balances:				
Beginning of year, July 1	<u>35,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
End of year, June 30	<u>\$ 94,944</u>	<u>\$ 200,000</u>	<u>\$ 121,012</u>	<u>\$ -</u>

Jacksonville Commons Phase III	Richard Ray Park Phase II	City Hall Envelope	Sturgeon City Education Center	Jacksonville Landing Park	Totals	
					June 30, 2012	June 30, 2011
\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 468,020	\$ 275,750
-	-	-	-	-	1,596	3,016
-	-	-	-	-	383,509	-
-	-	-	-	200,000	853,125	278,766
-	-	744,571	1,800	-	1,343,405	291,616
-	-	-	-	-	51,345	-
-	-	-	-	-	999,270	469,606
82,471	35,351	-	-	909,497	1,334,790	486,416
-	-	-	-	-	9,499	56,499
82,471	35,351	744,571	1,800	909,497	3,738,309	1,304,137
(82,471)	(35,351)	(744,571)	(1,800)	(709,497)	(2,885,184)	\$ (1,025,371)
-	-	-	4,000,000	-	29,180,000	-
91,188	36,250	1,231,800	-	508,000	4,779,415	2,920,250
-	-	-	-	-	(1,258,710)	(255,852)
91,188	36,250	1,231,800	4,000,000	508,000	32,700,705	2,664,398
8,717	899	487,229	3,998,200	(201,497)	29,815,521	1,639,027
-	-	-	-	-	6,632,970	4,993,943
\$ 8,717	\$ 899	\$ 487,229	\$ 3,998,200	\$ (201,497)	\$ 36,448,491	\$ 6,632,970

**City of Jacksonville, North Carolina**  
**Rails to Trails Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
NC Transportation Enhancement grant	\$ 1,075,394	\$ 1,075,394	\$ -	\$ 1,075,394	\$ -
Bike Pedestrian grant	400,000	400,000	-	400,000	-
NC Transportation Enhancement grant	112,188	112,188	-	112,188	-
Investment earnings	108,889	78,216	-	78,216	(30,673)
Contributions	800	800	-	800	-
Total revenues	1,697,271	1,666,598	-	1,666,598	(30,673)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		5,573,681	-	5,573,681	
Total expenditures	5,602,230	5,573,681	-	5,573,681	28,549
Revenues (under) expenditures	(3,904,959)	(3,907,083)	-	(3,907,083)	(2,124)
Other financing sources (uses):					
Debt issued	674,466	674,466	-	674,466	-
Transfers in--					
From General Fund	316,000	316,000	-	316,000	-
From Capital Reserve Fund	3,084,081	3,084,081	-	3,084,081	-
Transfers (out)--					
To General Fund	(261,188)	(112,188)	(146,876)	(259,064)	2,124
To Capital Reserve	(8,400)	(8,400)	-	(8,400)	-
Sale of capital assets	100,000	100,000	-	100,000	-
Total other financing sources (uses)	3,904,959	4,053,959	(146,876)	3,907,083	2,124
Net change in fund balance	\$ -	\$ 146,876	(146,876)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			146,876		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**City Hall Expansion Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Contribution - Onslow County	\$ 10,307	\$ 10,308	\$ -	\$ 10,308	\$ 1
Investment earnings	254,554	249,674	-	249,674	(4,880)
Total revenues	264,861	259,982	-	259,982	(4,879)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		7,192,711	37,099	7,229,810	
Total expenditures	7,265,682	7,192,711	37,099	7,229,810	35,872
Revenues (under) expenditures	(7,000,821)	(6,932,729)	(37,099)	(6,969,828)	30,993
Other financing sources:					
Debt issued	5,030,308	5,030,308	-	5,030,308	-
Transfers in--					
From Capital Reserve Fund	1,705,908	1,705,908	-	1,705,908	-
From General Fund	250,500	250,500	-	250,500	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	7,000,821	7,000,821	-	7,000,821	-
Net change in fund balance	\$ -	\$ 68,092	(37,099)	\$ 30,993	\$ 30,993
Fund balance:					
Beginning of year, July 1			68,092		
End of year, June 30			\$ 30,993		

**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, 2012

	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	650,000	-	-	-	(650,000)
Total revenues	770,899	120,898	-	120,898	(650,001)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		332,048	14,922	346,970	
Total expenditures	1,127,899	332,048	14,922	346,970	780,929
Revenues (under) expenditures	(357,000)	(211,150)	(14,922)	(226,072)	130,928
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	\$ -	\$ 145,850	(14,922)	\$ 130,928	\$ 130,928
Fund Balance:					
Beginning of year, July 1			145,850		
End of year, June 30			\$ 130,928		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment Earnings	\$ 82,290	\$ 54,171	\$ 1,395	\$ 55,566	\$ (26,724)
Total revenues	82,290	54,171	1,395	55,566	(26,724)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		100,000	-	100,000	
Total expenditures	882,290	100,000	-	100,000	782,290
Revenues over (under) expenditures	(800,000)	(45,829)	1,395	(44,434)	755,566
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	\$ -	\$ 754,171	1,395	\$ 755,566	\$ 755,566
Fund Balance:					
Beginning of year, July 1			754,171		
End of year, June 30			\$ 755,566		

**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, 2012

	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		267,163	3,265	270,428	
Total expenditures	265,774	267,163	3,265	270,428	(4,654)
Revenues (under) expenditures	(265,774)	(267,163)	(3,265)	(270,428)	(4,654)
Other financing sources (uses):					
Transfers in--					
From General Fund	1,391	1,391	-	1,391	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Transfers out--					
To General Fund	(1,391)	(1,391)	-	(1,391)	-
To Capital Reserve Fund	(25,951)	(7,823)	-	(7,823)	(18,128)
Total other financing sources (uses)	265,774	283,902	-	283,902	(18,128)
Net change in fund balance	\$ -	\$ 16,739	(3,265)	\$ 13,474	\$ 13,474
Fund Balance:					
Beginning of year, July 1			16,739		
End of year, June 30			\$ 13,474		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Jacksonville TDA	\$ 200,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ -
Investment Earnings	82,689	82,553	201	82,754	65
Total revenues	282,689	182,553	100,201	282,754	65
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		743,715	9,499	753,214	
Total expenditures	982,689	743,715	9,499	753,214	229,475
Revenues over (under) expenditures	(700,000)	(561,162)	90,702	(470,460)	229,540
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	700,000	700,000	-	700,000	-
Total other financing sources	700,000	700,000	-	700,000	-
Net change in fund balance	\$ -	\$ 138,838	90,702	\$ 229,540	\$ 229,540
Fund Balance:					
Beginning of year, July 1			138,838		
End of year, June 30			\$ 229,540		

**City of Jacksonville, North Carolina**  
**Youth Center Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		309,420	-	309,420	
Total expenditures	310,552	309,420	-	309,420	1,132
Revenues (under) expenditures	(310,552)	(309,420)	-	(309,420)	1,132
Other financing sources:					
Debt issued	102,808	102,808	-	102,808	-
Transfers in--					
From General Fund	106,848	106,848	-	106,848	-
From Capital Reserve	103,506	103,506	-	103,506	-
Transfers (out)--					
To Capital Reserve	(2,610)	(2,609)	-	(2,609)	1
Total other financing sources	310,552	310,553	-	310,553	1
Net change in fund balance	\$ -	\$ 1,133	-	\$ 1,133	\$ 1,133
Fund Balance:					
Beginning of year, July 1			1,133		
End of year, June 30			\$ 1,133		

**City of Jacksonville, North Carolina**  
**Fire Training Facility Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Contributions from Coastal Carolina					
Community College	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Onslow County Volunteer Firefighters	12,876	12,876	-	12,876	-
Total revenues	<u>25,876</u>	<u>25,876</u>	<u>-</u>	<u>25,876</u>	<u>-</u>
<b>Expenditures:</b>					
Non-capitalized expenditures		242,388	-	242,388	
Total expenditures	<u>247,629</u>	<u>242,388</u>	<u>-</u>	<u>242,388</u>	<u>5,241</u>
Revenues (under) expenditures	<u>(221,753)</u>	<u>(216,512)</u>	<u>-</u>	<u>(216,512)</u>	<u>5,241</u>
Other financing sources:					
Transfers in--					
From General Fund	161,753	161,753	-	161,753	-
From Capital Reserve Fund	60,000	60,000	-	60,000	-
Total other financing sources	<u>221,753</u>	<u>221,753</u>	<u>-</u>	<u>221,753</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,241</u>	<u>-</u>	<u>\$ 5,241</u>	<u>\$ 5,241</u>
Fund Balance:					
Beginning of year, July 1			<u>5,241</u>		
End of year, June 30			<u>\$ 5,241</u>		

**City of Jacksonville, North Carolina**  
**Country Club Park Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Part F Grant	\$ 325,000	\$ -	\$ -	\$ -	\$ (325,000)
Total revenues	325,000	-	-	-	(325,000)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		33,180	-	33,180	
Total expenditures	650,000	33,180	-	33,180	616,820
Revenues (under) expenditures	(325,000)	(33,180)	-	(33,180)	291,820
Other financing sources:					
Debt Issued	250,000	-	-	-	(250,000)
Transfers in--					
From Capital Reserve Fund	75,000	75,000	-	75,000	-
Total other financing sources	325,000	75,000	-	75,000	(250,000)
Net change in fund balance	\$ -	\$ 41,820	-	\$ 41,820	\$ 41,820
Fund balance:					
Beginning of year, July 1			41,820		
End of year, June 30			\$ 41,820		

**City of Jacksonville, North Carolina**  
**Sturgeon City Boardwalk Phase III Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
NCDENR	\$ 300,000	\$ 232,817	\$ -	\$ 232,817	\$ (67,183)
Total revenues	300,000	232,817	-	232,817	(67,183)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		310,423	-	310,423	
Total expenditures	400,000	310,423	-	310,423	89,577
Revenues (under) expenditures	(100,000)	(77,606)	-	(77,606)	22,394
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	100,000	100,000	-	100,000	-
Total other financing sources	100,000	100,000	-	100,000	-
Net change in fund balance	\$ -	\$ 22,394	-	\$ 22,394	\$ 22,394
Fund Balance:					
Beginning of year, July 1			22,394		
End of year, June 30			\$ 22,394		

**City of Jacksonville, North Carolina**  
**West Gum Branch Fire Station Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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	2,767,500	-	-	-	2,767,500
Revenues (under) expenditures	(2,767,500)	-	-	-	2,767,500
Other financing sources (uses):					
Debt issued	2,767,500	-	-	-	(2,767,500)
Transfers in --					
From General Fund	246,500	246,500	-	246,500	-
From Capital Reserve	200,000	200,000	-	200,000	-
Transfers (out)--					
To General Fund	(246,500)	(55,567)	(190,933)	(246,500)	-
To Capital Reserve	(200,000)	-	(200,000)	(200,000)	-
Total other financing sources (uses)	2,767,500	390,933	(390,933)	-	(2,767,500)
Net change in fund balance	\$ -	\$ 390,933	(390,933)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			390,933		
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, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<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		3,599,234	665,652	4,264,886	
Total expenditures	32,090,735	3,599,234	665,652	4,264,886	27,825,849
Revenues (under) expenditures	(32,022,715)	(3,599,234)	(597,632)	(4,196,866)	27,825,849
Other financing sources:					
Debt issued	21,569,455	-	20,545,000	20,545,000	(1,024,455)
Premium on debt issued	1,755,000	-	1,755,000	1,755,000	-
Transfers in --					
From general fund	8,698,260	6,927,350	1,770,910	8,698,260	-
Total other financing sources	32,022,715	6,927,350	24,070,910	30,998,260	(1,024,455)
Net change in fund balance	\$ -	\$ 3,328,116	23,473,278	\$ 26,801,394	\$ 26,801,394
Fund Balance:					
Beginning of year, July 1			3,328,116		
End of year, June 30			\$ 26,801,394		

**City of Jacksonville, North Carolina**  
**Carolina Forest 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, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Part F Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		14,785	-	14,785	
Total expenditures	964,785	14,785	-	14,785	950,000
Revenues (under) expenditures	(464,785)	(14,785)	-	(14,785)	450,000
Other financing sources (uses):					
Debt Issued	450,000	-	-	-	(450,000)
Transfers in --					
From General Fund	144,625	144,625	-	144,625	-
Transfers (out)--					
To General Fund	(129,840)	-	(129,840)	(129,840)	-
Total other financing sources (uses)	464,785	144,625	(129,840)	14,785	(450,000)
Net change in fund balance	\$ -	\$ 129,840	(129,840)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			129,840		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Firing Range Improvements Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	<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>					
Miscellaneous Revenue	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total revenues	10,000	10,000	-	10,000	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		73,551	98,478	172,029	
Total expenditures	180,054	73,551	98,478	172,029	8,025
Revenues (under) expenditures	(170,054)	(63,551)	(98,478)	(162,029)	8,025
Other financing sources (uses):					
Transfers in --					
From General Fund	200,593	196,000	4,593	200,593	-
From Capital Reserve Fund	51,000	51,000	-	51,000	-
Transfers out --					
To General Fund	(81,539)	-	(81,539)	(81,539)	-
Total other financing sources (uses)	170,054	247,000	(76,946)	170,054	-
Net change in fund balance	\$ -	\$ 183,449	(175,424)	\$ 8,025	\$ 8,025
Fund Balance:					
Beginning of year, July 1			183,449		
End of year, June 30			\$ 8,025		

**City of Jacksonville, North Carolina**  
**Buddy Phillips Bridge Improvements Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		-	51,345	51,345	
Total expenditures	345,500	-	51,345	51,345	294,155
Revenues (under) expenditures	(345,500)	-	(51,345)	(51,345)	294,155
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	345,500	345,500	-	345,500	-
Total other financing sources	345,500	345,500	-	345,500	-
Net change in fund balance	\$ -	\$ 345,500	(51,345)	\$ 294,155	\$ 294,155
Fund Balance:					
Beginning of year, July 1			345,500		
End of year, June 30			\$ 294,155		

**City of Jacksonville, North Carolina**  
**Georgetown Water Access Site Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		25,357	-	25,357	
Total expenditures	25,357	25,357	-	25,357	-
Revenues (under) expenditures	(25,357)	(25,357)	-	(25,357)	-
Other financing sources (uses):					
Transfers in --					
From Capital Reserve Fund	500,000	500,000	-	500,000	-
Transfers out --					
To Capital Reserve Fund	(474,643)	-	(474,643)	(474,643)	-
Total other financing sources (uses)	25,357	500,000	(474,643)	25,357	-
Net change in fund balance	\$ -	\$ 474,643	(474,643)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			474,643		
End of year, June 30			\$ -		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<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		14,721	235,140	249,861	
Total expenditures	2,858,000	14,721	235,140	249,861	2,608,139
Revenues (under) expenditures	(2,858,000)	(14,721)	(222,140)	(236,861)	2,621,139
Other financing sources:					
Debt Issued	2,580,000	-	2,660,000	2,660,000	80,000
Premium on debt issued	220,000	-	220,000	220,000	-
Transfers in --					
From General Fund	6,250	-	6,250	6,250	-
From Capital Reserve Fund	51,750	51,750	-	51,750	-
Total other financing sources	2,858,000	51,750	2,886,250	2,938,000	80,000
Net change in fund balance	\$ -	\$ 37,029	2,664,110	\$ 2,701,139	\$ 2,701,139
Fund Balance:					
Beginning of year, July 1			37,029		
End of year, June 30			\$ 2,701,139		

**City of Jacksonville, North Carolina**  
**Sturgeon City Boardwalk Phase IV Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
NCDENR	\$ 150,000	\$ -	\$ -	\$ -	\$ (150,000)
Total revenues	150,000	-	-	-	(150,000)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	200,000	-	-	-	200,000
Revenues (under) expenditures	(50,000)	-	-	-	50,000
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	50,000	50,000	-	50,000	-
Total other financing sources	50,000	50,000	-	50,000	-
Net change in fund balance	\$ -	\$ 50,000	-	\$ 50,000	\$ 50,000
Fund Balance:					
Beginning of year, July 1			50,000		
End of year, June 30			\$ 50,000		

**City of Jacksonville, North Carolina**  
**NE Creek Boat Ramp and Boardwalk Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		3,377	60,857	64,234	
Total expenditures	305,000	3,377	60,857	64,234	240,766
Revenues (under) expenditures	(305,000)	(3,377)	(60,857)	(64,234)	240,766
Other financing sources:					
Transfers in --					
From General Fund	105,000	21,000	84,000	105,000	-
From Capital Reserve Fund	200,000	-	200,000	200,000	-
Total other financing sources	305,000	21,000	284,000	305,000	-
Net change in fund balance	\$ -	\$ 17,623	223,143	\$ 240,766	\$ 240,766
Fund Balance:					
Beginning of year, July 1			17,623		
End of year, June 30			\$ 240,766		

**City of Jacksonville, North Carolina**  
**Jack Amyette Center Renovation Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	<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 outlay:					
Other improvements		11,475	172,279	183,754	
Total expenditures	395,000	11,475	172,279	183,754	211,246
Revenues (under) expenditures	(395,000)	(11,475)	(172,279)	(183,754)	211,246
Other financing sources:					
Transfers in --					
From General Fund	395,000	95,000	300,000	395,000	-
Total other financing sources	395,000	95,000	300,000	395,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 83,525</u>	127,721	<u>\$ 211,246</u>	<u>\$ 211,246</u>
Fund Balance:					
Beginning of year, July 1			83,525		
End of year, June 30			<u>\$ 211,246</u>		

**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, 2012

	<b>Project</b>	<b>Actual</b>			<b>Variance</b>
	<b>Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Positive (Negative)</b>
<b>Revenues:</b>					
Contributions	\$ 515,000	\$ 55,750	\$ 370,509	\$ 426,259	\$ (88,741)
Total revenues	515,000	55,750	370,509	426,259	(88,741)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		52,675	550,682	603,357	
Total expenditures	890,924	52,675	550,682	603,357	287,567
Revenues over (under) expenditures	(375,924)	3,075	(180,173)	(177,098)	198,826
Other financing sources:					
Transfers in --					
From General Fund	375,924	85,000	290,924	375,924	-
Total other financing sources	375,924	85,000	290,924	375,924	-
Net change in fund balance	\$ -	\$ 88,075	110,751	\$ 198,826	\$ 198,826
Fund Balance:					
Beginning of year, July 1			88,075		
End of year, June 30			\$ 198,826		

**City of Jacksonville, North Carolina**  
**Business Park Improvement**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		19,264	-	19,264	
Total expenditures	19,263	19,264	-	19,264	(1)
Revenues (under) expenditures	(19,263)	(19,264)	-	(19,264)	(1)
Other financing sources (uses):					
Transfers in --					
From General Fund	45,000	45,000	-	45,000	-
Transfers out --					
To General Fund	(25,737)	-	(25,736)	(25,736)	1
Total other financing sources (uses)	19,263	45,000	(25,736)	19,264	1
Net change in fund balance	\$ -	\$ 25,736	(25,736)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			25,736		
End of year, June 30			\$ -		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contributions	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total revenues	10,000	10,000	-	10,000	-
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		7,915	-	7,915	
Total expenditures	10,262	7,915	-	7,915	2,347
Revenues over (under) expenditures	(262)	2,085	-	2,085	2,347
Other financing sources:					
Transfers in --					
From General Fund	262	262	-	262	-
Total other financing sources	262	262	-	262	-
Net change in fund balance	\$ -	\$ 2,347	-	\$ 2,347	\$ 2,347
Fund Balance:					
Beginning of year, July 1			2,347		
End of year, June 30			\$ 2,347		

**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, 2012

	<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 outlay:					
Other improvements		-	3,556	3,556	
Total expenditures	98,500	-	3,556	3,556	94,944
Revenues (under) expenditures	(98,500)	-	(3,556)	(3,556)	94,944
Other financing sources:					
Transfers in --					
From General Fund	98,500	35,000	63,500	98,500	-
Total other financing sources	98,500	35,000	63,500	98,500	-
Net change in fund balance	\$ -	\$ 35,000	59,944	\$ 94,944	\$ 94,944
Fund Balance:					
Beginning of year, July 1			35,000		
End of year, June 30			\$ 94,944		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contributions - JTDA	\$ 200,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ -
Investment earnings	100	-	-	-	(100)
Total revenues	200,100	100,000	100,000	200,000	(100)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	200,100	-	-	-	(200,100)
Revenues over expenditures	-	100,000	100,000	200,000	200,000
Other financing sources:					
Transfers in --					
From General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	\$ -	\$ 100,000	100,000	\$ 200,000	\$ 200,000
Fund Balance:					
Beginning of year, July 1			100,000		
End of year, June 30			\$ 200,000		

**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, 2012

	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		-	5,988	5,988	
Total expenditures	127,000	-	5,988	5,988	121,012
Revenues (under) expenditures	(127,000)	-	(5,988)	(5,988)	121,012
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	127,000	-	127,000	127,000	-
Total other financing sources	127,000	-	127,000	127,000	-
Net change in fund balance	\$ -	\$ -	121,012	\$ 121,012	\$ 121,012
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 121,012		

**City of Jacksonville, North Carolina**  
**FY12 Playground Surfaces Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		-	55,857	55,857	
Total expenditures	55,857	-	55,857	55,857	-
Revenues (under) expenditures	(55,857)	-	(55,857)	(55,857)	-
Other financing sources (uses):					
Transfers in --					
From Capital Reserve Fund	65,000	-	65,000	65,000	-
Transfers out --					
To Capital Reserve Fund	(9,143)	-	(9,143)	(9,143)	-
Total other financing sources (uses)	55,857	-	55,857	55,857	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Jacksonville Commons Phase III Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		-	82,471	82,471	
Total expenditures	91,188	-	82,471	82,471	8,717
Revenues (under) expenditures	(91,188)	-	(82,471)	(82,471)	8,717
Other financing sources:					
Transfers in --					
From General Fund	21,188	-	21,188	21,188	-
From Capital reserve Fund	70,000	-	70,000	70,000	-
Total other financing sources	91,188	-	91,188	91,188	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,717	<u>\$ 8,717</u>	<u>\$ 8,717</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 8,717</u>		

**City of Jacksonville, North Carolina**  
**Richard Ray Park Phase II Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	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		-	35,351	35,351	
Total expenditures	36,250	-	35,351	35,351	899
Revenues (under) expenditures	(36,250)	-	(35,351)	(35,351)	899
Other financing sources:					
Transfers in --					
From General Fund	36,250	-	36,250	36,250	-
Total other financing sources	36,250	-	36,250	36,250	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	899	<u>\$ 899</u>	<u>\$ 899</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 899</u>		

**City of Jacksonville, North Carolina**  
**City Hall Envelope Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	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		-	744,571	744,571	
Total expenditures	1,231,800	-	744,571	744,571	487,229
Revenues (under) expenditures	(1,231,800)	-	(744,571)	(744,571)	487,229
Other financing sources:					
Transfers in --					
From General Fund	29,500	-	29,500	29,500	-
From Capital Reserve Fund	1,202,300	-	1,202,300	1,202,300	-
Total other financing sources	1,231,800	-	1,231,800	1,231,800	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	487,229	<u>\$ 487,229</u>	<u>\$ 487,229</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 487,229</u>		

**City of Jacksonville, North Carolina**  
**Sturgeon City 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, 2012

	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		-	1,800	1,800	
Total expenditures	4,000,000	-	1,800	1,800	3,998,200
Revenues (under) expenditures	(4,000,000)	-	(1,800)	(1,800)	3,998,200
Other financing sources:					
Debt Issued	3,685,000	-	3,685,000	3,685,000	-
Premium on debt issued	315,000	-	315,000	315,000	-
Transfers in --					
From General Fund	-	-	-	-	-
Total other financing sources	4,000,000	-	4,000,000	4,000,000	-
Net change in fund balance	\$ -	\$ -	3,998,200	\$ 3,998,200	\$ 3,998,200
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 3,998,200		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contributions - Onslow County	\$ 400,000	\$ -	\$ 200,000	\$ 200,000	\$ (200,000)
Total revenues	400,000	-	200,000	200,000	(200,000)
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		-	909,497	909,497	
Total expenditures	2,375,000	-	909,497	909,497	1,465,503
Revenues (under) expenditures	(1,975,000)	-	(709,497)	(709,497)	1,265,503
Other financing sources:					
Debt Issued	1,467,000	-	-	-	(1,467,000)
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	1,975,000		508,000	508,000	(1,467,000)
Net change in fund balance	\$ -	\$ -	(201,497)	\$ (201,497)	\$ (201,497)
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ (201,497)		



# **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 Assets**  
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 34,680,704	\$ 32,747,544
Accounts receivable (net)	2,700,589	3,520,829
Inventories	299,732	347,224
Prepaid items	860	1,330
Total Current Assets	<u>37,681,885</u>	<u>36,616,927</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	8,640,381	13,811,150
Deferred charges	47,338	-
Capital assets (net)	<u>135,069,518</u>	<u>138,101,090</u>
Total Noncurrent Assets	<u>143,757,237</u>	<u>151,912,240</u>
Total Assets	<u>181,439,122</u>	<u>188,529,167</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	2,151,329	4,158,342
Compensated absences payable-current	130,899	116,774
Installment purchases payable-current	3,189,233	1,808,938
Loans payable-current	2,447,786	4,341,584
Bonds payable-current	<u>1,414,575</u>	<u>1,280,298</u>
Total Current Liabilities	<u>9,333,822</u>	<u>11,705,936</u>
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	76,379	76,008
Unearned revenue	107,941	151,523
Customer deposits	951,757	813,272
Other postemployment benefits	29,173	21,774
Installment purchases payable-noncurrent	11,074,266	8,351,164
Loans payable-noncurrent	52,048,153	57,258,120
Bonds payable-noncurrent	<u>38,030,096</u>	<u>39,444,671</u>
Total Noncurrent Liabilities	<u>102,317,765</u>	<u>106,116,532</u>
Total Liabilities	<u>111,651,587</u>	<u>117,822,468</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	35,553,128	39,427,465
Unrestricted	<u>34,234,407</u>	<u>31,279,234</u>
Total Net Assets	<u>\$ 69,787,535</u>	<u>\$ 70,706,699</u>

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Assets**  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Operating revenues:</b>		
Charges for services	\$ 23,178,499	\$ 24,723,184
Total operating revenues	<u>23,178,499</u>	<u>24,723,184</u>
<b>Operating expenses:</b>		
Water/Sewer Operations	6,926,007	6,476,164
Water Supply	1,863,161	1,679,668
Wastewater Treatment	2,482,252	1,939,969
Non-capitalized expenses - projects	-	4,696
Depreciation	9,690,860	9,536,754
Total operating expenses	<u>20,962,280</u>	<u>19,637,251</u>
Operating income	<u>2,216,219</u>	<u>5,085,933</u>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	96,152	184,944
Gain on sale of capital assets	41,056	200
Miscellaneous revenues	552,317	388,655
Interest on long-term debt	(4,948,503)	(2,402,349)
Debt issuance costs	(492)	-
Total nonoperating (expenses)	<u>(4,259,470)</u>	<u>(1,828,550)</u>
Income before capital contributions and transfers	<u>(2,043,251)</u>	<u>3,257,383</u>
<b>Capital contributions:</b>		
ONWASA contribution	40,158	90,965
Onslow County Joint Project contribution	-	10,067
State Revolving Fund-ARRA forgiveness loan	173,532	1,251,469
NC Department of Transportation	160,175	-
Developer contributions	508,017	895,542
Total capital contributions	<u>881,882</u>	<u>2,248,043</u>
Income before transfers	<u>(1,161,369)</u>	<u>5,505,426</u>
<b>Transfers:</b>		
Transfers in	348,304	358,060
Transfers out	(106,099)	(427,634)
Total transfers	<u>242,205</u>	<u>(69,574)</u>
Increase (Decrease) in Net Assets	(919,164)	5,435,852
<b>Net Assets</b>		
Beginning of year, July 1	<u>70,706,699</u>	<u>65,270,847</u>
End of year, June 30	<u>\$ 69,787,535</u>	<u>\$ 70,706,699</u>

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 23,950,083	\$ 24,335,454
Cash paid for goods and services	(7,419,065)	(4,664,674)
Cash paid to employees	(5,784,437)	(5,182,358)
Customer deposits	138,485	210,663
Net cash provided by operating activities	<u>10,885,066</u>	<u>14,699,085</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	348,304	358,060
Transfers (out)	(106,099)	(427,634)
Advances from other funds	-	(39,883)
Miscellaneous revenues	552,317	388,655
Net cash provided (used) by noncapital financing activities	<u>794,522</u>	<u>279,198</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions	373,865	1,352,501
Debt issued	8,430,047	22,299,294
Principal paid on long-term debt	(12,706,404)	(4,588,493)
Interest paid on long-term debt	(4,952,812)	(2,402,349)
Debt issuance costs	(47,830)	-
Acquisition and construction of capital assets	(6,151,271)	(9,358,136)
Proceeds from sale of capital assets	41,056	200
Net cash provided (used) by capital and related financing activities	<u>(15,013,349)</u>	<u>7,303,017</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	96,152	184,944
Net cash provided by investing activities	<u>96,152</u>	<u>184,944</u>
Net increase (decrease) in cash and cash equivalents	(3,237,609)	22,466,244
Cash and cash equivalents, July 1	46,558,694	24,092,450
Cash and cash equivalents, June 30	<u>\$ 43,321,085</u>	<u>\$ 46,558,694</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2012 and 2011

**Statement 41,**  
continued.

	<b>2012</b>	<b>2011</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 2,216,219	\$ 5,085,933
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	9,690,860	9,536,754
Bad debt expense	5,074	67,154
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	815,166	(392,886)
(Increase) decrease in inventories	47,492	4,138
(Increase) decrease in prepaid items	470	840
Increase (decrease) in accounts payable and accrued liabilities	(1,999,614)	179,885
Increase (decrease) in compensated absences payable	14,496	1,448
Increase (decrease) in unearned revenues	(43,582)	5,156
Increase (decrease) in customer deposits	138,485	210,663
Total adjustments	8,668,847	9,613,152
Net cash provided by operating activities	\$ 10,885,066	\$ 14,699,085
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributed by developers	\$ 508,017	\$ 895,542

**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, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 8,049,153	\$ 7,650,734	\$ (398,419)	\$ 7,672,234
Water tap fees	40,000	27,250	(12,750)	57,355
Water facility fees	961,943	947,225	(14,718)	1,335,789
Water Meter Purchases	87,410	88,341	931	164,503
Sewer sales	12,325,554	11,527,291	(798,263)	11,738,377
Sewer tap fees	1,200	(153)	(1,353)	-
Sewer facility fees	1,620,295	1,629,237	8,942	2,478,486
Sewer grease trap violations	500	2,475	1,975	400
Late penalty charges	175,000	235,894	60,894	233,167
New account service charges	170,000	256,832	86,832	196,895
Inflow and Infiltration Fee	832,687	800,259	(32,428)	817,178
Onslow County leachate	20,000	14	(19,986)	15,550
Other operating revenue	8,000	13,100	5,100	13,250
Total	<u>24,291,742</u>	<u>23,178,499</u>	<u>(1,113,243)</u>	<u>24,723,184</u>
Nonoperating revenues:				
Interest earned on investments	107,280	96,152	(11,128)	184,944
Sale of capital assets	7,000	41,056	34,056	200
Miscellaneous revenue	574,520	552,317	(22,203)	388,655
ONWASA contributions	-	40,158	40,158	90,965
Onslow County Joint Project contribution	-	-	-	10,067
State Revolving Fund-ARRA Forgiveness loan	-	173,532	173,532	1,251,469
NC Department of Transportation	-	160,175	160,175	-
Developer contributions	-	508,017	508,017	895,542
Total	<u>688,800</u>	<u>1,571,407</u>	<u>882,607</u>	<u>2,821,842</u>
Total revenues	<u>24,980,542</u>	<u>24,749,906</u>	<u>(230,636)</u>	<u>27,545,026</u>
<b>Expenditures:</b>				
Water/Sewer operations				
Administration				
Salaries and employee benefits		261,373		275,033
Supplies		9,385		7,530
Insurance		2,077		3,011
Maintenance and Repair		-		5,000
Contracted services-info technology		56,973		53,981
Contracted services		56,910		116,858
Bad debt		5,074		67,154
Overhead allocation from General Fund		1,541,698		1,146,580
Other departmental expenditures		142,475		159,263
Total		<u>2,075,965</u>		<u>1,834,410</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, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Engineering				
Salaries and employee benefits	\$ -	\$ 694,105	\$ -	\$ 702,826
Supplies		5,175		4,379
Insurance		4,138		4,602
Contracted services		219,957		145,357
Contracted services-info technology		56,009		59,054
Other departmental expenditures		44,922		55,829
Total		1,024,306		972,047
Metering distribution				
Salaries and employee benefits		295,405		274,439
Supplies		149,718		118,629
Insurance		2,940		3,592
Utilities		2,376		3,220
Maintenance and repair		-		184
Contracted services		18,532		18,888
Contracted services-info technology		28,004		29,527
Other departmental expenditures		54,976		46,656
Total		551,951		495,135
Utilities maintenance				
Salaries and employee benefits		1,390,800		1,301,511
Supplies		188,075		127,232
Insurance		25,137		24,190
Utilities		249,612		242,481
Maintenance and repair		691,866		758,907
Contracted services		341,021		435,652
Contracted services-info technology		80,513		76,857
Other departmental expenditures		306,761		207,742
Total		3,273,785		3,174,572
Total Water/Sewer operations	8,948,626	6,926,007	2,022,619	6,476,164
Water supply				
Salaries and employee benefits		763,410		725,588
Supplies		128,806		108,641
Insurance		67,421		69,461
Utilities		599,312		525,508
Maintenance and repair		69,621		43,916
Contracted services		92,942		82,357
Contracted services-info technology		80,513		72,841
Other departmental expenditures		61,136		51,356
Total water supply	2,241,406	1,863,161	378,245	1,679,668

**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, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Wastewater treatment				
Salaries and employee benefits	\$ -	\$ 859,541	\$ -	\$ 766,886
Supplies		131,607		134,422
Insurance		33,674		35,865
Utilities		605,998		576,285
Maintenance and repair		114,560		81,957
Contracted services		525,801		159,033
Contracted services-info technology		45,508		47,981
Other departmental expenditures		165,563		137,540
	<u>2,728,616</u>	<u>2,482,252</u>	<u>246,364</u>	<u>1,939,969</u>
Total wastewater treatment				
Total	<u>13,918,648</u>	<u>11,271,420</u>	<u>2,647,228</u>	<u>10,095,801</u>
<b>Budgetary appropriations:</b>				
Interest paid	4,844,251	4,948,503	(104,252)	2,402,349
Debt principal	7,320,688	6,808,797	511,891	4,588,493
Debt refunding	5,897,607	5,897,607	-	-
Bond Issuance costs	47,830	492	47,338	-
Increase (decrease) in inventory	-	(47,492)	47,492	(4,138)
(Increase) decrease in compensated absences payable	-	(14,496)	14,496	(1,448)
Increase (decrease) in prepaid expenditures	-	(470)	470	(840)
Debt issued	(5,984,374)	(5,971,024)	(13,350)	(22,299,294)
Premium on debt issued	(405,767)	(405,767)	-	-
Appropriated retained earnings	(4,138,579)	-	(4,138,579)	-
Transfers (in)--				
From Water/Sewer Capital Projects	(237,241)	(187,241)	(50,000)	(1,855,496)
From Non-Major Governmental Funds	(348,304)	(348,304)	-	(358,060)
Transfers out--				
To Water/Sewer Capital Projects	2,941,761	2,941,760	1	1,658,000
To Water/Sewer Capital Reserve	80,000	80,000	-	383,972
To General Fund	-	-	-	8,000
To Non-Major Governmental Funds	70,564	70,564	-	-
To Non-Major Internal Service Funds	17,786	17,786	-	35,662
Non-capitalized expenditures - projects	-	-	-	4,696
Capital outlay	955,672	857,720	97,952	568,627
	<u>11,061,894</u>	<u>14,648,435</u>	<u>(3,586,541)</u>	<u>(14,869,477)</u>
Total budgetary appropriations				
Total expenditures	<u>\$ 24,980,542</u>	<u>\$ 25,919,855</u>	<u>\$ (939,313)</u>	<u>\$ (4,773,676)</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, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		2011
	Budget	Actual	
<b>Reconciliation of modified accrual basis to full accrual basis:</b>			
Total revenues		\$ 24,749,906	\$ 27,545,026
Total expenditures		<u>25,919,855</u>	<u>(4,773,676)</u>
Revenues over expenditures		<u>(1,169,949)</u>	<u>32,318,702</u>
Budgetary appropriations (above):			
Payment of debt principal		6,808,797	4,588,493
Payment of refunded debt		5,897,607	-
Debt issued		(5,971,024)	(22,299,294)
Premium on debt issued		(405,767)	-
Increase (decrease) in inventory		(47,492)	(4,138)
(Increase) decrease in compensated absences payable		(14,496)	(1,448)
Increase (decrease) in prepaid expenditures		(470)	(840)
Capital outlay		857,720	568,627
Transfers		<u>2,816,770</u>	<u>(197,496)</u>
Total budgetary appropriations		<u>9,941,645</u>	<u>(17,346,096)</u>
Depreciation (Statement 40)		<u>(9,690,860)</u>	<u>(9,536,754)</u>
Increase (Decrease) in net assets (Statement 40)		<u>\$ (919,164)</u>	<u>\$ 5,435,852</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 99,075	\$ 68,469	\$ -	\$ 68,469	\$ (30,606)
ONWASA	131,123	90,965	(50,807)	40,158	(90,965)
ARRA funds-SRF	1,500,000	1,251,469	173,532	1,425,001	(74,999)
Total revenues	1,730,198	1,410,903	122,725	1,533,628	(196,570)
<b>Expenditures:</b>					
Water Tank Painting	740,396	740,396	-	740,396	-
Water Line Replacements	3,134,255	2,697,688	(28,831)	2,668,857	465,398
Fire Protection Water Improvements	190,000	2,700	46,133	48,833	141,167
Water Treatment Plant	47,810,348	41,206,388	382,046	41,588,434	6,221,914
Water Interconnection ONWASA	231,373	62,963	77,888	140,851	90,522
Water Interconnection MCBCL	107,000	-	-	-	107,000
Water System Improvements Ph II	5,299,024	3,034,108	492,081	3,526,189	1,772,835
Piney Green & 17 Water Service Area	365,000	30,718	5,182	35,900	329,100
Water Line Replacement (Hargett St.)	1,220,130	-	23,500	23,500	1,196,630
New Base Entry Utility Relocation	324,292	-	-	-	324,292
North Marine Towne Center	227,740	-	-	-	227,740
Total expenditures	59,649,558	47,774,961	997,999	48,772,960	10,876,598
Revenues over (under) expenditures	(57,919,360)	(46,364,058)	(875,274)	(47,239,332)	10,680,028
<b>Other financing sources:</b>					
Debt issued--					
Installment purchases	3,120,998	2,656,371	-	2,656,371	(464,627)
Loans payable - SRF	41,495,263	37,896,067	2,019,945	39,916,012	(1,579,251)
Revenue bonds	10,004,097	8,527,167	(43,200)	8,483,967	(1,520,130)
Transfers in--					
From Water/Sewer Fund	3,603,740	3,151,708	452,032	3,603,740	-
From Water/Sewer Capital Reserve	16,990	16,990	-	16,990	-
Transfers (out)--					
To Water/Sewer Fund	(321,728)	(319,804)	(1,924)	(321,728)	-
Total other financing sources	57,919,360	51,928,499	2,426,853	54,355,352	(3,564,008)
Excess of revenues and other sources over (under) expenditures	\$ -	\$ 5,564,441	1,551,579	\$ 7,116,020	\$ 7,116,020
<b>Fund Balance</b>					
Beginning of year, July 1			5,564,441		
End of year, June 30			\$ 7,116,020		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 76,529	\$ 21,236	\$ -	\$ 21,236	\$ (55,293)
Inflow and infiltration fee	2,800,512	2,800,512	-	2,800,512	-
Onslow County	15,575	10,067	-	10,067	(5,508)
ONWASA	68,500	-	68,500	68,500	-
NCDOT	160,175	-	160,175	160,175	-
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	<u>3,190,291</u>	<u>2,900,815</u>	<u>228,675</u>	<u>3,129,490</u>	<u>(60,801)</u>
<b>Expenditures:</b>					
Sewer Line Replacements	7,395,077	5,092,066	504,197	5,596,263	1,798,814
DOT Construction Sewer Impact	2,433,526	2,433,526	-	2,433,526	-
Pump Station Rehabilitation	6,383,494	3,900,235	338,642	4,238,877	2,144,617
Inflow/infiltration	5,604,140	4,762,599	341,256	5,103,855	500,285
Relocate Utilities Bypass	287,564	25,476	-	25,476	262,088
Land Application Expansion	42,336,794	41,510,773	768,578	42,279,351	57,443
Public Service Complex	4,775,230	-	(17,749)	(17,749)	4,792,979
Public Service Complex Phase II	729,548	193,798	53,626	247,424	482,124
Piney Green Sewer Service	6,801,467	166,467	-	166,467	6,635,000
Collins Branch Trunk Ext.	132,000	121,747	9,242	130,989	1,011
W/S Station Repairs	633,113	627,603	-	627,603	5,510
Ellis Park Infrastructure	405,000	166,794	-	166,794	238,206
Barrus Lift Station Improvements	1,082,500	221,075	745,785	966,860	115,640
Western Pkwy Utilities Relocation	409,000	-	-	-	409,000
FY11 Sewer Lines	512,000	-	-	-	512,000
Springdale Life Station	1,213,500	68,500	675,558	744,058	469,442
Ellis Lift Station Site Improvements	75,000	775	2,625	3,400	71,600
Parkwood Regional Life Station	795,710	-	132,106	132,106	663,604
Western Trunk Sewer Lower	170,000	-	-	-	170,000
WW Collection System Main F1	409,810	-	-	-	409,810
Piney Green Sewer w/ ONWASA	3,218,700	-	1,465	1,465	3,217,235
SCADA Upgrade	1,194,000	13,431	254,932	268,363	925,637
Henderson/CC Villa Station	2,232,141	-	313,270	313,270	1,918,871
Canterbury Lift Station Replacement	56,430	-	6,625	6,625	49,805
Memorial Lift Station Replacement	118,310	-	9,680	9,680	108,630
College Street Sewer Replacement	25,740	-	22,927	22,927	2,813
Rebuild Step Screens/Land App.	141,000	-	132,787	132,787	8,213
NCDOT Sewer Relocation PG Rd.	383,421	-	-	-	383,421
Total expenditures	<u>89,954,215</u>	<u>59,304,865</u>	<u>4,295,552</u>	<u>63,600,417</u>	<u>26,353,798</u>
Revenues (under) expenditures	<u>(86,763,924)</u>	<u>(56,404,050)</u>	<u>(4,066,877)</u>	<u>(60,470,927)</u>	<u>26,292,997</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, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Other financing sources (uses):					
Debt issued--					
Installment purchases	24,260,725	9,452,675	-	9,452,675	(14,808,050)
Loans payable - SRF	17,500,000	16,652,712	-	16,652,712	(847,288)
Revenue bonds	38,772,543	31,200,270	76,511	31,276,781	(7,495,762)
Transfers in--					
From Water/Sewer Fund	11,654,950	8,546,436	2,489,728	11,036,164	(618,786)
From W/S Capital Reserve Fund	614,283	114,283	-	114,283	500,000
From General Capital Reserve	834,120	634,120	-	634,120	200,000
Transfers (out)--					
To Water/Sewer Fund	(6,470,976)	(5,349,596)	(185,317)	(5,534,913)	936,063
To General Capital Reserve	(401,721)	(383,972)	(17,749)	(401,721)	-
Total other financing sources	<u>86,763,924</u>	<u>60,866,928</u>	<u>2,363,173</u>	<u>63,230,101</u>	<u>23,533,823</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	\$ <u>4,462,878</u>	<u>(1,703,704)</u>	\$ <u>2,759,174</u>	\$ <u>2,759,174</u>
Fund Balance					
Beginning of year, July 1			<u>4,462,878</u>		
End of year, June 30			<u>\$ 2,759,174</u>		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Interest on investments	\$ 466,383	\$ 466,085	\$ 436	\$ 466,521	\$ 138
Total revenues	466,383	466,085	436	466,521	138
<b>Expenditures:</b>					
Water supply and distribution	401,727	-	-	-	401,727
Sewage collection and treatment	109,539	-	-	-	109,539
Total expenditures	511,266	-	-	-	511,266
Revenues over expenditures	(44,883)	466,085	436	466,521	511,404
<b>Other financing sources (uses):</b>					
Transfers in--					
From Water/Sewer Fund	1,041,931	961,931	80,000	1,041,931	-
From Water Capital Projects	590,435	590,435	-	590,435	-
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)	44,883	(35,117)	80,000	44,883	-
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ 430,968	80,436	\$ 511,404	\$ 511,404
<b>Fund Balance</b>					
Beginning of year, July 1			430,968		
End of year, June 30			\$ 511,404		



# 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 Assets**  
June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 241,625	\$ 210,253
Accounts receivable (net)	235,153	194,637
Total Current Assets	476,778	404,890
Noncurrent Assets:		
Restricted cash and cash equivalents	-	3
Capital assets (net)	858,011	824,038
Total Noncurrent Assets	858,011	824,041
Total Assets	1,334,789	1,228,931
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	251,394	256,925
Compensated absences payable - current	45,994	51,487
Installment purchases payable - current	228,911	274,897
Total Current Liabilities	526,299	583,309
Noncurrent Liabilities:		
Compensated absences payable - noncurrent	43,920	40,414
Other postemployment benefits	24,650	17,250
Installment purchases payable - noncurrent	428,939	355,277
Total Noncurrent Liabilities	497,509	412,941
Total Liabilities	1,023,808	996,250
<b>Net Assets</b>		
Invested in capital assets, net of related debt	200,161	193,867
Unrestricted	110,820	38,814
Total Net Assets	\$ 310,981	\$ 232,681

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Assets**  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Operating revenues:</b>		
Charges for services	\$ 2,807,152	\$ 2,710,478
Total operating revenues	<u>2,807,152</u>	<u>2,710,478</u>
<b>Operating expenses:</b>		
Solid Waste Operations	4,868,989	4,749,311
Depreciation	319,504	262,707
Total operating expenses	<u>5,188,493</u>	<u>5,012,018</u>
Operating (loss)	<u>(2,381,341)</u>	<u>(2,301,540)</u>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	482	14,160
Gain on sale of capital assets	31,260	-
Restricted revenue - State	53,319	54,488
Miscellaneous revenue	194	178
Interest on long-term debt	(15,622)	(18,164)
Total nonoperating revenues	<u>69,633</u>	<u>50,662</u>
Loss before transfers	<u>(2,311,708)</u>	<u>(2,250,878)</u>
<b>Transfers:</b>		
Transfers in	<u>2,390,008</u>	<u>-</u>
Total transfers	<u>2,390,008</u>	<u>-</u>
<b>Change in Net Assets</b>	78,300	(2,250,878)
Net Assets:		
Beginning of year, July 1	<u>232,681</u>	<u>2,483,559</u>
End of year, June 30	<u>\$ 310,981</u>	<u>\$ 232,681</u>

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,764,106	\$ 2,713,527
Cash paid for goods and services	(3,054,421)	(3,208,978)
Cash paid to employees	(1,812,156)	(1,560,100)
Net cash (used) by operating activities	<u>(2,102,471)</u>	<u>(2,055,551)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	2,390,008	-
Advances from other funds	-	(25,853)
Miscellaneous non-operating revenue	194	178
Restricted Intergovernmental - State	53,319	54,488
Net cash provided by noncapital financing activities	<u>2,443,521</u>	<u>28,813</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt issued	348,633	388,600
Principal paid on long-term debt	(320,957)	(315,728)
Interest paid on long-term debt	(15,622)	(18,164)
Purchase of capital assets	(353,477)	(410,774)
Proceeds from sale of assets	31,260	18,479
Net cash (used) by capital related financing activities	<u>(310,163)</u>	<u>(337,587)</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	482	14,160
Net cash provided by investing activities	<u>482</u>	<u>14,160</u>
Net increase (decrease) in cash and cash equivalents	31,369	(2,350,165)
Cash and cash equivalents, July 1	210,256	2,560,421
Cash and cash equivalents, June 30	<u>\$ 241,625</u>	<u>\$ 210,256</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2012 and 2011

**Statement 48,**  
continued.

	<b>2012</b>	<b>2011</b>
<b>Reconciliation of operating (loss) to net cash (used) by operating activities:</b>		
Operating (loss)	\$ (2,381,341)	\$ (2,301,540)
<b>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</b>		
Depreciation	319,504	262,707
Bad debt expense	2,530	1,524
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(43,046)	3,049
Increase (decrease) in accounts payable and accrued liabilities	1,869	(26,627)
Increase (decrease) in compensated absences payable	(1,987)	5,336
Total adjustments	278,870	245,989
Net cash (used) by operating activities	\$ (2,102,471)	\$ (2,055,551)

**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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,991,592	\$ 2,035,356	\$ 43,764	\$ 1,944,631
Commercial pickups	2,000	1,020	(980)	1,675
Residential fees	705,356	708,899	3,543	698,449
Recycling revenues	-	7,650	7,650	11,183
Other operating revenues	48,000	54,227	6,227	54,540
	<u>2,746,948</u>	<u>2,807,152</u>	<u>60,204</u>	<u>2,710,478</u>
Nonoperating revenues:				
Restricted revenue - State	47,444	53,319	5,875	54,488
Sale of capital assets	-	31,260	31,260	-
Miscellaneous revenue	-	194	194	178
Interest earned on investments	45,667	482	(45,185)	14,160
	<u>93,111</u>	<u>85,255</u>	<u>(7,856)</u>	<u>68,826</u>
Total revenues	<u>2,840,059</u>	<u>2,892,407</u>	<u>52,348</u>	<u>2,779,304</u>
<b>Expenditures:</b>				
Salaries and employee benefits		1,562,459		1,569,959
Unleaded fuel		220,160		178,758
Supplies		73,829		68,167
Maintenance and repair		270,489		261,243
Contracted services - landfill		2,307,985		2,251,579
Contracted services - internal services		38,919		40,160
Bad debt		2,530		1,524
Overhead allocation from General Fund		255,110		281,865
Other expenditures		137,508		96,056
	<u>5,180,215</u>	<u>4,868,989</u>	<u>311,226</u>	<u>4,749,311</u>
<b>Budgetary appropriations:</b>				
Interest paid	22,149	15,622	6,527	18,164
Debt principal	336,828	320,957	15,871	315,728
Decrease (Increase) in compensated absences payab	-	1,987	(1,987)	(5,336)
Debt issued	(367,012)	(348,633)	(18,379)	(388,600)
Transfers (in)--				
From General Fund	(2,654,821)	(2,390,008)	(264,813)	-
Capital outlay	367,012	353,477	13,535	410,774
Appropriated retained earnings	(44,312)	-	(44,312)	-
	<u>(2,340,156)</u>	<u>(2,046,598)</u>	<u>(293,558)</u>	<u>350,730</u>
Total budgetary appropriations	<u>(2,340,156)</u>	<u>(2,046,598)</u>	<u>(293,558)</u>	<u>350,730</u>
Total expenditures	<u>\$ 2,840,059</u>	<u>\$ 2,822,391</u>	<u>\$ 17,668</u>	<u>\$ 5,100,041</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenses--**  
**Budget and Actual (Non-GAAP)**  
 For the Fiscal Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

**Schedule 49,**  
 continued.

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 2,892,407		\$ 2,779,304
Total expenditures		<u>2,822,391</u>		<u>5,100,041</u>
Excess of revenues over expenditures		<u>70,016</u>		<u>(2,320,737)</u>
Budgetary appropriations (above):				
Payment of debt principal		320,957		315,728
Debt issued		(348,633)		(388,600)
Decrease (Increase) in compensated absences payable		1,987		(5,336)
Capital outlay		<u>353,477</u>		<u>410,774</u>
Total budgetary appropriations		<u>327,788</u>		<u>332,566</u>
Depreciation (Statement 47)		<u>(319,504)</u>		<u>(262,707)</u>
Change in Net Assets (Statement 47)		<u>\$ 78,300</u>		<u>\$ (2,250,878)</u>

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



# NON-MAJOR FUNDS

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- Non-Major Governmental Funds
- Non-Major Enterprise 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** – accounts for the revenues and expenditures of Community Development Block Grant programs.

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

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

**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.

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

**Victim's Assistance Grant** – accounts for the revenues and expenditures of the Victim's Assistance Grant Program.

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

# NON-MAJOR GOVERNMENTAL FUNDS

## (Continued)

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### Law Enforcement Grants Fund (continued):

**Justice Assistance Grant Non-ARRA** – accounts for the revenues and expenditures of the 2012 Justice Assistance Grant Non-ARRA Program.

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

**Governor’s Crime Commission Robbery/Burglary Grant** – accounts for the revenues and expenditures of the Governor’s Crime Commission Robbery/Burglary Grant Program.

**Weed and Seed Grant** – accounts for the revenues and expenditures of the Weed and Seed Grant Program.

**COPS Universal Hiring Grant** – accounts for the revenues and expenditures of the COPS Universal Hiring Grant Program.

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

**Justice Assistance Grant Safe Neighborhood Project** – accounts for the revenues and expenditures of the Justice Assistance Grant Safe Neighborhood Project.

**Governor’s Crime Commission Business Watch Grant** – accounts for the revenues and expenditures of the Business Watch Grant Program.

**Federal Treasury Seizures** – accounts for the revenues and expenditures of Federal Treasury Seizures.

### E-911 Fund:

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

### Fire Grants Fund:

**SAFER Grant** – accounts for the revenues and expenditures of the Fire Department's Staffing for Adequate Fire and Emergency Response Grant Program.

# NON-MAJOR GOVERNMENTAL FUNDS

## (Continued)

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### 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.

### Non-Capitalized Projects Fund:

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

**Chaney Creek Restoration II Control Project** – accounts for the revenues and expenditures of the Chaney Creek Restoration II Project.

**ARRA EECBG Project** – accounts for the revenues and expenditures for the American Recovery and Reinvestment Act's Energy Efficiency and Conservation Block Grant 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.

**Ellis Park Infrastructure Project** – accounts for the revenues and expenditures of the Ellis Park Infrastructure Project.

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

**FY11 Street Reclamation Project** – accounts for the revenues and expenditures of the FY11 Street Reclamation Project.

**FY12 Street Reclamation Project** – accounts for the revenues and expenditures of the FY12 Street Reclamation Project.

**Enouch Lane Improvements Project** – accounts for the revenues and expenditures of the Enouch Lane Improvements Project.

**FY11 Sidewalks Project** – accounts for the revenues and expenditures of the FY11 Sidewalks Project.

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

# NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

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## Street Improvements Fund (continued):

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

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

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

**Tallman & Court Street Improvements Project** – accounts for the revenues and expenditures of the Tallman & Court Street Improvements Project.

## Special Revenue Fund:

**Hurricane Irene** - accounts for the revenues and expenditures associated with Hurricane Irene.

**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, 2012

With Comparative Totals for June 30, 2011

	<b>Community Development</b>			
	<b>CDBG</b>	<b>CREATE Project</b>	<b>Continuum of Care</b>	<b>Affordable Housing Construction</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 223,655	\$ 23,400	\$ 252,734
Restricted cash and cash equivalents	11,449	-	-	-
Accounts receivable	32,863	-	-	-
Notes receivable	2,663,598	-	-	-
Interfund receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,707,910</u>	<u>\$ 223,655</u>	<u>\$ 23,400</u>	<u>\$ 252,734</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 756,252	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>756,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance:</b>				
<b>Non Spendable:</b>				
Inventories	-	-	-	-
Compensating Balance	-	-	-	-
<b>Restricted:</b>				
Stabilization by State Statute	-	-	-	-
Streets	-	-	-	-
Public Safety	-	-	-	-
Community Development	2,696,461	223,655	23,400	252,734
Capital Projects	-	-	-	-
<b>Assigned:</b>				
Subsequent year's expenditures	-	-	-	-
Unassigned	(744,803)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>1,951,658</u>	<u>223,655</u>	<u>23,400</u>	<u>252,734</u>
Total Liabilities and Fund Balances	<u>\$ 2,707,910</u>	<u>\$ 223,655</u>	<u>\$ 23,400</u>	<u>\$ 252,734</u>

Continued on next page.

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

June 30, 2012

With Comparative Totals for June 30, 2011

**Law Enforcement Grants Fund**

	<b>School Resource Officer</b>	<b>Bulletproof Vest</b>	<b>Governor's Highway Safety</b>	<b>Federal DEA</b>	<b>State DEA</b>	<b>2012 JAG Grant Non- ARRA</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 149,115	\$ 4,998	\$ 56	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	210,847	123,419	-
Accounts receivable	-	10,453	-	-	-	1,877
Notes receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 149,115</b>	<b>\$ 15,451</b>	<b>\$ 56</b>	<b>\$ 210,847</b>	<b>\$ 123,419</b>	<b>\$ 1,877</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 11,463	\$ -	\$ -	\$ 4,808	\$ 12,095	\$ -
Interfund payable	-	-	56	-	-	624
<b>Total Liabilities</b>	<b>11,463</b>	<b>-</b>	<b>56</b>	<b>4,808</b>	<b>12,095</b>	<b>624</b>
<b>Fund Balance:</b>						
<b>Non Spendable:</b>						
Inventories	-	-	-	-	-	-
Compensating Balance	-	-	-	-	-	-
<b>Restricted:</b>						
Stabilization by State Statute	-	-	-	-	-	-
Streets	-	-	-	-	-	-
Public Safety	137,652	15,451	-	206,039	111,324	1,877
Community Development	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
<b>Assigned:</b>						
Subsequent year's expenditures	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(624)
<b>Total Fund Balance</b>	<b>137,652</b>	<b>15,451</b>	<b>-</b>	<b>206,039</b>	<b>111,324</b>	<b>1,253</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 149,115</b>	<b>\$ 15,451</b>	<b>\$ 56</b>	<b>\$ 210,847</b>	<b>\$ 123,419</b>	<b>\$ 1,877</b>

Law Enforcement Grands Fund

<u>GCC Robbery Burglary Grant</u>	<u>Cops Universal Hiring Grant</u>	<u>2012 Cops Universal Hiring Grant</u>	<u>800MHZ Radio System Upgrade</u>	<u>Business Watch Grant</u>	<u>Federal Treasury Seizures</u>
\$ 4,174	\$ -	\$ -	\$ 13,548	\$ 349	\$ -
-	-	-	-	-	9,857
10,703	80,927	24,990	4,883	486	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 14,877</u>	<u>\$ 80,927</u>	<u>\$ 24,990</u>	<u>\$ 18,431</u>	<u>\$ 835</u>	<u>\$ 9,857</u>
\$ 3,338	\$ 9,556	\$ 3,168	\$ 5,849	\$ 300	\$ -
-	71,371	21,822	-	-	-
<u>3,338</u>	<u>80,927</u>	<u>24,990</u>	<u>5,849</u>	<u>300</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,539	80,927	24,990	12,582	535	9,857
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(80,927)	(24,990)	-	-	-
<u>11,539</u>	<u>-</u>	<u>-</u>	<u>12,582</u>	<u>535</u>	<u>9,857</u>
<u>\$ 14,877</u>	<u>\$ 80,927</u>	<u>\$ 24,990</u>	<u>\$ 18,431</u>	<u>\$ 835</u>	<u>\$ 9,857</u>

Continued on next page.

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

June 30, 2012

With Comparative Totals for June 30, 2011

	<u>E-911 Fund</u>	<u>Fire Grants Fund</u>	<u>Transportation Fund</u>	
	<u>Emergency Telephone System</u>	<u>SAFER Grant</u>	<u>City Transportation Project</u>	<u>Transit Project - ARRA Fund</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 120,078	\$ -	\$ -
Restricted cash and cash equivalents	826,624	-	238,801	7,875
Accounts receivable	29,195	16,318	772,936	-
Notes receivable	-	-	-	-
Interfund receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 855,819</u>	<u>\$ 136,396</u>	<u>\$ 1,011,737</u>	<u>\$ 7,875</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 120,270	\$ 7,881	\$ 234,860	\$ -
Interfund payable	-	-	336,169	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>120,270</u>	<u>7,881</u>	<u>571,029</u>	<u>-</u>
Fund Balance - Reserved:				
Non Spendable:				
Inventories	-	-	-	-
Compensating Balance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Streets	-	-	-	-
Public Safety	735,549	128,515	-	-
Community Development	-	-	1,011,737	7,875
Capital Projects	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	(571,029)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>735,549</u>	<u>128,515</u>	<u>440,708</u>	<u>7,875</u>
Total Liabilities and Fund Balances	<u>\$ 855,819</u>	<u>\$ 136,396</u>	<u>\$ 1,011,737</u>	<u>\$ 7,875</u>

<u>Non-Capitalized Projects Fund</u>			<u>Street Improvements</u>
<u>Northeast Creek Lagoons</u>	<u>Chaney Creek Restoration II</u>	<u>ARRA - EECBG</u>	<u>Streets Powell Bill</u>
\$ 159,090	\$ 50,000	\$ -	\$ -
-	-	-	392,070
-	-	33,173	-
-	-	-	-
-	-	-	-
<u>\$ 159,090</u>	<u>\$ 50,000</u>	<u>\$ 33,173</u>	<u>\$ 392,070</u>
\$ 1,600	\$ -	\$ 11,954	\$ -
-	-	21,219	-
<u>1,600</u>	<u>-</u>	<u>33,173</u>	
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	392,070
-	-	-	-
157,490	50,000	33,173	-
-	-	-	-
-	-	-	-
-	-	(33,173)	-
<u>157,490</u>	<u>50,000</u>	<u>-</u>	<u>392,070</u>
<u>\$ 159,090</u>	<u>\$ 50,000</u>	<u>\$ 33,173</u>	<u>\$ 392,070</u>

Continued on next page.

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
June 30, 2012  
With Comparative Totals for June 30, 2011

	<b>Street Improvements Fund</b>			
	<b>Ellis Park Infrastructure</b>	<b>Developer Contributed Sidewalks</b>	<b>FY11 Street Reclamation</b>	<b>FY12 Street Reclamation</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	175,008	15,756	400,000	931,389
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Interfund receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 175,008</u>	<u>\$ 15,756</u>	<u>\$ 400,000</u>	<u>\$ 931,389</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 17,469	\$ -
Interfund payable	-	-	145,039	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>-</u>	<u>162,508</u>	<u>-</u>
Fund Balance - Reserved:				
Non Spendable:				
Inventories	-	-	-	-
Compensating Balance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Streets	175,008	15,756	237,492	931,389
Public Safety	-	-	-	-
Community Development	-	-	-	-
Capital Projects	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>175,008</u>	<u>15,756</u>	<u>237,492</u>	<u>931,389</u>
Total Liabilities and Fund Balances	<u>\$ 175,008</u>	<u>\$ 15,756</u>	<u>\$ 400,000</u>	<u>\$ 931,389</u>

Street Improvements Fund

<u>Enouch Lane Improvements</u>	<u>FY12 Sidewalks</u>	<u>NCDOT TIP Sidewalks Piney Green</u>	<u>Hargett Street Pedestrian Improvements NPB</u>	<u>Tallman &amp; Court Street Improvements</u>
\$ -	\$ -	\$ -	\$ 171,000	\$ 7,490
25,800	100,169	68,509	-	74,672
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 25,800</u>	<u>\$ 100,169</u>	<u>\$ 68,509</u>	<u>\$ 171,000</u>	<u>\$ 82,162</u>
\$ -	\$ 10,772	\$ -	\$ -	\$ 25,018
-	-	-	-	-
-	10,772	-	-	25,018
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
25,800	89,397	68,509	171,000	57,144
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>25,800</u>	<u>89,397</u>	<u>68,509</u>	<u>171,000</u>	<u>57,144</u>
<u>\$ 25,800</u>	<u>\$ 100,169</u>	<u>\$ 68,509</u>	<u>\$ 171,000</u>	<u>\$ 82,162</u>

Continued on next page.

City of Jacksonville, North Carolina  
Non-Major Governmental funds  
Combining Balance Sheet  
June 30, 2012

With Comparative Totals for June 30, 2011

	<u>Special Revenue</u>	<u>General Capital Reserve Fund</u>	<u>Totals</u>	
	<u>Hurricane Irene</u>		<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 67,460	\$ 540,208	\$ 1,787,355	\$ 2,176,742
Restricted cash and cash equivalents	-	-	3,612,245	4,116,127
Accounts receivable	181,140	-	1,199,944	1,101,786
Notes receivable	-	-	2,663,598	2,487,396
Interfund receivable	-	-	-	67
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 248,600</u>	<u>\$ 540,208</u>	<u>\$ 9,263,142</u>	<u>\$ 9,882,118</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,234	\$ -	\$ 1,240,887	\$ 1,456,347
Interfund payable	-	-	596,300	588,726
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>4,234</u>	<u>-</u>	<u>1,837,187</u>	<u>2,045,073</u>
Fund Balance - Reserved:				
Non Spendable:				
Inventories	-	-	-	-
Compensating Balance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Streets	-	-	2,163,565	2,344,955
Public Safety	244,366	-	1,721,203	2,794,186
Community Development	-	-	4,456,525	3,108,485
Capital Projects	-	540,208	540,208	1,097,335
Assigned:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	(1,455,546)	(1,507,916)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>244,366</u>	<u>540,208</u>	<u>7,425,955</u>	<u>7,837,045</u>
Total Liabilities and Fund Balances	<u>\$ 248,600</u>	<u>\$ 540,208</u>	<u>\$ 9,263,142</u>	<u>\$ 9,882,118</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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Community Development Fund</b>			
	<b>CDBG</b>	<b>CREATE Project</b>	<b>Continuum of Care</b>	<b>Affordable Housing Construction</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 679,916	\$ -	\$ -	\$ -
Investment earnings	85	349	-	52
Miscellaneous	354,221	-	-	3,196
Total revenues	<u>1,034,222</u>	<u>349</u>	<u>-</u>	<u>3,248</u>
<b>Expenditures:</b>				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreational	-	-	-	-
Economic and Physical Development	808,822	31,204	450	55,590
Capital outlay	-	-	-	-
Total expenditures	<u>808,822</u>	<u>31,204</u>	<u>450</u>	<u>55,590</u>
Revenues over (under) expenditures	<u>225,400</u>	<u>(30,855)</u>	<u>(450)</u>	<u>(52,342)</u>
Other financing sources (uses):				
Debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	225,400	(30,855)	(450)	(52,342)
Fund balances:				
Beginning of year, July 1	<u>1,726,258</u>	<u>254,510</u>	<u>23,850</u>	<u>305,076</u>
End of year, June 30	<u>\$ 1,951,658</u>	<u>\$ 223,655</u>	<u>\$ 23,400</u>	<u>\$ 252,734</u>

Continued on next page.

**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, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Law Enforcement Grants Fund</b>				
	<b>School Resource Officer</b>	<b>Bulletproof Vest</b>	<b>Governor's Highway Safety</b>	<b>Federal DEA</b>	<b>State DEA</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ 260,312	\$ 10,453	\$ -	\$ 183,620	\$ 32,419
Investment earnings	-	-	-	220	166
Miscellaneous	-	-	-	22,625	-
Total revenues	<u>260,312</u>	<u>10,453</u>	<u>-</u>	<u>206,465</u>	<u>32,585</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	418,206	15,906	262	108,651	23,837
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>418,206</u>	<u>15,906</u>	<u>262</u>	<u>108,651</u>	<u>23,837</u>
Revenues over (under) expenditures	<u>(157,894)</u>	<u>(5,453)</u>	<u>(262)</u>	<u>97,814</u>	<u>8,748</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	143,946	19,680	-	-	1,934
Transfers (out)	-	-	(2,202)	-	-
Total other financing sources (uses)	<u>143,946</u>	<u>19,680</u>	<u>(2,202)</u>	<u>-</u>	<u>1,934</u>
Net change in fund balance	(13,948)	14,227	(2,464)	97,814	10,682
Fund balances:					
Beginning of year, July 1	<u>151,600</u>	<u>1,224</u>	<u>2,464</u>	<u>108,225</u>	<u>100,642</u>
End of year, June 30	<u>\$ 137,652</u>	<u>\$ 15,451</u>	<u>\$ -</u>	<u>\$ 206,039</u>	<u>\$ 111,324</u>

Law Enforcement Grants Fund							
Victim's Assistance	JAG Grant	2012 JAG Grant Non-ARRA	JAG- ARRA	Robbery Burglary Grant	DOJ Weed and Seed	COPS Universal Hiring Grant	2012 COPS Universal Hiring Grant
\$ -	\$ 4,461	\$ 28,534	\$ -	\$ 68,669	\$ 51,996	\$ 292,171	\$ 34,879
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,461	28,534	-	68,669	51,996	292,171	34,879
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,461	28,534	4,140	97,361	51,996	292,171	34,879
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,461	28,534	4,140	97,361	51,996	292,171	34,879
-	-	-	(4,140)	(28,692)	-	-	-
-	-	-	-	-	-	-	-
-	-	1,253	60,980	33,884	-	-	-
(13,635)	-	-	-	-	(1,127)	-	-
(13,635)	-	1,253	60,980	33,884	(1,127)	-	-
(13,635)	-	1,253	56,840	5,192	(1,127)	-	-
13,635	-	-	(56,840)	6,347	1,127	-	-
\$ -	\$ -	\$ 1,253	\$ -	\$ 11,539	\$ -	\$ -	\$ -

Continued on next page.

**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, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Law Enforcement Grants Fund</b>			
	<b>800 MHz Radio System</b>	<b>JAG Project Safe Neighborhood</b>	<b>Business Watch Grant</b>	<b>Federal Treasury Seizures</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 108,254	\$ 9,090	\$ 1,189	\$ 19,800
Investment earnings	-	-	-	15
Miscellaneous	-	-	-	-
Total revenues	<u>108,254</u>	<u>9,090</u>	<u>1,189</u>	<u>19,815</u>
<b>Expenditures:</b>				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	39,905	9,090	1,885	18,469
Cultural and Recreational	-	-	-	-
Economic and Physical Development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>39,905</u>	<u>9,090</u>	<u>1,885</u>	<u>18,469</u>
Revenues over (under) expenditures	<u>68,349</u>	<u>-</u>	<u>(696)</u>	<u>1,346</u>
Other financing sources (uses):				
Debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(83,500)	-	-	-
Total other financing sources (uses)	<u>(83,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(15,151)	-	(696)	1,346
<b>Fund balances:</b>				
Beginning of year, July 1	<u>27,733</u>	<u>-</u>	<u>1,231</u>	<u>8,511</u>
End of year, June 30	<u>\$ 12,582</u>	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 9,857</u>

E-911 Fund	Fire Grants Fund	Transportation Fund	
Emergency Telephone System	SAFER Grant	City Transportation Project	Transit ARRA Project
\$ 350,341	\$ 97,203	\$ 1,195,627	\$ 2,137
3,170	-	-	-
-	-	-	-
<u>353,511</u>	<u>97,203</u>	<u>1,195,627</u>	<u>2,137</u>
-	-	1,399,257	26,837
-	-	-	-
621,405	246,554	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>621,405</u>	<u>246,554</u>	<u>1,399,257</u>	<u>26,837</u>
<u>(267,894)</u>	<u>(149,351)</u>	<u>(203,630)</u>	<u>(24,700)</u>
-	-	-	-
-	192,020	301,524	32,575
<u>(38,834)</u>	-	<u>(9,000)</u>	-
<u>(38,834)</u>	<u>192,020</u>	<u>292,524</u>	<u>32,575</u>
(306,728)	42,669	88,894	7,875
1,042,277	85,846	351,814	-
<u>\$ 735,549</u>	<u>\$ 128,515</u>	<u>\$ 440,708</u>	<u>\$ 7,875</u>

Continued on next page.

**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, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Non-Capitalized Projects Fund</b>			<b>Street Improvements Fund</b>	
	<b>Northeast Creek Lagoons</b>	<b>Chaney Creek Restoration II</b>	<b>ARRA - EECBG</b>	<b>Streets Powell Bill</b>	<b>Ellis Park Infrastructure</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ -	\$ -	\$ 205,319	\$ -	\$ -
Investment earnings	-	-	-	1,983	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>205,319</u>	<u>1,983</u>	<u>-</u>
<b>Expenditures:</b>					
General Government	-	-	-	-	-
Public Works	-	-	205,319	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	31,735	-	-	-	40,558
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	242,254	-
Total expenditures	<u>31,735</u>	<u>-</u>	<u>205,319</u>	<u>242,254</u>	<u>40,558</u>
Revenues over (under) expenditures	<u>(31,735)</u>	<u>-</u>	<u>-</u>	<u>(240,271)</u>	<u>(40,558)</u>
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	751,107	-
Transfers (out)	-	-	-	(1,413,331)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(662,224)</u>	<u>-</u>
Net change in fund balance	(31,735)	-	-	(902,495)	(40,558)
<b>Fund balances:</b>					
Beginning of year, July 1	189,225	50,000	-	1,294,565	215,566
End of year, June 30	<u>\$ 157,490</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 392,070</u>	<u>\$ 175,008</u>

Street Improvements Fund

Developer Contributed Sidewalks	FY11 Street Reclamation	FY12 Street Reclamation	Enouch Lane Improvements	FY11 Sidewalks	FY12 Sidewalks
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,937	-	-	-
5,170	-	-	-	-	-
5,170	-	1,937	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	345,442	-	-	172,674	28,603
-	345,442	-	-	172,674	28,603
5,170	(345,442)	1,937	-	(172,674)	(28,603)
-	-	-	-	-	-
-	62,934	929,452	-	-	118,000
-	-	-	-	(17,676)	-
-	62,934	929,452	-	(17,676)	118,000
5,170	(282,508)	931,389	-	(190,350)	89,397
10,586	520,000	-	25,800	190,350	-
\$ 15,756	\$ 237,492	\$ 931,389	\$ 25,800	\$ -	\$ 89,397

Continued on next page.

**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, 2012**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2011**

	<b>Street Improvements Fund</b>		
	<b>NCDOT TIP Sidewalks Piney Green</b>	<b>Bordeaux Street Improvements</b>	<b>Hargett Street Pedestrian Improvements</b>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ -	\$ -	\$ -
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
General Government	-	-	-
Public Works	-	-	-
Public Safety	-	-	-
Cultural and Recreational	-	-	-
Economic and Physical Development	-	-	-
Capital outlay	-	87,437	-
Total expenditures	<u>-</u>	<u>87,437</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(87,437)</u>	<u>-</u>
Other financing sources (uses):			
Debt issued	-	-	-
Transfers in	68,509	-	171,000
Transfers (out)	-	(651)	-
Total other financing sources (uses)	<u>68,509</u>	<u>(651)</u>	<u>171,000</u>
Net change in fund balance	68,509	(88,088)	171,000
<b>Fund balances:</b>			
Beginning of year, July 1	<u>-</u>	<u>88,088</u>	<u>-</u>
End of year, June 30	<u>\$ 68,509</u>	<u>\$ -</u>	<u>\$ 171,000</u>

**Statement 51,**  
continued.

Street Improvements Fund	Special Revenue	Totals		
Tallman & Court Street Improvements	Hurricane Irene	General Capital Reserve Fund	June 30, 2012	June 30, 2011
\$ -	\$ 944,582	\$ -	\$ 4,580,972	\$ 4,003,763
227	-	581	8,785	10,419
-	99,395	243,641	728,248	869,450
227	1,043,977	244,222	5,318,005	4,883,632
-	632,002	-	2,058,096	899,296
-	217,609	-	422,928	164,940
-	-	-	2,017,712	1,259,273
-	-	-	72,293	-
-	-	-	896,066	1,155,626
248,083	-	-	1,124,493	2,029,957
248,083	849,611	-	6,591,588	5,509,092
(247,856)	194,366	244,222	(1,273,583)	(625,460)
-	-	-	-	112,303
305,000	50,000	2,190,726	5,434,524	4,212,001
-	-	(2,992,075)	(4,572,031)	(2,130,521)
305,000	50,000	(801,349)	862,493	2,193,783
57,144	244,366	(557,127)	(411,090)	1,568,323
-	-	1,097,335	7,837,045	6,268,722
\$ 57,144	\$ 244,366	\$ 540,208	\$ 7,425,955	\$ 7,837,045

Transfers in	\$ 5,434,524	Transfers out	\$ 4,572,031
Transfers within Non-Major Governmental funds	(1,517,092)	Transfers within Non-Major Governmental funds	(1,517,092)
	<u>\$ 3,917,432</u>		<u>\$ 3,054,939</u>

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>Entitlement Grant 2010 CD1001</b>					
Entitlement Grant 2010	\$ 570,114	\$ 261,881	\$ 308,233	\$ 570,114	\$ -
Program income	191,734	1,736,381	27,315	1,763,696	1,571,962
Investment earnings	100	-	32	32	(68)
Total	761,948	1,998,262	335,580	2,333,842	1,571,894
<b>Entitlement Grant 2011 CD1101</b>					
Entitlement Grant 2011	482,684	-	371,683	371,683	(111,001)
Program income	172,020	-	326,906	326,906	154,886
Investment earnings	100	-	53	53	(47)
Total	654,804	-	698,642	698,642	43,838
Total revenues	1,416,752	1,998,262	1,034,222	3,032,484	1,615,732
<b>Expenditures:</b>					
<b>Entitlement Grant 2010 CD1001</b>					
Administration		21,403	56,920	78,323	
Housing rehabilitation		57,218	126,528	183,746	
Commercial rehabilitation		148,313	-	148,313	
Economic development		-	-	-	
Affordable housing		-	51,687	51,687	
Clearance		12,990	29,333	42,323	
Acquisition of property		-	55,812	55,812	
Rehabilitation planning		26,985	-	26,985	
Partnerships		5,095	15,300	20,395	
Total	761,948	272,004	335,580	607,584	154,364
<b>Entitlement Grant 2011 CD1101</b>					
Administration		-	48,218	48,218	
Housing rehabilitation		-	122,914	122,914	
Commercial rehabilitation		-	-	-	
Economic development		-	-	-	
Affordable housing		-	208,469	208,469	
Clearance		-	41,267	41,267	
Acquisition of property		-	30,284	30,284	
Rehabilitation planning		-	-	-	
Partnerships		-	22,090	22,090	
Total	654,804	-	473,242	473,242	181,562
Total expenditures	1,416,752	272,004	808,822	1,080,826	335,926
Revenues over expenditures	-	1,726,258	225,400	1,951,658	1,951,658
Net change in fund balance	\$ -	\$ 1,726,258	225,400	\$ 1,951,658	\$ 1,951,658
<b>Fund balance:</b>					
Beginning of year, July 1			1,726,258		
End of year, June 30			\$ 1,951,658		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**CREATE Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Program income	\$ 703,989	\$ 698,424	\$ -	\$ 698,424	\$ (5,565)
Investment earnings	845	306	349	655	(190)
Total revenues	<u>704,834</u>	<u>698,730</u>	<u>349</u>	<u>699,079</u>	<u>(5,755)</u>
<b>Expenditures:</b>					
Affordable Housing		522,720	31,204	553,924	
Total expenditures	<u>783,334</u>	<u>522,720</u>	<u>31,204</u>	<u>553,924</u>	<u>229,410</u>
Revenues over (under) expenditures	<u>(78,500)</u>	<u>176,010</u>	<u>(30,855)</u>	<u>145,155</u>	<u>223,655</u>
Other financing sources:					
Transfers in--					
From Community Development Grant	78,500	78,500	-	78,500	-
Total other financing sources	<u>78,500</u>	<u>78,500</u>	<u>-</u>	<u>78,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 254,510</u>	<u>(30,855)</u>	<u>\$ 223,655</u>	<u>\$ 223,655</u>
Fund balance:					
Beginning of year, July 1			254,510		
End of year, June 30			<u>\$ 223,655</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Continuum of Care Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project	Actual		Total to Date	Variance Positive (Negative)
	Authorization	Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Continuum of Care		1,250	450	1,700	
Total expenditures	25,100	1,250	450	1,700	23,400
Revenues (under) expenditures	(25,100)	(1,250)	(450)	(1,700)	23,400
Other financing sources:					
Transfers in--					
From General Fund	25,100	25,100	-	25,100	-
Total other financing sources	25,100	25,100	-	25,100	-
Net change in fund balance	\$ -	\$ 23,850	(450)	\$ 23,400	\$ 23,400
Fund balance:					
Beginning of year, July 1			23,850		
End of year, June 30			\$ 23,400		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Affordable Housing Construction Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>Home CD0501</b>					
Program income	\$ 870,699	\$ 673,884	\$ 3,196	\$ 677,080	\$ (193,619)
Investment earnings	12,698	8,408	52	8,460	(4,238)
Total revenues	<u>883,397</u>	<u>682,292</u>	<u>3,248</u>	<u>685,540</u>	<u>(197,857)</u>
<b>Expenditures:</b>					
Operating expenditures		461,569	55,590	517,159	
Total expenditures	<u>967,768</u>	<u>461,569</u>	<u>55,590</u>	<u>517,159</u>	<u>450,609</u>
Revenues over (under) expenditures	<u>(84,371)</u>	<u>220,723</u>	<u>(52,342)</u>	<u>168,381</u>	<u>252,752</u>
Other financing sources:					
Transfers in--					
From Affordable Home Ownership	84,371	84,353	-	84,353	(18)
Total other financing sources	<u>84,371</u>	<u>84,353</u>	<u>-</u>	<u>84,353</u>	<u>(18)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 305,076</u>	<u>(52,342)</u>	<u>\$ 252,734</u>	<u>\$ 252,734</u>
Fund balance:					
Beginning of year, July 1			305,076		
End of year, June 30			<u>\$ 252,734</u>		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Onslow County Board of Education	\$ 3,013,159	\$ 2,752,846	\$ 260,312	\$ 3,013,158	\$ (1)
Investment earnings	7,376	7,376	-	7,376	-
Total revenues	<u>3,020,535</u>	<u>2,760,222</u>	<u>260,312</u>	<u>3,020,534</u>	<u>(1)</u>
<b>Expenditures:</b>					
Salaries and employee benefits		3,338,614	310,275	3,648,889	
Operating expenditures		387,924	44,784	432,708	
Capital outlay		118,114	63,147	181,261	
Total expenditures	<u>4,400,510</u>	<u>3,844,652</u>	<u>418,206</u>	<u>4,262,858</u>	<u>137,652</u>
Revenues (under) expenditures	<u>(1,379,975)</u>	<u>(1,084,430)</u>	<u>(157,894)</u>	<u>(1,242,324)</u>	<u>137,651</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	1,527,153	1,383,207	143,946	1,527,153	-
Transfers (out)--					
To General Fund	(145,373)	(145,372)	-	(145,372)	1
To Special Revenue Fund- Hurricane Ophelia	(1,805)	(1,805)	-	(1,805)	-
Total other financing sources	<u>1,379,975</u>	<u>1,236,030</u>	<u>143,946</u>	<u>1,379,976</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 151,600</u>	<u>(13,948)</u>	<u>\$ 137,652</u>	<u>\$ 137,652</u>
Fund balance:					
Beginning of year, July 1			<u>151,600</u>		
End of year, June 30			<u>\$ 137,652</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Bureau of Justice Grant	\$ 122,017	\$ 113,420	\$ 7,953	\$ 121,373	\$ (644)
NCLM Bulletproof Grant	22,000	19,500	2,500	22,000	-
Total revenues	144,017	132,920	10,453	143,373	(644)
<b>Expenditures:</b>					
Operating expenditures		254,252	15,906	270,158	
Total expenditures	286,253	254,252	15,906	270,158	16,095
Revenues (under) expenditures	(142,236)	(121,332)	(5,453)	(126,785)	15,451
Other financing sources:					
Transfers in--					
From General Fund	142,236	122,556	19,680	142,236	-
Total other financing sources	142,236	122,556	19,680	142,236	-
Net change in fund balance	\$ -	\$ 1,224	14,227	\$ 15,451	\$ 15,451
Fund balance:					
Beginning of year, July 1			1,224		
End of year, June 30			\$ 15,451		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Governor's Highway Safety Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Governor's Highway Safety Grant	\$ 70,875	\$ 59,841	\$ -	\$ 59,841	\$ (11,034)
Total revenues	70,875	59,841	-	59,841	(11,034)
<b>Expenditures:</b>					
Operating expenditures		23,314	262	23,576	
Capital outlay		57,688	-	57,688	
Total expenditures	92,298	81,002	262	81,264	11,034
Revenues (under) expenditures	(21,423)	(21,161)	(262)	(21,423)	-
Other financing sources (uses):					
Transfers in--					
From General Fund	23,625	23,625	-	23,625	-
Transfers (out)--					
To General Fund	(2,202)	-	(2,202)	(2,202)	-
Total other financing sources (uses)	21,423	23,625	(2,202)	21,423	-
Net change in fund balance	\$ -	\$ 2,464	(2,464)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			2,464		
End of year, June 30			\$ -		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Drug enforcement	\$ 588,200	\$ 456,517	\$ 183,620	\$ 640,137	\$ 51,937
Investment earnings	42,100	31,967	220	32,187	(9,913)
Gain/Loss from Insurance	22,625	-	22,625	22,625	-
Total revenues	<u>652,925</u>	<u>488,484</u>	<u>206,465</u>	<u>694,949</u>	<u>42,024</u>
<b>Expenditures:</b>					
Operating expenditures		401,512	59,272	460,784	
Capital outlay		209,826	49,379	259,205	
Total expenditures	<u>884,006</u>	<u>611,338</u>	<u>108,651</u>	<u>719,989</u>	<u>164,017</u>
Revenues over (under) expenditures	<u>(231,081)</u>	<u>(122,854)</u>	<u>97,814</u>	<u>(25,040)</u>	<u>206,041</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
From Special Revenue Fund	2,962	2,961	-	2,961	(1)
Transfers (out)--					
To Special Revenue Fund	<u>(17,048)</u>	<u>(17,048)</u>	<u>-</u>	<u>(17,048)</u>	<u>-</u>
Total other financing sources	<u>231,081</u>	<u>231,079</u>	<u>-</u>	<u>231,079</u>	<u>(2)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 108,225</u>	<u>97,814</u>	<u>\$ 206,039</u>	<u>\$ 206,039</u>
Fund balance:					
Beginning of year, July 1			<u>108,225</u>		
End of year, June 30			<u>\$ 206,039</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Drug enforcement	\$ 172,538	\$ 145,585	\$ 32,419	\$ 178,004	\$ 5,466
Investment earnings	22,900	22,758	166	22,924	24
Total revenues	195,438	168,343	32,585	200,928	5,490
<b>Expenditures:</b>					
Operating expenditures		121,383	23,837	145,220	
Capital outlay		85,906	-	85,906	
Total expenditures	336,960	207,289	23,837	231,126	105,834
Revenues over (under) expenditures	(141,522)	(38,946)	8,748	(30,198)	111,324
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	(21,834)	(21,834)	-	(21,834)	-
Total other financing sources	141,522	139,588	1,934	141,522	-
Net change in fund balance	\$ -	\$ 100,642	10,682	\$ 111,324	\$ 111,324
Fund balance:					
Beginning of year, July 1			100,642		
End of year, June 30			\$ 111,324		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Victim's Assistance Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Victim's Assistance Grant	\$ 62,697	\$ 59,701	\$ -	\$ 59,701	\$ (2,996)
Total revenues	62,697	59,701	-	59,701	(2,996)
<b>Expenditures:</b>					
Salaries and employee benefits		78,304		78,304	
Operating expenditures		1,297	-	1,297	
Total expenditures	82,597	79,601	-	79,601	2,996
Revenues (under) expenditures	(19,900)	(19,900)	-	(19,900)	-
Other financing sources:					
Transfers in--					
From General Fund	11,701	11,701	-	11,701	-
From Special Revenue Fund	21,834	21,834	-	21,834	-
Transfers out--					
To General Fund	(11,701)	-	(11,701)	(11,701)	-
To Special Revenue Fund	(1,934)	-	(1,934)	(1,934)	-
Total other financing sources	19,900	33,535	(13,635)	19,900	-
Net change in fund balance	\$ -	\$ 13,635	(13,635)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			13,635		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Justice Assistance Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project		Actual		Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
JAG Grant - Non ARRA	\$ 32,854	\$ 28,393	\$ 4,461	\$ 32,854	\$ -
Total revenues	32,854	28,393	4,461	32,854	-
<b>Expenditures:</b>					
Operating expenditures		18,496	4,461	22,957	
Capital outlay		9,897	-	9,897	
Total expenditures	32,854	28,393	4,461	32,854	-
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**  
**2012 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, 2012

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
JAG Grant - Non ARRA	\$ 28,847	\$ -	\$ 28,534	\$ 28,534	\$ (313)
Total revenues	28,847	-	28,534	28,534	(313)
<b>Expenditures:</b>					
Operating expenditures			15,830	15,830	
Capital outlay		-	12,704	12,704	
Total expenditures	30,100	-	28,534	28,534	1,566
Revenues (under) expenditures	(1,253)	-	-	-	1,253
Other financing sources:					
Transfers in--					
From General Fund	1,253	-	1,253	1,253	-
Transfers (out)--					
To Special Revenue Fund	-	-	-	-	-
Total other financing sources	1,253	-	1,253	1,253	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,253	<u>\$ 1,253</u>	<u>\$ 1,253</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 1,253</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Justice Assistance Grant - ARRA**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
JAG Grant - ARRA	\$ 111,112	\$ 111,112	\$ -	\$ 111,112	\$ -
Total revenues	111,112	111,112	-	111,112	-
<b>Expenditures:</b>					
Operating expenditures		4,381	4,140	8,521	
Capital outlay		163,571	-	163,571	
Total expenditures	172,092	167,952	4,140	172,092	-
Revenues (under) expenditures	(60,980)	(56,840)	(4,140)	(60,980)	-
Other financing sources:					
Transfers in--					
From General Fund	60,980	-	60,980	60,980	-
Total other financing sources	60,980	-	60,980	60,980	-
Net change in fund balance	\$ -	\$ (56,840)	56,840	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			(56,840)		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Governor's Crime Commission Robbery Burglary Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Robbery Burglary Grant	\$ 149,697	\$ 61,307	\$ 68,669	\$ 129,976	\$ (19,721)
Total revenues	149,697	61,307	68,669	129,976	(19,721)
<b>Expenditures:</b>					
Salaries and employee benefits		77,548	96,361	173,909	
Operating expenditures		4,194	1,000	5,194	
Total expenditures	210,363	81,742	97,361	179,103	31,260
Revenues (under) expenditures	(60,666)	(20,435)	(28,692)	(49,127)	11,539
Other financing sources:					
Transfers in--					
From General Fund	60,666	26,782	33,884	60,666	-
Total other financing sources	60,666	26,782	33,884	60,666	-
Net change in fund balance	\$ -	\$ 6,347	5,192	\$ 11,539	\$ 11,539
Fund balance:					
Beginning of year, July 1			6,347		
End of year, June 30			\$ 11,539		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Department of Justice Weed and Seed Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>FY09 Weed and Seed Grant PD0901</b>					
Weed and Seed Grant	\$ 150,000	\$ 135,662	\$ -	\$ 135,662	\$ (14,338)
Total	<u>150,000</u>	<u>135,662</u>	<u>-</u>	<u>135,662</u>	<u>(14,338)</u>
<b>FY10 Weed and Seed Grant PD1001</b>					
Weed and Seed Grant	142,000	111,459	-	111,459	(30,541)
Total	<u>142,000</u>	<u>111,459</u>	<u>-</u>	<u>111,459</u>	<u>(30,541)</u>
<b>FY11 Weed and Seed Grant PD1102</b>					
Weed and Seed Grant	157,000	63,645	51,996	115,641	(41,359)
Total	<u>157,000</u>	<u>63,645</u>	<u>51,996</u>	<u>115,641</u>	<u>(41,359)</u>
Total revenues	<u>449,000</u>	<u>310,766</u>	<u>51,996</u>	<u>362,762</u>	<u>(86,238)</u>
<b>Expenditures:</b>					
<b>FY09 Weed and Seed Grant PD0901</b>					
Salaries and employee benefits		84,057	-	84,057	
Operating expenditures		52,444	-	52,444	
Total	<u>150,838</u>	<u>136,501</u>	<u>-</u>	<u>136,501</u>	<u>14,337</u>
<b>FY10 Weed and Seed Grant PD1001</b>					
Salaries and employee benefits		66,606	-	66,606	
Operating expenditures		45,918	-	45,918	
Total	<u>144,192</u>	<u>112,524</u>	<u>-</u>	<u>112,524</u>	<u>31,668</u>
<b>FY11 Weed and Seed Grant PD1102</b>					
Salaries and employee benefits		23,395	5,955	29,350	
Operating expenditures		40,250	46,041	86,291	
Total	<u>157,000</u>	<u>63,645</u>	<u>51,996</u>	<u>115,641</u>	<u>41,359</u>
Total expenditures	<u>452,030</u>	<u>312,670</u>	<u>51,996</u>	<u>364,666</u>	<u>87,364</u>
Revenues (under) expenditures	<u>(3,030)</u>	<u>(1,904)</u>	<u>-</u>	<u>(1,904)</u>	<u>1,126</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	4,959	4,959	-	4,959	-
Transfers (out)--					
To General Fund	<u>(1,929)</u>	<u>(1,928)</u>	<u>(1,127)</u>	<u>(3,055)</u>	<u>(1,126)</u>
Total other financing sources (uses)	<u>3,030</u>	<u>3,031</u>	<u>(1,127)</u>	<u>1,904</u>	<u>(1,126)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,127</u>	<u>(1,127)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>1,127</u>		
End of year, June 30			<u>\$ -</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**COPS Universal Hiring Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
COPS Universal Hiring Grant	\$ 964,596	\$ 91,724	\$ 292,171	\$ 383,895	\$ (580,701)
Total	964,596	91,724	292,171	383,895	(580,701)
Total revenues	964,596	91,724	292,171	383,895	(580,701)
<b>Expenditures:</b>					
Salaries and employee benefits		91,724	292,171	383,895	
Total	964,596	91,724	292,171	383,895	580,701
Total expenditures	964,596	91,724	292,171	383,895	580,701
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**  
**2012 COPS Universal Hiring Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
COPS Universal Hiring Grant	\$ 328,526	\$ -	\$ 34,879	\$ 34,879	\$ (293,647)
Total	328,526	-	34,879	34,879	(293,647)
Total revenues	328,526	-	34,879	34,879	(293,647)
<b>Expenditures:</b>					
Salaries and employee benefits		-	34,879	34,879	
Total	328,526	-	34,879	34,879	293,647
Total expenditures	328,526	-	34,879	34,879	293,647
Revenues (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**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, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Onslow County	\$ 127,000	\$ -	\$ 108,254	\$ 108,254	\$ (18,746)
Installment Purchase	3,765,396	-	-	-	(3,765,396)
Total revenues	<u>3,892,396</u>	<u>-</u>	<u>108,254</u>	<u>108,254</u>	<u>(3,784,142)</u>
<b>Expenditures:</b>					
Operating expenditures		55,767	39,905	95,672	
Total expenditures	<u>3,892,396</u>	<u>55,767</u>	<u>39,905</u>	<u>95,672</u>	<u>3,796,724</u>
Revenues over (under) expenditures	<u>-</u>	<u>(55,767)</u>	<u>68,349</u>	<u>12,582</u>	<u>12,582</u>
Other financing sources (uses):					
Transfers in--					
From Capital Reserve Fund	83,500	83,500	-	83,500	-
Transfers (out)--					
To Capital Reserve	<u>(83,500)</u>	<u>-</u>	<u>(83,500)</u>	<u>(83,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>83,500</u>	<u>(83,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,733</u>	<u>(15,151)</u>	<u>\$ 12,582</u>	<u>\$ 12,582</u>
Fund balance:					
Beginning of year, July 1			<u>27,733</u>		
End of year, June 30			<u>\$ 12,582</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Justice Assistance Grant-Safe Neighborhoods**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Justice Assistance Grant	\$ 21,528	\$ 7,046	\$ 9,090	\$ 16,136	\$ (5,392)
Total revenues	21,528	7,046	9,090	16,136	(5,392)
<b>Expenditures:</b>					
Operating expenditures		7,046	9,090	16,136	
Total expenditures	21,528	7,046	9,090	16,136	5,392
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**  
**Governor's Crime Commission-Business Watch**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Governor's Crime Commission	\$ 3,694	\$ -	\$ 1,189	\$ 1,189	\$ (2,505)
Total revenues	3,694	-	1,189	1,189	(2,505)
<b>Expenditures:</b>					
Operating expenditures		-	1,110	1,110	
Capital outlay		-	775	775	
Total expenditures	4,925	-	1,885	\$ 1,885	3,040
Revenues (under) expenditures	(1,231)	-	(696)	(696)	535
Other financing sources:					
Transfers in--					
From General Fund	1,231	1,231	-	1,231	-
Transfers (out)--					
To Special Revenue Fund	-	-	-	-	-
Total other financing sources	1,231	1,231	-	1,231	-
Net change in fund balance	\$ -	\$ 1,231	(696)	\$ 535	\$ 535
Fund balance:					
Beginning of year, July 1			1,231		
End of year, June 30			\$ 535		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Federal Treasury Seizures**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Drug Enforcement	\$ 28,322	\$ 8,511	\$ 19,800	\$ 28,311	\$ (11)
Investment earnings	6	-	15	15	9
Total revenues	<u>28,328</u>	<u>8,511</u>	<u>19,815</u>	<u>28,326</u>	<u>(2)</u>
<b>Expenditures:</b>					
Operating expenditures	-	-	18,469	18,469	
Total expenditures	<u>28,328</u>	<u>-</u>	<u>18,469</u>	<u>18,469</u>	<u>9,859</u>
Revenues over expenditures	-	8,511	1,346	9,857	9,857
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,511</u>	1,346	<u>\$ 9,857</u>	<u>\$ 9,857</u>
Fund balance:					
Beginning of year, July 1			<u>8,511</u>		
End of year, June 30			<u>\$ 9,857</u>		

**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, 2012

	Project	Actual			Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,767,882	\$ 1,475,340	\$ 350,341	\$ 1,825,681	\$ 57,799
Interest earned	25,686	22,744	3,170	25,914	228
Total revenues	<u>1,793,568</u>	<u>1,498,084</u>	<u>353,511</u>	<u>1,851,595</u>	<u>58,027</u>
<b>Expenditures:</b>					
Implemental functions		521,287	10,116	531,403	
Telephone		-	85,614	85,614	
Furniture		-	1,722	1,722	
Software maintenance		-	68,314	68,314	
Hardware maintenance		-	70,283	70,283	
Training		-	1,065	1,065	
Capital outlay		321,037	-	321,037	
S.L. 2010-158 Expenditures		-	384,291	384,291	
Total expenditures	<u>2,141,252</u>	<u>842,324</u>	<u>621,405</u>	<u>1,463,729</u>	<u>677,523</u>
Revenues over (under) expenditures	<u>(347,684)</u>	<u>655,760</u>	<u>(267,894)</u>	<u>387,866</u>	<u>735,550</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	11,171	11,171	-	11,171	-
From Special Revenue Fund	445,390	445,388	-	445,388	(2)
Transfers (out)--					
To General Fund	(33,659)	(25,321)	(8,337)	(33,658)	1
To ITS Internal Service Fund	(75,218)	(44,721)	(30,497)	(75,218)	-
Total other financing sources (uses)	<u>347,684</u>	<u>386,517</u>	<u>(38,834)</u>	<u>347,683</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,042,277</u>	<u>(306,728)</u>	<u>\$ 735,549</u>	<u>\$ 735,549</u>
Fund balance:					
Beginning of year, July 1			<u>1,042,277</u>		
End of year, June 30			<u>\$ 735,549</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**SAFER Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
SAFER Grant	\$ 541,900	\$ 384,365	\$ 97,203	\$ 481,568	\$ (60,332)
Total revenues	541,900	384,365	97,203	481,568	(60,332)
<b>Expenditures:</b>					
Salaries and employee benefits		528,178	246,554	774,732	
Other department expenditures		16,154	-	16,154	
Total expenditures	979,733	544,332	246,554	790,886	188,847
Revenues (under) expenditures	(437,833)	(159,967)	(149,351)	(309,318)	128,515
Other financing sources:					
Transfers in--					
From General Fund	437,833	245,813	192,020	437,833	-
Total other financing sources	437,833	245,813	192,020	437,833	-
Net change in fund balance	\$ -	\$ 85,846	42,669	\$ 128,515	\$ 128,515
Fund balance:					
Beginning of year, July 1			85,846		
End of year, June 30			\$ 128,515		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>FY 2006-2007 Jacksonville Transit</b>	<b>TR0602</b>				
NCDOT SMAP FY 2006-2007	\$ 136,677	\$ 136,676	\$ -	\$ 136,676	\$ (1)
NCDOT State match	47,217	45,796	188	45,984	(1,233)
FTA Section 5307	650,468	636,517	3,240	639,757	(10,711)
Jacksonville Transit fares	48,564	32,913	-	32,913	(15,651)
ADA fares	5,655	410	-	410	(5,245)
Total	<u>888,581</u>	<u>852,312</u>	<u>3,428</u>	<u>855,740</u>	<u>(32,841)</u>
<b>FY 2008-2009 Jacksonville Transit</b>	<b>TR0802</b>				
NCDOT SMAP FY 2008-2009	152,709	152,708	-	152,708	(1)
NCDOT State match	180,460	66,313	44,708	111,021	(69,439)
FTA Section 5307	1,917,492	855,741	357,662	1,213,403	(704,089)
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>1,173,772</u>	<u>402,370</u>	<u>1,576,142</u>	<u>(773,530)</u>
<b>FY 2009-2010 Jacksonville Transit</b>	<b>TR1001</b>				
NCDOT SMAP FY 2009-2010	135,955	135,955	-	135,955	-
NCDOT State match	72,999	-	4,937	4,937	(68,062)
FTA Section 5307	1,159,598	299,840	39,498	339,338	(820,260)
Jacksonville Transit fares	110,214	110,214	-	110,214	-
ADA fares	5,718	5,718	-	5,718	-
Miscellaneous	6,257	6,257	-	6,257	-
Total	<u>1,490,741</u>	<u>557,984</u>	<u>44,435</u>	<u>602,419</u>	<u>(888,322)</u>
<b>FY 2010-2011 Jacksonville Transit</b>	<b>TR1101</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	115,236	105,600	-	105,600	(9,636)
ADA fares	5,855	5,855	-	5,855	-
Miscellaneous	56	56	-	56	-
Total	<u>1,532,129</u>	<u>665,763</u>	<u>-</u>	<u>665,763</u>	<u>(866,366)</u>
<b>FY 2011-2012 Jacksonville Transit</b>	<b>TR1201</b>				
NCDOT SMAP FY 2011-2012	172,613	-	164,110	164,110	(8,503)
NCDOT State match	70,205	-	-	-	(70,205)
FTA Section 5307	1,125,941	-	451,169	451,169	(674,772)
Jacksonville Transit fares	103,724	-	125,641	125,641	21,917
ADA fares	4,284	-	3,368	3,368	(916)
Miscellaneous	1,013	-	1,106	1,106	93
Total	<u>1,477,780</u>	<u>-</u>	<u>745,394</u>	<u>745,394</u>	<u>(732,386)</u>
Total revenues	<u>7,738,903</u>	<u>3,249,831</u>	<u>1,195,627</u>	<u>4,445,458</u>	<u>(3,293,445)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Expenditures:</b>					
<b>FY 2006-2007 Jacksonville Transit</b>	<b>TR0602</b>				
Salaries and employee benefits		55,045	-	55,045	
Operating expenditures		439,858	4,051	443,909	
Capital outlay		487,612	3,600	491,212	
Refund to grantor		32,697	-	32,697	
Total	<u>1,030,514</u>	<u>1,015,212</u>	<u>7,651</u>	<u>1,022,863</u>	<u>7,651</u>
<b>FY 2008-2009 Jacksonville Transit</b>	<b>TR0802</b>				
Salaries and employee benefits		84,062	-	84,062	
Operating expenditures		589,208	67,257	656,465	
Capital outlay		747,872	339,204	1,087,076	
Refund to grantor		16,644	-	16,644	
Total	<u>2,716,908</u>	<u>1,437,786</u>	<u>406,461</u>	<u>1,844,247</u>	<u>872,661</u>
<b>FY 2009-2010 Jacksonville Transit</b>	<b>TR1001</b>				
Salaries and employee benefits		51,688	-	51,688	
Operating expenditures		617,172	-	617,172	
Capital outlay		15,183	49,372	64,555	
Refund to grantor		12,540	-	12,540	
Total	<u>1,751,196</u>	<u>696,583</u>	<u>49,372</u>	<u>745,955</u>	<u>1,005,241</u>
<b>FY 2010-2011 Jacksonville Transit</b>	<b>TR1101</b>				
Salaries and employee benefits		114,034	-	114,034	
Operating expenditures		727,179	-	727,179	
Total	<u>1,833,582</u>	<u>841,213</u>	<u>-</u>	<u>841,213</u>	<u>992,369</u>
<b>FY 2011-2012 Jacksonville Transit</b>	<b>TR1201</b>				
Salaries and employee benefits		-	155,790	155,790	
Operating expenditures		-	779,983	779,983	
Total	<u>1,764,004</u>	<u>-</u>	<u>935,773</u>	<u>935,773</u>	<u>828,231</u>
Total expenditures	<u>9,096,204</u>	<u>3,990,794</u>	<u>1,399,257</u>	<u>5,390,051</u>	<u>3,706,153</u>
Revenues (under) expenditures	<u>(1,357,301)</u>	<u>(740,963)</u>	<u>(203,630)</u>	<u>(944,593)</u>	<u>412,708</u>
<b>Other financing sources (uses):</b>					
Transfers in--					
From General Fund	1,493,445	1,191,921	301,524	1,493,445	-
From Special Revenue Fund	65,394	65,394	-	65,394	-
Transfers (out)--					
To Special Revenue Fund	(65,394)	(65,394)	-	(65,394)	-
To General Fund	(136,144)	(99,144)	(9,000)	(108,144)	28,000
Total other financing sources:	<u>1,357,301</u>	<u>1,092,777</u>	<u>292,524</u>	<u>1,385,301</u>	<u>28,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 351,814</u>	<u>88,894</u>	<u>\$ 440,708</u>	<u>\$ 440,708</u>
<b>Fund balance:</b>					
Beginning of year, July 1			351,814		
End of year, June 30			<u>\$ 440,708</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, 2012

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>					
ARRA Funding	\$ 1,527,492	\$ 573,670	\$ 2,137	\$ 575,807	\$ (951,685)
Total revenues	<u>1,527,492</u>	<u>573,670</u>	<u>2,137</u>	<u>575,807</u>	<u>(951,685)</u>
<b>Expenditures:</b>					
Operating expenditures		68,572	19,637	88,209	
Capital outlay		<u>505,098</u>	<u>7,200</u>	<u>512,298</u>	
Total expenditures	<u>1,560,067</u>	<u>573,670</u>	<u>26,837</u>	<u>600,507</u>	<u>959,560</u>
Revenues (under) expenditures	<u>(32,575)</u>	<u>-</u>	<u>(24,700)</u>	<u>(24,700)</u>	<u>7,875</u>
<b>Other financing sources:</b>					
Transfers in--					
From General Fund	<u>32,575</u>	<u>-</u>	<u>32,575</u>	<u>32,575</u>	<u>-</u>
Total other financing sources	<u>32,575</u>	<u>-</u>	<u>32,575</u>	<u>32,575</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,875</u>	<u>\$ 7,875</u>	<u>\$ 7,875</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 7,875</u>		

**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, 2012

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Operating expenditures		10,775	31,735	42,510	
Total expenditures	200,000	10,775	31,735	42,510	157,490
Revenues (under) expenditures	(200,000)	(10,775)	(31,735)	(42,510)	157,490
Other financing sources:					
Transfers in--					
From Proprietary Fund	200,000	200,000	-	200,000	-
Total other financing sources	200,000	200,000	-	200,000	-
Net change in fund balance	\$ -	\$ 189,225	(31,735)	\$ 157,490	\$ 157,490
Fund balance:					
Beginning of year, July 1			189,225		
End of year, June 30			\$ 157,490		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Chaney Creek Restoration II Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	<b>Project</b>	<b>Actual</b>			<b>Variance</b>
	<b>Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Positive (Negative)</b>
<b>Revenues:</b>					
Total revenues	\$ 300,000	\$ -	\$ -	\$ -	(300,000)
<b>Expenditures:</b>					
Operating expenditures		-	-	-	
Capital Outlay		-	-	-	
Total expenditures	350,000	-	-	-	350,000
Revenues over (under) expenditures	(50,000)	-	-	-	50,000
Other financing sources :					
Transfers in--					
From Capital Reserve	50,000	50,000	-	50,000	-
Total other financing sources	50,000	50,000	-	50,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,000</u>	-	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Fund balance:					
Beginning of year, July 1			50,000		
End of year, June 30			<u>\$ 50,000</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**American Recovery & Reinvestment Act - Energy Efficiency Conservation Block Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
ARRA - EECBG	\$ 781,600	\$ 572,887	\$ 205,319	\$ 778,206	\$ (3,394)
Total revenues	<u>781,600</u>	<u>572,887</u>	<u>205,319</u>	<u>778,206</u>	<u>(3,394)</u>
<b>Expenditures:</b>					
Operating expenditures		266,052	112,794	378,846	
Capital Outlay		306,835	92,525	399,360	
Total expenditures	<u>781,600</u>	<u>572,887</u>	<u>205,319</u>	<u>778,206</u>	<u>3,394</u>
Revenues (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**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, 2012

	Project		Actual		Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 1,150,860	\$ 1,111,991	\$ 1,983	\$ 1,113,974	\$ (36,886)
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	66,767	66,767	-	66,767	-
Total revenues	<u>1,538,627</u>	<u>1,499,758</u>	<u>1,983</u>	<u>1,501,741</u>	<u>(36,886)</u>
<b>Expenditures:</b>					
Capital outlay:					
Other improvements		15,732,508	242,254	15,974,762	
Total expenditures	<u>16,550,994</u>	<u>15,732,508</u>	<u>242,254</u>	<u>15,974,762</u>	<u>576,232</u>
Revenues (under) expenditures	<u>(15,012,367)</u>	<u>(14,232,750)</u>	<u>(240,271)</u>	<u>(14,473,021)</u>	<u>539,346</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	10,378,475	10,378,475	-	10,378,475	-
From General Fund - Powell Bill	7,064,912	6,166,529	751,107	6,917,636	(147,276)
From Capital Reserve Fund	355,702	355,702	-	355,702	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	(463,344)	(463,344)	-	(463,344)	-
To Powell Bill Projects	(2,325,874)	(912,543)	(1,413,331)	(2,325,874)	-
Total other financing sources (uses)	<u>15,012,367</u>	<u>15,527,315</u>	<u>(662,224)</u>	<u>14,865,091</u>	<u>(147,276)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,294,565</u>	<u>(902,495)</u>	<u>\$ 392,070</u>	<u>\$ 392,070</u>
Fund balance:					
Beginning of year, July 1			1,294,565		
End of year, June 30			<u>\$ 392,070</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Ellis Park Infrastructure**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Operating expenditures		-	-	-	
Capital Outlay		289,434	40,558	329,992	
Total expenditures	505,000	289,434	40,558	329,992	175,008
Revenues (under) expenditures	(505,000)	(289,434)	(40,558)	(329,992)	175,008
<b>Other financing sources:</b>					
Transfers in--					
From General Fund - Powell Bill	505,000	505,000	-	505,000	-
Total other financing sources	505,000	505,000	-	505,000	-
Net change in fund balance	\$ -	\$ 215,566	(40,558)	\$ 175,008	\$ 175,008
<b>Fund balance:</b>					
Beginning of year, July 1			215,566		
End of year, June 30			\$ 175,008		

**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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sidewalks	\$ 14,300	\$ 10,586	\$ 5,170	\$ 15,756	\$ 1,456
Total revenues	14,300	10,586	5,170	15,756	1,456
<b>Expenditures:</b>					
Reserve for sidewalk		-	-	-	
Total expenditures	14,300	-	-	-	14,300
Revenues over expenditures	-	10,586	5,170	15,756	15,756
Net change in fund balance	\$ -	\$ 10,586	5,170	\$ 15,756	\$ 15,756
Fund balance:					
Beginning of year, July 1			10,586		
End of year, June 30			\$ 15,756		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY11 Street Reclamation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	345,442	345,442	
Total expenditures	582,934	-	345,442	345,442	237,492
Revenues (under) expenditures	(582,934)	-	(345,442)	(345,442)	237,492
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	520,000	520,000	-	520,000	-
From Capital Projects - Powell Bill	62,934	-	62,934	62,934	-
Total other financing sources	582,934	520,000	62,934	582,934	-
Net change in fund balance	\$ -	\$ 520,000	(282,508)	\$ 237,492	\$ 237,492
Fund balance:					
Beginning of year, July 1			520,000		
End of year, June 30			\$ 237,492		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY12 Street Reclamation**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Interest on Powell Bill	\$ 189	\$ -	\$ 1,937	\$ 1,937	\$ 1,748
Total revenues	189	-	1,937	1,937	1,748
<b>Expenditures:</b>					
Capital Improvements		-	-	-	
Total expenditures	929,641	-	-	-	929,641
Revenues over (under) expenditures	(929,452)	-	1,937	1,937	931,389
<b>Other financing sources:</b>					
Transfers in--					
From General Fund - Powell Bill	779,000	-	779,000	779,000	-
From Capital Projects - Powell Bill	150,452	-	150,452	150,452	-
Total other financing sources	929,452	-	929,452	929,452	-
Net change in fund balance	\$ -	\$ -	931,389	\$ 931,389	\$ 931,389
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 931,389		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Enouch Lane Improvements**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		2,200	-	2,200	
Total expenditures	28,000	2,200	-	2,200	25,800
Revenues (under) expenditures	(28,000)	(2,200)	-	(2,200)	25,800
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	28,000	28,000	-	28,000	-
Total other financing sources	28,000	28,000	-	28,000	-
Net change in fund balance	\$ -	\$ 25,800	-	\$ 25,800	\$ 25,800
Fund balance:					
Beginning of year, July 1			25,800		
End of year, June 30			\$ 25,800		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY11 Sidewalks**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		7,650	172,674	180,324	
Total expenditures	180,324	7,650	172,674	180,324	-
Revenues (under) expenditures	(180,324)	(7,650)	(172,674)	(180,324)	-
Other financing sources (uses):					
Transfers in--					
From General Fund - Powell Bill	198,000	198,000	-	198,000	-
Transfers out--					
To Powell Bill	(17,676)	-	(17,676)	(17,676)	-
Total other financing sources (uses)	180,324	198,000	(17,676)	180,324	-
Net change in fund balance	\$ -	\$ 190,350	(190,350)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			190,350		
End of year, June 30			\$ -		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**FY12 Sidewalks**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	28,603	28,603	
Total expenditures	118,000	-	28,603	28,603	89,397
Revenues (under) expenditures	(118,000)	-	(28,603)	(28,603)	89,397
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	118,000	-	118,000	118,000	-
Total other financing sources	118,000	-	118,000	118,000	-
Net change in fund balance	\$ -	\$ -	89,397	\$ 89,397	\$ 89,397
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 89,397		

**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, 2012

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

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Bordeaux Street Improvements**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
 From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		26,912	87,437	114,349	
Total expenditures	114,349	26,912	87,437	114,349	-
Revenues (under) expenditures	(114,349)	(26,912)	(87,437)	(114,349)	-
Other financing sources (uses):					
Transfers in--					
From General Fund - Powell Bill	115,000	115,000	-	115,000	-
Transfers out--					
To Powell Bill	(651)	-	(651)	(651)	-
Total other financing sources (uses)	114,349	115,000	(651)	114,349	-
Net change in fund balance	\$ -	\$ 88,088	(88,088)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			88,088		
End of year, June 30			\$ -		

**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, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Capital Improvements		-	-	-	
Total expenditures	171,000	-	-	-	171,000
Revenues (under) expenditures	(171,000)	-	-	-	171,000
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	\$ -	\$ -	171,000	\$ 171,000	\$ 171,000
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 171,000		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Tallman & Court Street Improvements**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings-Powell Bill	\$ 22	\$ -	\$ 227	\$ 227	\$ 205
Total revenues	22	-	227	227	205
<b>Expenditures:</b>					
Capital Improvements		-	248,083	248,083	
Total expenditures	305,022	-	248,083	248,083	56,939
Revenues (under) expenditures	(305,000)	-	(247,856)	(247,856)	57,144
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	234,436	-	234,436	234,436	-
From Water/Sewer Fund	70,564	-	70,564	70,564	-
Total other financing sources	305,000	-	305,000	305,000	-
Net change in fund balance	\$ -	\$ -	57,144	\$ 57,144	\$ 57,144
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 57,144		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**Hurricane Irene**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
FEMA	\$ 734,447	\$ -	\$ 708,436	\$ 708,436	\$ (26,011)
FEMA State Match	244,816	-	236,146	236,146	(8,670)
Gain/Loss from Insurance	99,695	-	99,395	99,395	(300)
Total revenues	<u>1,078,958</u>	<u>-</u>	<u>1,043,977</u>	<u>1,043,977</u>	<u>(34,981)</u>
<b>Expenditures:</b>					
General Fund Emergencies		-	632,002	632,002	
Water/ Sewer Emergencies		-	217,609	217,609	
Total expenditures	<u>1,128,958</u>	<u>-</u>	<u>849,611</u>	<u>849,611</u>	<u>279,347</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>-</u>	<u>194,366</u>	<u>194,366</u>	<u>244,366</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>244,366</u>	<u>\$ 244,366</u>	<u>\$ 244,366</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 244,366</u>		

**City of Jacksonville, North Carolina**  
**Non-Major Governmental Funds**  
**General Capital Reserve Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project		Actual		Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 2,167,146	\$ 2,166,679	\$ 581	\$ 2,167,260	\$ 114
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	283,223	281,452	1,771	283,223	-
Miscellaneous	279,870	37,789	241,870	279,659	(211)
<b>Total revenues</b>	<b>2,811,975</b>	<b>2,567,558</b>	<b>244,222</b>	<b>2,811,780</b>	<b>(195)</b>
<b>Expenditures:</b>					
Initiatives FY '99		-	-	-	
Reserve for debt retirement		-	-	-	
Reserve for recreation		-	-	-	
<b>Total expenditures</b>	<b>470,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470,245</b>
<b>Revenues over expenditures</b>	<b>2,341,730</b>	<b>2,567,558</b>	<b>244,222</b>	<b>2,811,780</b>	<b>470,050</b>
<b>Other financing sources (uses):</b>					
Transfers in--					
From General Fund	19,111,444	17,705,753	1,405,691	19,111,444	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Special Revenue Fund	83,500	-	83,500	83,500	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	1,305,256	580,343	701,535	1,281,878	(23,378)
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	(8,066,804)	(7,313,509)	(659,471)	(7,972,980)	93,824
To Capital Project Fund	(17,475,770)	(15,491,468)	(1,984,300)	(17,475,768)	2
To Proprietary Fund	(4,030,246)	(3,682,232)	(348,304)	(4,030,536)	(290)
To Special Revenue Fund	(22,000)	(22,000)	-	(22,000)	-
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
<b>Total other financing (uses)</b>	<b>(2,341,730)</b>	<b>(1,470,223)</b>	<b>(801,349)</b>	<b>(2,271,572)</b>	<b>70,158</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 1,097,335</b>	<b>(557,127)</b>	<b>\$ 540,208</b>	<b>\$ 540,208</b>
<b>Fund balance:</b>					
Beginning of year, July 1			1,097,335		
End of year, June 30			<u>\$ 540,208</u>		

# NON-MAJOR ENTERPRISE FUNDS

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

## **Individual Fund Description:**

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

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

**City of Jacksonville, North Carolina**  
**Non-Major Enterprise Fund**  
**Statement of Net Assets**  
June 30, 2012  
With Comparative Totals for June 30, 2011

	<u>Stormwater/Water Quality Fund Totals</u>	
	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 480,547	\$ 1,522,304
Accounts receivable (net)	178,493	106,158
Total Current Assets	<u>659,040</u>	<u>1,628,462</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,670,000	3,326,690
Capital assets (net)	<u>5,920,915</u>	<u>3,107,453</u>
Total Noncurrent Assets	<u>7,590,915</u>	<u>6,434,143</u>
Total Assets	<u>8,249,955</u>	<u>8,062,605</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	475,238	64,729
Compensated absences - current	31,165	28,997
Interfund payable	-	45,000
Installment purchases payable-current	<u>478,437</u>	<u>470,369</u>
Total Current Liabilities	<u>984,840</u>	<u>609,095</u>
Noncurrent Liabilities:		
Compensated absences payable	22,132	20,901
Installment purchases payable-noncurrent	<u>3,379,495</u>	<u>3,690,752</u>
Total Noncurrent Liabilities	<u>3,401,627</u>	<u>3,711,653</u>
Total Liabilities	<u>4,386,467</u>	<u>4,320,748</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	3,732,983	2,273,022
Unrestricted	<u>130,505</u>	<u>1,468,835</u>
Total Net Assets	<u>\$ 3,863,488</u>	<u>\$ 3,741,857</u>

**City of Jacksonville, North Carolina**  
**Non-Major Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
For the Fiscal Year Ended June 30, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Stormwater/Water Quality Fund Totals</b>	
	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<b>Operating revenues:</b>		
Total operating revenues	\$ 2,163,960	\$ 2,086,443
<b>Operating expenses:</b>		
Stormwater/Water Quality Operations	2,029,794	1,721,714
Depreciation	293,305	187,219
Total operating expenses	2,323,099	1,908,933
Operating income (loss)	(159,139)	177,510
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	2,369	6,555
Gain on sale of capital assets	31,646	1,700
Tax rebate - Build America Bond interest	47,013	24,252
Miscellaneous	489	464
Interest on long-term debt	(135,369)	(90,233)
Total nonoperating (expenses)	(53,852)	(57,262)
Income (loss) before contributions and transfers	(212,991)	120,248
<b>Capital Contributions</b>		
Developer contributions	409,707	895,011
Total contributions	409,707	895,011
Income before transfers	196,716	1,015,259
<b>Operating transfers</b>		
Transfers in	-	5,000
Transfers out	(75,085)	(75,085)
Total transfers	(75,085)	(70,085)
<b>Change in Net Assets</b>	121,631	945,174
Net assets:		
Beginning of year, July 1	3,741,857	2,796,683
End of year, June 30	\$ 3,863,488	\$ 3,741,857

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

For the Fiscal Year Ended June 30, 2012

With Comparative Totals for the Fiscal Year Ended June 30, 2011

	<b>Stormwater/Water Quality Totals</b>	
	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,087,069	\$ 2,105,571
Cash paid for goods and services	(184,729)	(475,725)
Cash paid to employees	(1,426,601)	(1,228,750)
Net cash provided by operating activities	<u>475,739</u>	<u>401,096</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	-	5,000
Transfers (out)	(75,085)	(75,085)
Advances from other funds	(45,000)	33,467
Miscellaneous revenue	489	464
Net cash (used) by noncapital financing activities	<u>(119,596)</u>	<u>(36,154)</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt issued	192,629	4,200,100
Principal paid on long term debt	(495,818)	(299,544)
Interest paid on long term debt	(135,369)	(90,233)
Tax rebate - Build America Bond interest	47,013	24,252
Acquisition and construction of capital assets	(2,697,060)	(701,565)
Sale of capital assets	31,646	1,700
Net cash (used) by capital and related financing activities	<u>(3,056,959)</u>	<u>3,134,710</u>
<b>Cash flows from investing activities:</b>		
Interest earned on investments	2,369	6,555
Net cash provided by investing activities	<u>2,369</u>	<u>6,555</u>
Net increase (decrease) in cash and cash equivalents	(2,698,447)	3,506,207
Cash and cash equivalents, July 1	4,848,994	1,342,787
Cash and cash equivalents, June 30	<u>\$ 2,150,547</u>	<u>\$ 4,848,994</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (159,139)	\$ 177,510
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>		
Depreciation	293,305	187,219
Bad debt expense	4,556	(15,166)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(76,891)	19,128
(Increase) decrease in prepaid items	-	599
Increase (decrease) in accounts payable	410,509	22,682
Increase (decrease) in compensated absences payable	3,399	9,124
Total adjustments	<u>634,878</u>	<u>223,586</u>
Net cash provided by operating activities	<u>\$ 475,739</u>	<u>\$ 401,096</u>
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributed by developers	<u>\$ 409,707</u>	<u>\$ 895,011</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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Commercial fees	\$ 1,447,370	\$ 1,462,593	\$ 15,223	\$ 1,399,803
Residential fees	659,399	647,951	(11,448)	640,240
Permits and fees	37,104	53,416	16,312	46,400
Total operating revenues	<u>2,143,873</u>	<u>2,163,960</u>	<u>20,087</u>	<u>2,086,443</u>
Nonoperating revenues:				
Interest earned on investments	7,082	2,369	(4,713)	6,555
Sale of capital assets	-	31,646	31,646	1,700
Tax rebate - Build America Bond interest	45,398	47,013	1,615	24,252
Miscellaneous revenue	-	489	489	464
Developer contributions	-	409,707	409,707	895,011
Total nonoperating revenues	<u>52,480</u>	<u>491,224</u>	<u>438,744</u>	<u>927,982</u>
Total revenues	<u>2,196,353</u>	<u>2,655,184</u>	<u>458,831</u>	<u>3,014,425</u>
<b>Expenditures:</b>				
<b>Stormwater/Water Quality</b>				
Salaries and employee benefits		1,061,395		913,896
Supplies		52,391		48,540
Insurance		13,956		15,654
Maintenance and repair		18,427		17,621
Contracted services		91,575		27,897
Contracted services-internal service		108,623		103,702
Bad debt		4,556		(15,166)
Overhead allocation from General Fund		368,605		323,978
Other expenditures		310,266		285,592
Total	<u>2,278,852</u>	<u>2,029,794</u>	<u>249,058</u>	<u>1,721,714</u>
<b>Budgetary appropriations:</b>				
Interest paid	160,410	135,369	25,041	90,233
Debt principal	544,300	495,818	48,482	299,544
(Increase) in compensated absences payable	-	(3,399)	3,399	(9,124)
Debt issued	(193,642)	(192,629)	(1,013)	(4,200,100)
Transfers in--				
From General Fund	-	-	-	(5,000)
Transfers out--				
To General Fund	75,085	75,085	-	75,085
To Capital Projects	15,513	15,513	-	216,970
Capital outlay	207,642	193,545	14,097	253,694
Appropriated retained earnings	(891,807)	-	(891,807)	-
Total budgetary appropriations	<u>(82,499)</u>	<u>719,302</u>	<u>(801,801)</u>	<u>(3,278,698)</u>
Total expenditures	<u>\$ 2,196,353</u>	<u>\$ 2,749,096</u>	<u>\$ (552,743)</u>	<u>\$ (1,556,984)</u>

Continued on next page.

**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, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		2011
	Budget	Actual	
<b>Reconciliation of modified accrual basis to full accrual basis:</b>			
Total revenues		\$ 2,655,184	\$ 3,014,425
Total expenditures		<u>2,749,096</u>	<u>(1,556,984)</u>
Excess of revenues over expenditures		<u>(93,912)</u>	<u>4,571,409</u>
Budgetary appropriations (above):			
Payment of debt principal		495,818	299,544
Debt issued		(192,629)	(4,200,100)
(Increase) in compensated absences payable		(3,399)	(9,124)
Transfers		15,513	216,970
Capital outlay		<u>193,545</u>	<u>253,694</u>
Total budgetary appropriations		<u>508,848</u>	<u>(3,439,016)</u>
Depreciation (Statement 95)		<u>(293,305)</u>	<u>(187,219)</u>
Change in Net Assets (Statement 95)		<u>\$ 121,631</u>	<u>\$ 945,174</u>

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

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

From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 2,993	\$ 1,938	\$ 1,321	\$ 3,259	\$ 266
Total revenues	2,993	1,938	1,321	3,259	266
<b>Expenses:</b>					
Capital outlay:					
Brynn Marr Area	1,617,136	114,072	63,269	177,341	1,439,795
Parkwood Area	4,273,660	721,937	2,275,166	2,997,103	1,276,557
Heritage Square	148,500	5,900	70,458	76,358	72,142
Downtown Central/Wilson Bay	850,910	27,435	89,654	117,089	733,821
Country Club/Sandy Run	15,513	10,545	4,968	15,513	-
Total expenses	6,905,719	879,889	2,503,515	3,383,404	3,522,315
Revenues (under) expenses	(6,902,726)	(877,951)	(2,502,194)	(3,380,145)	3,522,581
<b>Other financing sources:</b>					
Debt issued--					
Installment purchases	5,340,333	3,987,697	-	3,987,697	(1,352,636)
Loans payable - SRF	1,223,910	-	-	-	(1,223,910)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
From Proprietary Fund	272,483	256,970	15,513	272,483	-
Total other financing sources	6,902,726	4,310,667	15,513	4,326,180	(2,576,546)
Net change in fund balance	\$ -	\$ 3,432,716	(2,486,681)	\$ 946,035	\$ 946,035
<b>Fund Balance:</b>					
Beginning of year, July 1			3,432,716		
End of year, June 30			\$ 946,035		



# 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** – accounts 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 Assets**  
June 30, 2012  
With Comparative Totals for June 30, 2011

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Self Insurance	Totals	
						June 30, 2012	June 30, 2011
<b>Assets</b>							
Current Assets:							
Cash and cash equivalents	\$ 328,421	\$ 271,350	\$ 294,337	\$ 371,005	\$ 1,760,576	\$ 3,025,689	\$ 2,656,299
Accounts receivable (net)	-	668	-	-	-	668	2,906
Inventories	79,943	-	-	-	-	79,943	92,683
Prepaid items	-	-	568	1,345	76,100	78,013	78,252
<b>Total Current Assets</b>	<b>408,364</b>	<b>272,018</b>	<b>294,905</b>	<b>372,350</b>	<b>1,836,676</b>	<b>3,184,313</b>	<b>2,830,140</b>
Noncurrent Assets:							
Restricted cash and cash equivalents	-	-	1	20,004	-	20,005	2
Capital Assets:							
Capital assets (net)	13,685	7,219	385,653	135,822	-	542,379	622,637
<b>Total Assets</b>	<b>422,049</b>	<b>279,237</b>	<b>680,559</b>	<b>528,176</b>	<b>1,836,676</b>	<b>3,746,697</b>	<b>3,452,779</b>
<b>Liabilities</b>							
Current Liabilities:							
Accounts payable and accrued liabilities	61,690	13,468	71,979	33,385	425,333	605,855	832,482
Current portion of long-term debt	4,033	-	89,181	6,626	-	99,840	59,211
<b>Total Current Liabilities</b>	<b>65,723</b>	<b>13,468</b>	<b>161,160</b>	<b>40,011</b>	<b>425,333</b>	<b>705,695</b>	<b>891,693</b>
Noncurrent Liabilities:							
Compensated absences payable	18,466	4,634	54,638	18,374	-	96,112	111,445
Noncurrent portion of long-term debt	5,533	-	68,518	8,986	-	83,037	89,206
<b>Total Noncurrent Liabilities</b>	<b>23,999</b>	<b>4,634</b>	<b>123,156</b>	<b>27,360</b>	<b>-</b>	<b>179,149</b>	<b>200,651</b>
<b>Total Liabilities</b>	<b>89,722</b>	<b>18,102</b>	<b>284,316</b>	<b>67,371</b>	<b>425,333</b>	<b>884,844</b>	<b>1,092,344</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	4,119	7,219	227,955	140,214	-	379,507	474,222
Unrestricted	328,208	253,916	168,288	320,591	1,411,343	2,482,346	1,886,213
<b>Total Net Assets</b>	<b>\$ 332,327</b>	<b>\$ 261,135</b>	<b>\$ 396,243</b>	<b>\$ 460,805</b>	<b>\$ 1,411,343</b>	<b>\$ 2,861,853</b>	<b>\$ 2,360,435</b>

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
For the Fiscal Year Ended June 30, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals	
						June 30, 2012	June 30, 2011
<b>Operating revenues:</b>							
Charges to other funds	\$ 2,509,797	\$ 206,981	\$ 2,416,173	\$ 483,507	\$ 3,169,455	\$ 8,785,913	\$ 8,259,363
Other operating revenue	3,977	70	(22,864)	8,857	1,330,055	1,320,095	1,384,922
Total operating revenues	2,513,774	207,051	2,393,309	492,364	4,499,510	10,106,008	9,644,285
<b>Operating expenses:</b>							
Operations	2,499,560	216,477	2,221,159	410,383	4,099,071	9,446,650	8,808,735
Depreciation	7,660	802	232,581	76,636	-	317,679	230,318
Total operating expenses	2,507,220	217,279	2,453,740	487,019	4,099,071	9,764,329	9,039,053
Operating income (loss)	6,554	(10,228)	(60,431)	5,345	400,439	341,679	605,232
<b>Nonoperating revenues (expenses):</b>							
Investment earnings	380	485	463	621	1,931	3,880	4,266
Gain (loss) on sale of capital assets	1,230	-	-	-	-	1,230	25,787
Interest on long-term debt	(285)	-	(2,298)	(159)	-	(2,742)	(1,533)
Total nonoperating revenues	1,325	485	(1,835)	462	1,931	2,368	28,520
Income (loss) before transfers	7,879	(9,743)	(62,266)	5,807	402,370	344,047	633,752
<b>Operating transfers:</b>							
Transfers in	-	8,300	30,497	-	118,574	157,371	280,383
Transfers (out)	-	-	-	-	-	-	-
Total transfers	-	8,300	30,497	-	118,574	157,371	280,383
Net income (loss)	7,879	(1,443)	(31,769)	5,807	520,944	501,418	914,135
<b>Net assets:</b>							
Beginning of year, July 1	324,448	262,578	428,012	454,998	890,399	2,360,435	1,446,300
End of year, June 30	\$ 332,327	\$ 261,135	\$ 396,243	\$ 460,805	\$ 1,411,343	\$ 2,861,853	\$ 2,360,435

**City of Jacksonville, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2012  
With Comparative Totals for the Fiscal Year Ended June 30, 2011

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals	
						June 30, 2012	June 30, 2011
<b>Cash flows from operating activities:</b>							
Cash receipts from interfund services provided	\$ 2,514,210	\$ 207,152	\$ 2,394,401	\$ 492,554	\$ 4,499,929	\$ 10,108,246	\$ 9,653,434
Cash payments for interfund services (used)	(2,468,004)	(215,234)	(2,242,367)	(708,364)	(4,041,661)	(9,675,630)	(8,849,312)
Net cash provided (used) by operating activities	46,206	(8,082)	152,034	(215,810)	458,268	432,616	804,122
<b>Cash flows from noncapital financing activities:</b>							
Transfers in / (out)	-	8,300	30,497	-	118,574	157,371	280,383
Advances from other funds	-	-	-	-	-	-	(15,964)
Advances (to) other funds	-	-	-	-	-	-	286,495
Net cash provided (used) by noncapital financing activities	-	8,300	30,497	-	118,574	157,371	550,914
<b>Cash flows from capital and related financing activities:</b>							
Principal paid on long-term debt	(3,935)	-	(77,217)	(4,388)	-	(85,540)	(45,251)
Interest paid on long-term debt	(285)	-	(2,298)	(159)	-	(2,742)	(1,533)
Debt issued	-	-	100,000	20,000	-	120,000	167,000
Purchase of capital assets	-	(8,021)	(186,416)	(42,985)	-	(237,422)	(548,496)
Proceeds from sale of assets	1,230	-	-	-	-	1,230	787
Net cash (used) for capital and related financing activities	(2,990)	(8,021)	(165,931)	(27,532)	-	(204,474)	(427,493)
<b>Cash flows from investing activities:</b>							
Interest earned on investments	380	485	463	621	1,931	3,880	4,266
Net cash provided by investing activities	380	485	463	621	1,931	3,880	4,266
Net increase (decrease) in cash and cash equivalents	43,596	(7,318)	17,063	(242,721)	578,773	389,393	931,809
Cash and cash equivalents, July 1	284,825	278,668	277,275	633,730	1,181,803	2,656,301	1,724,492
Cash and cash equivalents, June 30	\$ 328,421	\$ 271,350	\$ 294,338	\$ 391,009	\$ 1,760,576	\$ 3,045,694	\$ 2,656,301
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating income (loss)	\$ 6,554	\$ (10,228)	\$ (60,431)	\$ 5,345	\$ 400,439	\$ 341,679	\$ 605,232
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>							
Depreciation	7,660	802	232,581	76,636	-	317,679	230,318
Change in assets and liabilities:							
(Increase) decrease accounts receivable	436	101	1,092	190	419	2,238	9,149
(Increase) decrease in inventories	12,740	-	-	-	-	12,740	(43,858)
(Increase) decrease in prepaid items	-	-	1,584	(1,345)	-	239	53,314
Increase (decrease) in accounts payable	17,458	1,014	(13,571)	(288,936)	57,410	(226,625)	(47,443)
Increase (decrease) in compensated absences payable	1,358	229	(9,221)	(7,700)	-	(15,334)	(2,590)
Total adjustments	39,652	2,146	212,465	(221,155)	57,829	90,937	198,890
Net cash provided (used) by operating activities	\$ 46,206	\$ (8,082)	\$ 152,034	\$ (215,810)	\$ 458,268	\$ 432,616	\$ 804,122

**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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Investment earnings	\$ 1,022	\$ 380	\$ (642)	\$ 425
Charges for services	2,467,899	2,509,797	41,898	2,154,144
Sale of capital assets	3,000	1,230	(1,770)	130
Other operating revenues		3,977	3,977	3,884
Total revenues	<u>2,471,921</u>	<u>2,515,384</u>	<u>43,463</u>	<u>2,158,583</u>
<b>Expenditures:</b>				
Salaries and employee benefits		534,280		493,930
Fuel		8,031		5,955
Utilities		16,805		24,256
Maintenance and repair		1,822,721		1,484,869
Other departmental expenditures		117,723		104,424
Total	<u>2,448,249</u>	<u>2,499,560</u>	<u>(51,311)</u>	<u>2,113,434</u>
<b>Budgetary appropriations:</b>				
Interest paid	288	285	3	385
Debt principal	3,935	3,935	-	4,815
Debt issued	-	-	-	-
Increase (decrease) in inventory	-	(12,741)	12,741	43,858
(Increase) decrease in compensated absences payable	-	(1,358)	1,358	4,100
Capital outlay	-	-	-	-
Appropriated retained earnings	19,449	-	19,449	-
Total budgetary appropriations	<u>23,672</u>	<u>(9,879)</u>	<u>33,551</u>	<u>53,158</u>
Total expenditures	<u>\$ 2,471,921</u>	<u>\$ 2,489,681</u>	<u>\$ (17,760)</u>	<u>\$ 2,166,592</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 2,515,384		\$ 2,158,583
Total expenditures		2,489,681		2,166,592
Excess of revenues over (under) expenditures		<u>25,703</u>		<u>(8,009)</u>
Budgetary appropriations (above):				
Payment of debt principal		3,935		4,815
Debt issued		-		-
Increase (decrease) in inventory		(12,741)		43,858
(Increase) decrease in compensated absences payable		(1,358)		4,100
Capital outlay		-		-
Total budgetary appropriations		<u>(10,164)</u>		<u>52,773</u>
Depreciation (Statement 100)		<u>(7,660)</u>		<u>(8,369)</u>
Net income (loss) (Statement 100)		<u>\$ 7,879</u>		<u>\$ 36,395</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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ 832	\$ 485	\$ (347)	\$ 474
Charges for services	248,377	206,981	(41,396)	235,108
Other operating revenues	-	70	70	44
Total revenues	<u>249,209</u>	<u>207,536</u>	<u>(41,673)</u>	<u>235,626</u>
<b>Expenditures:</b>				
Salaries and employee benefits		78,922		77,699
Utilities		87,434		90,059
Maintenance and repair		12,262		10,015
Other departmental expenditures		37,859		40,881
Total	<u>265,063</u>	<u>216,477</u>	<u>48,586</u>	<u>218,654</u>
<b>Budgetary appropriations:</b>				
(Increase) decrease in compensated absences payable		(229)	229	208
Transfer in from General Fund	(8,300)	(8,300)	-	-
Capital outlay	8,300	8,021	279	-
Appropriated retained earnings	(15,854)	-	(15,854)	-
Total budgetary appropriations	<u>(15,854)</u>	<u>(508)</u>	<u>(15,346)</u>	<u>208</u>
Total expenditures	<u>\$ 249,209</u>	<u>\$ 215,969</u>	<u>\$ 33,240</u>	<u>\$ 218,862</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 207,536		\$ 235,626
Total expenditures		<u>215,969</u>		<u>218,862</u>
Excess of revenues over (under) expenditures		<u>(8,433)</u>		<u>16,764</u>
Budgetary appropriations (above):				
(Increase) decrease in compensated absences payable		(229)		208
Capital outlay		<u>8,021</u>		<u>-</u>
Total budgetary appropriations		<u>7,792</u>		<u>208</u>
Depreciation (Statement 100)		<u>(802)</u>		<u>-</u>
Net income (loss) (Statement 100)		<u>\$ (1,443)</u>		<u>\$ 16,972</u>

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

**City of Jacksonville, North Carolina**  
**Information Technology Services Internal Service Fund**  
**Schedule of Revenues and Expenditures--**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ 2,556	\$ 463	\$ (2,093)	\$ 1,262
Charges for services	2,869,060	2,416,173	(452,887)	2,392,145
Sale of capital assets	1,300	-	(1,300)	25,657
Other operating revenues	-	(22,864)	(22,864)	28,121
Total revenues	<u>2,872,916</u>	<u>2,393,772</u>	<u>(479,144)</u>	<u>2,447,185</u>
<b>Expenditures:</b>				
Salaries and employee benefits		893,164		924,565
Fuel		1,223		815
Maintenance and repair		84		5,398
Contracted services		44,513		65,983
Other departmental expenditures		1,282,175		1,290,174
Total	<u>2,648,674</u>	<u>2,221,159</u>	<u>427,515</u>	<u>2,286,935</u>
<b>Budgetary appropriations:</b>				
Interest paid	5,681	2,298	3,383	1,148
Debt principal	98,206	77,217	20,989	40,436
Debt issued	(100,000)	(100,000)	-	(167,000)
Transfers				
(In) from Special Revenue Fund	(30,497)	(30,497)	-	(44,721)
Out to Capital Project Fund	40,000	40,000	-	40,000
(Increase) decrease in compensated absences payable		9,221	(9,221)	(281)
Increase (decrease) in prepaid expenditures		(1,584)	1,584	1,843
Capital outlay	235,994	186,416	49,578	382,546
Appropriated retained earnings	(25,142)	-	(25,142)	-
Total budgetary appropriations	<u>224,242</u>	<u>183,071</u>	<u>41,171</u>	<u>253,971</u>
Total expenditures	<u>\$ 2,872,916</u>	<u>\$ 2,404,230</u>	<u>\$ 468,686</u>	<u>\$ 2,540,906</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 2,393,772		\$ 2,447,185
Total expenditures		<u>2,404,230</u>		<u>2,540,906</u>
Excess of revenues over (under) expenditures		<u>(10,458)</u>		<u>(93,721)</u>
Budgetary appropriations (above):				
Payment of debt principal		77,217		40,436
Debt issued		(100,000)		(167,000)
Transfer to Capital Project (Schedule 105)		40,000		40,000
(Increase) decrease in compensated absences payable		9,221		(281)
Increase (decrease) in prepaid expenditures		(1,584)		1,843
Capital outlay		186,416		382,546
Total budgetary appropriations		<u>211,270</u>		<u>297,544</u>
Depreciation (Statement 100)		<u>(232,581)</u>		<u>(180,136)</u>
Net income (loss) (Statement 100)		<u>\$ (31,769)</u>		<u>\$ 23,687</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, 2012

	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	380,787	167,613	-	167,613	213,174
Total expenditures	380,787	167,613	-	167,613	213,174
Revenues over (under) expenditures	(380,000)	(166,826)	-	(166,826)	213,174
Other financing sources (uses):					
Debt issued	180,000	180,000	-	180,000	-
Transfers in--					
From ITS Fund	200,000	160,000	40,000	200,000	-
Total other financing sources	380,000	340,000	40,000	380,000	-
Excess of revenues and other sources over expenditures	\$ -	\$ 173,174	\$ 40,000	\$ 213,174	\$ 213,174

**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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ 1,570	\$ 621	\$ (949)	\$ 885
Charges for services	563,785	483,507	(80,278)	420,237
Sale of capital assets	-	-	-	-
Other operating revenues	-	8,857	8,857	63,181
Total revenues	<u>565,355</u>	<u>492,985</u>	<u>(72,370)</u>	<u>484,303</u>
<b>Expenditures:</b>				
Salaries and employee benefits		205,265		195,193
Maintenance and repair		-		555
Contracted services		8,183		5,000
Other departmental expenditures		196,935		295,060
Total	<u>594,540</u>	<u>410,383</u>	<u>184,157</u>	<u>495,808</u>
<b>Budgetary appropriations:</b>				
Interest paid	519	159	360	-
Debt principal	5,366	4,388	978	-
Debt issued	(20,000)	(20,000)	-	-
(Increase) decrease in compensated absences payable	-	7,700	(7,700)	(1,437)
Increase (decrease) in prepaid expenditures	-	1,345	(1,345)	-
Capital outlay	43,875	42,985	890	165,950
Appropriated retained earnings	(58,945)	-	(58,945)	-
Total budgetary appropriations	<u>(29,185)</u>	<u>36,577</u>	<u>(65,762)</u>	<u>164,513</u>
Total expenditures	<u>\$ 565,355</u>	<u>\$ 446,960</u>	<u>\$ 118,395</u>	<u>\$ 660,321</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 492,985		\$ 484,303
Total expenditures		446,960		660,321
Excess of revenues over expenditures		<u>46,025</u>		<u>(176,018)</u>
Budgetary appropriations (above):				
Payment of debt principal		4,388		-
Debt issued		(20,000)		-
(Increase) decrease in compensated absences payable		7,700		(1,437)
Increase (decrease) in prepaid expenditures		1,345		-
Capital outlay		42,985		165,950
Total budgetary appropriations		<u>36,418</u>		<u>164,513</u>
Depreciation (Statement 100)		<u>(76,636)</u>		<u>(41,813)</u>
Net income (loss) (Statement 100)		<u>\$ 5,807</u>		<u>\$ (53,318)</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, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>		<b>Variance Positive (Negative)</b>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Investment earnings	\$ 1,527	\$ 1,931	\$ 404	\$ 1,220
Charges for services	3,094,053	3,169,455	75,402	3,057,729
Other operating revenues	1,275,058	1,330,055	54,997	1,289,692
Total revenues	<u>4,370,638</u>	<u>4,501,441</u>	<u>130,803</u>	<u>4,348,641</u>
<b>Expenditures:</b>				
Benefit Payments		4,099,071		3,693,904
Total	<u>4,489,212</u>	<u>4,099,071</u>	<u>390,141</u>	<u>3,693,904</u>
<b>Budgetary appropriations:</b>				
Transfers				
(In) from General Fund	(100,788)	(100,788)	-	(200,000)
(In) from Proprietary Fund	(17,786)	(17,786)	-	(35,662)
Total budgetary appropriations	<u>(118,574)</u>	<u>(118,574)</u>	<u>-</u>	<u>(235,662)</u>
Total expenditures	<u>\$ 4,370,638</u>	<u>\$ 3,980,497</u>	<u>\$ 390,141</u>	<u>\$ 3,458,242</u>
<b>Reconciliation of modified accrual basis to full accrual basis:</b>				
Total revenues		\$ 4,501,441		\$ 4,348,641
Total expenditures		<u>3,980,497</u>		<u>3,458,242</u>
Excess of revenues over expenditures		<u>\$ 520,944</u>		<u>\$ 890,399</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 2,003,182	\$ 2,015,240
Land Rights	2,321,989	1,791,964
Buildings	22,065,312	21,555,862
Equipment	5,865,856	5,432,698
Software	782,483	662,687
Heavy equipment	470,316	470,316
Vehicles	9,857,703	8,850,237
Infrastructure	46,030,086	43,406,850
Improvements other than buildings	10,089,381	9,691,147
Construction in progress	<u>11,665,699</u>	<u>8,118,886</u>
Total governmental funds capital assets	<u>\$ 111,152,007</u>	<u>\$ 101,995,887</u>
Investment in governmental funds capital assets		
General Fund	\$ 42,984,156	\$ 41,880,033
Major Capital Project Fund	48,266,191	43,475,383
Non-Major Governmental Funds	6,067,426	5,159,565
Donations, court awards, etc.	<u>13,834,234</u>	<u>11,480,906</u>
Total investment in governmental funds capital assets	<u>\$ 111,152,007</u>	<u>\$ 101,995,887</u>

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

**City of Jacksonville, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
June 30, 2012

	<u>Land</u>	<u>Land Rights</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Software</u>
General Government:					
Human Resources	\$ -	\$ -	\$ -	\$ -	\$ 6,255
Finance	-	-	-	31,992	35,580
Planning	-	-	-	-	104,041
Other-Unclassified	1,258,186	-	8,908,329	125,769	22,470
Total General Government	<u>1,258,186</u>	<u>-</u>	<u>8,908,329</u>	<u>157,761</u>	<u>168,346</u>
Public Works:					
Inspections	-	-	-	-	15,835
Code Enforcement	-	-	-	-	-
Public Works	-	-	-	-	-
Engineering	-	-	-	17,344	18,277
Maintenance	-	-	28,879	96,463	-
Steets Powell Bill	67,500	2,321,989	100,209	37,007	-
Street Non-Powell Bill	-	-	-	251,828	-
Total Public Works	<u>67,500</u>	<u>2,321,989</u>	<u>129,088</u>	<u>402,642</u>	<u>34,112</u>
Public Safety:					
Police	2,757	-	1,133,297	3,616,298	443,866
Animal Control	-	-	22,173	-	-
Fire	27,000	-	2,181,703	669,166	103,764
Total Public Safety	<u>29,757</u>	<u>-</u>	<u>3,337,173</u>	<u>4,285,464</u>	<u>547,630</u>
Cultural and Recreational:					
Recreation	647,739	-	8,757,614	552,613	32,395
Economic Development:					
Economic Development	-	-	933,108	467,376	-
Construction in progress					
Total governmental funds capital assets	<u>\$ 2,003,182</u>	<u>\$ 2,321,989</u>	<u>\$ 22,065,312</u>	<u>\$ 5,865,856</u>	<u>\$ 782,483</u>

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

Heavy Equipment	Vehicles	Infrastructure	Improvements other than Buildings	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,255
-	-	-	-	-	67,572
-	39,574	-	-	-	143,615
-	-	-	206,428	-	10,521,182
-	39,574	-	206,428	-	10,738,624
-	162,726	-	-	-	178,561
-	42,234	-	-	-	42,234
-	-	12,433,608	-	-	12,433,608
-	12,456	-	-	-	48,077
-	334,216	-	-	-	459,558
343,930	148,437	31,256,243	305,000	-	34,580,315
24,004	452,300	397,460	-	-	1,125,592
367,934	1,152,369	44,087,311	305,000	-	48,867,945
5,995	3,070,286	-	185,514	-	8,458,013
-	-	-	-	-	22,173
18,111	3,995,507	-	-	-	6,995,251
24,106	7,065,793	-	185,514	-	15,475,437
78,276	538,134	1,942,775	9,230,766	-	21,780,312
-	1,061,833	-	161,673	-	2,623,990
-	-	-	-	11,665,699	11,665,699
\$ 470,316	\$ 9,857,703	\$ 46,030,086	\$ 10,089,381	\$ 11,665,699	\$ 111,152,007

**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, 2012

	<b>Capital Assets 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Capital Assets 2012</b>
General Government:					
Human Resources	\$ 6,255	\$ -	\$ -	\$ -	\$ 6,255
Finance	51,817	15,755	-	-	67,572
Planning	21,543	104,041	-	18,031	143,615
Other-unclassified	10,529,993	(8,811)	-	-	10,521,182
<b>Total General Government</b>	<b>10,609,608</b>	<b>110,985</b>	<b>-</b>	<b>18,031</b>	<b>10,738,624</b>
Public Works:					
Inspections	198,490	-	19,929	-	178,561
Code Enforcement	42,234	-	-	-	42,234
Public Works	12,453,537	-	19,929	-	12,433,608
Engineering	48,077	-	-	-	48,077
Maintenance	390,741	41,736	-	27,081	459,558
Streets	31,427,054	3,153,261	-	-	34,580,315
Streets Non-Powell Bill	1,117,398	8,194	-	-	1,125,592
<b>Total Public Works</b>	<b>45,677,531</b>	<b>3,203,191</b>	<b>39,858</b>	<b>27,081</b>	<b>48,867,945</b>
Public Safety:					
Police	7,996,779	903,720	325,248	(117,238)	8,458,013
Animal Control	22,173	-	-	-	22,173
Fire	5,978,878	1,237,077	220,704	-	6,995,251
<b>Total Public Safety</b>	<b>13,997,830</b>	<b>2,140,797</b>	<b>545,952</b>	<b>(117,238)</b>	<b>15,475,437</b>
Cultural and Recreational:					
Recreation	21,410,572	436,084	84,375	18,031	21,780,312
Economic Development:					
Economic Development	2,181,460	442,530	-	-	2,623,990
Construction in progress	8,118,886	3,815,971	269,158	-	11,665,699
<b>Total governmental funds capital assets</b>	<b>\$ 101,995,887</b>	<b>\$ 10,149,558</b>	<b>\$ 939,343</b>	<b>\$ (54,095)</b>	<b>\$ 111,152,007</b>

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

# ADDITIONAL FINANCIAL DATA

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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, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-12	\$ -	\$ 18,985,311	\$ 18,416,665	\$ 568,646
2010-11	613,561		384,532	229,029
2009-10	243,809		75,069	168,740
2008-09	237,857		35,755	202,102
2007-08	147,714		24,778	122,936
2006-07	102,046		9,027	93,019
2005-06	295,307		6,609	288,698
2004-05	190,189		4,630	185,559
2003-04	68,387		4,845	63,542
2002-03	76,346		7,386	68,960
2001-02	70,556		70,556	-
	<u>\$ 2,045,772</u>	<u>\$ 18,985,311</u>	<u>\$ 19,039,852</u>	<u>\$ 1,991,231</u>
Less allowance for uncollected ad valorem taxes receivable				<u>399,287</u>
Ad valorem taxes receivable - net				<u>\$ 1,591,944</u>
Reconciliation with revenues:				
Taxes - ad valorem - general fund		\$ 18,344,160		
Penalties and interest		<u>142,098</u>	\$ 18,486,258	
Reconciling items:				
Discoveries and abatements - Net			523,092	
Taxes written off			57,562	
Refunds			62,919	
Interest Collected			(89,979)	
Total collections and credits per above			<u>\$ 19,039,852</u>	

**City of Jacksonville, North Carolina**  
**Analysis of Current Tax Levy**  
For the Fiscal Year Ended June 30, 2012

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current	\$ 3,444,111,366	0.538	\$ 18,529,319	\$ 17,527,183	\$ 1,002,136
Registered motor vehicles					
taxed at prior year's rate	99,270,097	0.538	534,073	-	534,073
Penalties			57,563	57,563	-
	<u>3,543,381,463</u>		<u>19,120,955</u>	<u>17,584,746</u>	<u>1,536,209</u>
Discoveries:					
Current year taxes and	16,503,178	0.538	88,787	72,314	16,473
prior year taxes					
Total	<u>16,503,178</u>		<u>88,787</u>	<u>72,314</u>	<u>16,473</u>
Abatements	<u>(52,369,142)</u>		<u>(224,431)</u>	<u>(73,884)</u>	<u>(150,547)</u>
Total Property Valuation	<u>\$ 3,507,515,499</u>				
Net Levy			18,985,311	17,583,176	1,402,135
Less Uncollected tax at June 30, 2012 (Schedule 111)			(568,646)	(270,575)	(298,071)
Current year's taxes collected			<u>\$ 18,416,665</u>	<u>\$ 17,312,601</u>	<u>\$ 1,104,064</u>
Percent current year collected			<u>97.00%</u>	<u>98.46%</u>	<u>78.74%</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 nonaccounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the City.

## Contents

### Financial Trends (Tables 1-4)

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

### Revenue Capacity (Tables 5-9)

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

### Debt Capacity (Tables 10-12)

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

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

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

### Operating Information (Tables 15-17)

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

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

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

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 36,483,370	\$ 40,051,639	\$ 44,298,070	\$ 49,811,519	\$ 54,511,124	\$ 61,803,084
2,439,679	3,112,204	3,679,410	3,505,638	12,718,830	11,902,394
25,048,407	23,079,617	25,723,916	26,825,278	22,460,393	21,203,993
<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>	<u>\$ 94,909,471</u>
\$ 48,250,136	\$ 53,959,462	\$ 70,678,265	\$ 46,532,620	\$ 41,894,354	\$ 39,486,272
4,797,748	2,054,402	(8,044,529)	24,018,469	32,786,883	34,475,732
<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>	<u>\$ 73,962,004</u>
\$ 84,733,506	\$ 94,011,101	\$ 114,976,335	\$ 96,344,139	\$ 96,405,478	\$ 101,289,356
2,439,679	3,112,204	3,679,410	3,505,638	12,718,830	11,902,394
29,846,155	25,134,019	17,679,387	50,843,747	55,247,276	55,679,725
<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>	<u>\$ 168,871,475</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	781,526	1,166,010
-	-	-	-	-	144,306
<u>\$ -</u>	<u>\$ 1,310,316</u>				

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

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

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 6,347,845	\$ 5,366,793	\$ 5,517,241	\$ 5,596,384	\$ 6,792,452	\$ 7,994,140
5,197,251	5,284,092	5,786,244	3,882,329	6,533,211	6,377,902
14,843,992	16,607,850	18,040,904	20,979,364	19,198,958	19,915,276
309,052	746,743	851,295	814,390	1,163,709	667,729
5,200	-	-	-	-	-
3,080,676	3,570,991	4,129,539	4,915,686	5,021,989	4,601,950
252,897	361,140	311,838	258,864	221,531	329,417
<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>	<u>39,886,414</u>
705,226	779,463	901,203	898,699	250,468	138,799
795,696	741,442	724,790	1,294,058	1,289,267	927,358
85,997	117,753	137,236	211,289	240,263	398,019
-	-	-	-	-	-
328,895	401,834	440,391	456,832	480,852	586,966
2,763,818	3,824,357	3,692,813	4,553,143	6,458,917	7,228,718
1,386,287	1,266,935	6,677,474	4,108,039	4,723,314	2,753,328
<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>	<u>12,033,188</u>
<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>	<u>(27,853,226)</u>
13,541,986	16,556,839	17,395,985	17,887,016	18,512,342	18,847,266
13,185,671	8,507,654	10,707,904	10,643,840	11,037,388	11,687,324
420,799	423,724	420,799	420,799	420,799	350,341
310,819	2,623,543	3,188,160	3,213,168	3,030,253	2,842,416
-	-	-	-	359,696	335,106
104,109	114,395	114,171	154,786	174,971	173,012
2,621,639	420,995	-	-	-	-
1,264,390	1,139,000	435,342	115,235	118,629	69,928
6,124,021	672,649	931,473	1,110,048	1,242,944	1,324,085
<u>(2,747,247)</u>	<u>(3,380,970)</u>	<u>(3,672,744)</u>	<u>(2,178,896)</u>	<u>139,659</u>	<u>(2,557,128)</u>
<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>	<u>33,072,350</u>
<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>	<u>\$ 5,219,124</u>

Continued on next page.

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

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

Table 2, continued.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 13,643,327	\$ 15,624,868	\$ 17,052,896	\$ 19,605,964	\$ 22,039,600	\$ 25,911,275
4,255,197	4,639,604	4,757,063	4,936,541	5,030,182	5,204,115
1,286,133	1,535,692	1,653,473	1,706,904	1,999,166	2,458,468
<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>	<u>33,573,858</u>
13,331,854	16,090,217	19,585,091	25,432,654	25,077,038	23,178,499
2,338,256	2,574,942	2,594,445	2,622,685	2,710,478	2,807,152
-	-	2,041,550	2,077,406	2,086,443	2,163,960
1,990,356	2,017,348	1,997,949	1,587,697	3,143,054	1,291,589
<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>	<u>29,441,200</u>
(1,524,191)	(1,117,657)	2,755,603	5,471,033	3,948,065	(4,132,658)
-	-	-	-	-	-
360,044	293,797	111,166	137,377	205,659	99,003
1,183,217	408,870	80,359	130,047	116,083	757,294
2,747,247	3,380,970	3,672,744	2,178,896	(139,659)	2,557,128
<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>	<u>\$ (719,233)</u>
<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>	<u>\$ 4,499,891</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 5,722,643	\$ 7,250,330	\$ 5,987,978	\$ 7,014,461	\$ 4,812,557
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unreserved	6,341,239	6,006,352	8,087,714	7,653,507	9,965,961
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 12,063,882</u>	<u>\$ 13,256,682</u>	<u>\$ 14,075,692</u>	<u>\$ 14,667,968</u>	<u>\$ 14,778,518</u>
All Other Governmental Funds					
Reserved	\$ 5,102,140	\$ 6,258,214	\$ 4,614,185	\$ 4,322,823	\$ 5,129,315
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unreserved, reported in:					
Capital Reserve Fund	7,824,674	7,578,191	4,854,928	5,149,649	3,058,622
Capital Projects Funds	4,846,848	1,901,572	1,967,547	2,296,107	4,169,992
Special Revenue Funds	234,741	382,770	325,834	643,011	1,173,947
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 18,008,403</u>	<u>\$ 16,120,747</u>	<u>\$ 11,762,494</u>	<u>\$ 12,411,590</u>	<u>\$ 13,531,876</u>

Table 3

Fiscal Year				
2008	2009	2010	2011	2012
\$ 7,740,620	\$ 8,668,338	\$ 7,129,465	\$ -	\$ -
-	-	-	651,391	651,975
-	-	-	7,743,995	7,179,852
-	-	-	4,842,273	2,611,336
7,513,927	7,323,331	10,530,710	-	-
-	-	-	5,359,345	8,052,000
<u>\$ 15,254,547</u>	<u>\$ 15,991,669</u>	<u>\$ 17,660,175</u>	<u>\$ 18,597,004</u>	<u>\$ 18,495,163</u>
\$ 4,836,876	\$ 4,355,700	\$ 6,673,462	\$ -	\$ -
-	-	-	-	-
-	-	-	9,345,040	33,379,755
-	-	-	6,685,268	12,343,897
2,139,779	1,378,279	323,514	-	-
3,912,698	4,547,887	2,929,440	-	-
1,026,118	1,899,319	1,366,861	-	-
-	-	-	(1,560,293)	(1,849,206)
<u>\$ 11,915,471</u>	<u>\$ 12,181,185</u>	<u>\$ 11,293,277</u>	<u>\$ 14,470,015</u>	<u>\$ 43,874,446</u>

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

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 10,548,669	\$ 10,975,631	\$ 11,436,903	\$ 12,036,716
CATV franchise tax <sup>a</sup>	316,994	351,933	380,125	422,752
Privilege licenses	433,023	441,964	471,796	548,999
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336
Gross receipt on short term vehicle tax	72,801	83,085	78,488	98,316
Occupancy Tax <sup>d</sup>	-	-	-	-
Unrestricted intergovernmental revenues	2,097,237	2,261,182	1,925,113	2,009,407
Restricted intergovernmental revenues	4,664,964	3,948,670	3,273,205	4,508,753
Permits and fees	414,310	556,963	674,892	640,504
Sales and services	285,607	322,571	328,873	334,488
Investment earnings	393,430	290,558	603,360	801,748
Miscellaneous	413,923	966,217	822,192	778,031
<b>Total revenues</b>	<b>28,357,718</b>	<b>31,278,555</b>	<b>32,350,199</b>	<b>35,587,050</b>
<b>Expenditures:</b>				
General Government	4,637,283	5,161,564	5,758,657	6,098,696
Public Works	3,600,430	4,094,246	4,252,762	4,855,707
Public Safety	10,717,917	11,267,042	12,159,602	12,911,973
Environmental Protection	2,038,075	2,212,569	1,635,529	-
Cultural and Recreational	1,716,071	1,955,361	2,145,325	2,178,718
Economic and Physical Development	1,522,149	840,173	506,973	1,492,097
Capital outlay	4,109,591	5,222,724	6,669,256	3,190,490
Non-capitalized expenditures	-	-	-	-
Debt service:				
Principal retirement	2,075,658	2,427,681	2,533,964	2,334,137
Bond issuance costs	-	-	-	-
Interest and fees	393,086	450,266	348,277	307,290
<b>Total expenditures</b>	<b>30,810,260</b>	<b>33,631,626</b>	<b>36,010,345</b>	<b>33,369,108</b>
Excess of revenues over (under) expenditures	(2,452,542)	(2,353,071)	(3,660,146)	2,217,942
<b>Other financing sources (uses):</b>				
Debt issued	6,228,263	1,512,804	1,381,252	1,465,372
Premiums on debt issued	-	-	-	-
Sales of capital assets	326,082	252,713	54,722	194,110
Transfers in	4,075,694	5,571,373	5,699,596	5,715,094
Transfers (out)	(3,678,235)	(5,678,675)	(7,014,667)	(8,351,146)
<b>Total other financing sources (uses)</b>	<b>6,951,804</b>	<b>1,658,215</b>	<b>120,903</b>	<b>(976,570)</b>
<b>Net change in fund balances</b>	<b>\$ 4,499,262</b>	<b>\$ (694,856)</b>	<b>\$ (3,539,243)</b>	<b>\$ 1,241,372</b>
Debt service as a percentage of noncapital expenditures	10.2%	11.3%	10.9%	9.6%

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

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

Table 4

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 13,454,300	\$ 16,375,725	\$ 17,099,462	\$ 17,726,734	\$ 18,531,433	\$ 18,924,864
310,820	32,253	74,583	78,886	91,887	90,185
620,597	649,834	732,655	688,685	718,554	747,295
13,185,671	8,507,654	10,707,904	10,643,840	11,037,388	11,687,324
104,109	114,395	114,171	154,786	174,971	173,012
-	-	-	-	19,444	-
2,620,232	3,041,423	3,324,395	3,267,272	3,457,891	3,245,404
4,554,837	4,747,278	4,486,987	5,237,889	6,476,508	6,959,393
842,646	814,318	880,573	1,450,667	1,375,738	946,270
398,611	516,940	529,362	587,603	695,762	694,439
1,266,126	1,192,808	434,083	89,604	132,062	71,582
804,395	608,948	797,917	861,933	1,221,571	1,429,702
<u>38,162,344</u>	<u>36,601,576</u>	<u>39,182,092</u>	<u>40,787,899</u>	<u>43,933,209</u>	<u>44,969,470</u>
5,680,777	5,167,232	5,000,463	5,191,549	6,677,733	7,522,961
5,217,787	4,769,094	4,850,655	4,757,113	4,643,124	4,992,120
13,934,643	15,605,593	17,288,492	19,148,628	18,823,792	20,474,100
-	-	-	-	-	-
2,430,589	5,525,106	3,895,349	4,128,184	4,431,449	5,515,803
515,734	742,766	840,428	861,712	1,155,626	896,066
7,695,294	908,510	1,313,951	2,005,026	2,867,387	2,910,518
9,312	28,475	446,984	371,482	56,499	9,499
2,061,532	2,066,522	2,019,770	2,129,525	1,710,314	3,252,974
-	-	-	-	-	281,596
283,915	361,140	311,838	258,864	221,531	209,374
<u>37,829,583</u>	<u>35,174,438</u>	<u>35,967,930</u>	<u>38,852,083</u>	<u>40,587,455</u>	<u>46,065,011</u>
<u>332,761</u>	<u>1,427,138</u>	<u>3,214,162</u>	<u>1,935,816</u>	<u>3,345,754</u>	<u>(1,095,541)</u>
3,626,081	775,282	1,389,995	1,278,432	812,864	29,982,403
-	-	-	-	-	2,748,680
187,970	39,133	55,347	200,990	95,673	381,547
9,872,164	5,484,935	6,363,348	5,741,235	7,833,882	10,038,695
(12,788,140)	(8,865,905)	(10,020,016)	(8,375,875)	(7,974,606)	(12,753,194)
<u>898,075</u>	<u>(2,566,555)</u>	<u>(2,211,326)</u>	<u>(1,155,218)</u>	<u>767,813</u>	<u>30,398,131</u>
<u>\$ 1,230,836</u>	<u>\$ (1,139,417)</u>	<u>\$ 1,002,836</u>	<u>\$ 780,598</u>	<u>\$ 4,113,567</u>	<u>\$ 29,302,590</u>
8.4%	7.6%	7.2%	6.9%	5.4%	9.5%

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			
2003	\$ 910,958,129	\$ 512,413,947	\$ 194,432,457	\$ 178,429,500	\$ 6,222,756	\$ 1,790,011,277	0.5900
2004	936,667,645	550,106,394	197,633,131	184,821,035	7,475,104	1,861,753,101	0.5900
2005	984,260,984	553,646,804	203,439,744	203,060,465	7,492,126	1,936,915,871	0.5900
2006	1,081,307,838	508,850,748	232,245,868	218,816,080	7,159,337	2,034,061,197	0.5900
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

Source: Onslow County Tax Administrator/Collector

**Notes:** Property in Onslow County is reassessed every five to eight years. The County has completed a revaluation effective for the 2011 fiscal year. The last revaluation was completed in 2006. 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
2003	0.5500	0.0400	0.5900	0.680	1.270
2004	0.5500	0.0400	0.5900	0.670	1.260
2005	0.5500	0.0400	0.5900	0.670	1.260
2006	0.5500	0.0400	0.5900	0.670	1.260
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

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

**Notes:**

1. In FY1999, Council earmarked four cents of a seven-cent property tax increase to be used for the Capital Improvement Program (CIP), through which funds would be set aside for future quality of life initiatives.

2. In FY2001, the property tax rate was decreased by 3.3 cents in response to the County's property revaluation in tax year 2000, which resulted in a 21% increase in property values.

3. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation 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.

4. 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.

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

Taxpayer	2012			2003		
	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	\$ 39,371,480	1	1.13 %	\$ -		0.00 %
Arlington West Apartment Homes LLC	30,344,070	2	0.87	-		
Carolina Telephone & Telegraph	24,064,067	3	0.69	16,854,568	3	0.94
Jones-Onslow EMC	23,562,957	4	0.67	18,582,792	2	1.04
Puller Place, LLC	23,432,730	5	0.67	-		
Progress Energy Carolinas	22,257,634	6	0.64	10,913,344	8	0.61
Cross Pointe Developers LLC	22,102,690	7	0.63	11,665,299	7	0.65
Abbingtion SPE LLC	21,627,062	8	0.62	-		
Jacksonville Commons, LLC	21,222,664	9	0.61	14,277,414	4	0.80
Wal-Mart Real Estate Business Trust	16,629,010	10	0.48	13,435,037	5	0.75
Crown America Acquisition LP				30,202,025	1	1.69
United Dominion Realty Trust				12,119,503	6	0.68
Lowes Investment Corp.				10,582,981	9	0.59
New River Associates				8,504,048	10	0.48
<b>Total</b>	<b>\$ 244,614,364</b>		<b>7.01 %</b>	<b>\$ 147,137,011</b>		<b>8.23 %</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
2003	\$ 10,615,036	\$ 10,256,566	96.62	\$ 289,509	\$ 10,546,075	99.35
2004	11,066,894	10,664,781	96.37	338,571	11,003,352	99.43
2005	11,599,071	11,100,980	95.71	312,532	11,413,512	98.40
2006	12,283,606	11,702,137	95.27	292,771	11,994,908	97.64
2007	13,527,026	13,142,197	97.16	291,810	13,434,007	99.31
2008	16,625,906	16,077,078	96.70	425,892	16,502,970	99.26
2009	17,426,095	16,682,062	95.73	541,931	17,223,993	98.84
2010	17,957,339	17,254,271	96.08	534,328	17,788,599	99.06
2011	18,696,869	18,083,308	96.72	384,532	18,467,840	98.78
2012	18,985,311	18,416,665	97.00	-	18,416,665	97.00

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>
2003	2.00
2004	2.50 <sup>b</sup>
2005	2.50
2006	2.50
2007	2.50
2008	2.50
2009	2.25 <sup>c</sup>
2010	2.00 <sup>d</sup>
2011	2.25 <sup>e</sup>
2012	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 increased to 2.50% effective January 1, 2003.

<sup>c</sup> The County sales tax rate decreased to 2.25% effective October 1, 2008.

<sup>d</sup> The County sales tax rate decreased to 2.00% effective October 1, 2009.

<sup>e</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
2003	\$ -	0%	\$ -
2004	-	0%	-
2005	-	0%	-
2006	-	0%	-
2007	-	0%	-
2008	-	0%	-
2009	-	0%	-
2010	-	0%	-
2011	-	0%	-
2012	-	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			
2003	\$ 12,095,659	\$ 17,085,490	\$ 10,760,114	\$ -	\$ 297,620	\$ 40,238,883	1.12%	\$ 589
2004	11,161,778	15,903,262	16,085,346	-	226,190	43,376,576	1.12%	595
2005	9,750,333	15,401,849	16,263,518	-	154,762	41,570,462	0.96%	565
2006	8,575,888	14,010,028	16,643,306	-	83,333	39,312,555	0.80%	538
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	32,661,575	54,495,939	18,377,824	39,444,671	-	144,980,009	1.84%	1,943

**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).

<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, 2012

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	\$ 88,457,808	27.4%	\$ 24,237,439
<b>Other Debt</b>			
Onslow County Certificates of Participation	61,500,000	27.4%	16,851,000
Onslow County Installment Purchase Loans	12,175,520	27.4%	3,336,092
Onslow County Special Obligation Bonds	4,305,000	27.4%	<u>1,179,570</u>
Subtotal, overlapping debt			45,604,101
<b>City direct debt</b>			<u>33,319,423</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 78,923,524</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, 2012, assessed valuation of the County of Onslow (\$12,792,909,980) as compared to the June 30, 2012, assessed valuation of the City of Jacksonville (\$3,507,515,499).

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

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Debt limit	\$ 143,200,902	\$ 148,940,248	\$ 154,953,270	\$ 162,724,896
Total net debt applicable to limit	<u>12,095,656</u>	<u>11,161,778</u>	<u>9,845,590</u>	<u>10,419,924</u>
Legal debt margin	<u>\$ 131,105,246</u>	<u>\$ 137,778,470</u>	<u>\$ 145,107,680</u>	<u>\$ 152,304,972</u>
Total net debt applicable to the limit as a percentage of debt limit	8.4%	7.5%	6.4%	6.4%

**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.

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value	\$ 3,507,515,499
Debt limit (8% of assessed value)	280,601,240
Debt applicable to limit:	
Installment purchase	<u>33,319,423</u>
Total net debt applicable to limit	<u>33,319,423</u>
Legal debt margin	<u><u>\$ 247,281,817</u></u>

<b>Fiscal Year</b>					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 201,645,680	\$ 212,391,193	\$ 221,148,026	\$ 228,253,284	\$ 275,956,149	\$ 280,601,240
<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>	<u>33,319,423</u>
<u><u>\$ 190,641,908</u></u>	<u><u>\$ 202,676,343</u></u>	<u><u>\$ 212,469,123</u></u>	<u><u>\$ 220,910,296</u></u>	<u><u>\$ 269,428,289</u></u>	<u><u>\$ 247,281,817</u></u>
5.5%	4.6%	3.9%	3.2%	2.4%	11.9%

**City of Jacksonville, North Carolina**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

Fiscal Year	(1) Population <sup>a</sup>	(2) Personal Income <sup>a</sup> (in thousands)	(2) Per Capita Personal Income <sup>a</sup>	(1) Median Age <sup>a</sup>	(3) School Enrollment <sup>b</sup>	(4) Unemployment Rate Percentage <sup>c</sup>
2003	68,357	\$ 3,874,134	\$ 25,579	23.96	26,236	7.4
2004	72,873	4,344,447	28,104	23.75	26,529	6.1
2005	73,531	4,881,345	30,715	23.98	27,213	6.1
2006	73,121	5,156,938	32,051	22.10 (6)	22,283	4.7
2007	74,433	5,752,998	35,222	22.40	22,787 (7)	5.1
2008	77,301	6,757,771	36,771	NA	22,840 (7)	6.0
2009	81,873	7,348,781	39,635	NA	23,361 (7)	8.8
2010	81,612	7,747,194	42,463	25.5	23,493 (7)	8.0
2011	77,343	7,895,564	43,990	22.9	23,201	9.6
2012	74,610	NA	NA	22.9	24,161	9.2

## Sources:

- (1) NC Office of State Planning - 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) US Census Bureau  
 (6) American Community Survey, US Census Bureau  
 (7) NC Department of Public Instruction ([www.dpi.state.nc.us](http://www.dpi.state.nc.us))  
 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.

<sup>c</sup> Unemployment rate information is as of June 30th. The State and local rates reflect revised inputs, reestimation, and new Statewide controls through 2006.

**City of Jacksonville, North Carolina  
Principal Employers, Current and Five Years Ago <sup>a</sup>**

Employer	2011			2006		
	Employees <sup>b</sup>	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense (civilian employees)	1,000+	1	See %	1000+	1	See %
Onslow County Board of Education	1,000+	2	below	1,000+	2	below
Camp Lejeune Marine Corps Community Services <sup>c</sup>	1,000+	3				
Onslow Memorial Hospital	1,000+	4		1,000+	4	
Onslow County Government	1,000+	5		1,000+	3	
Wal-Mart Associates, Inc.	1,000+	6		500-999	6	
Coastal Carolina Community College	500-999	7				
Convergys Customer Management Group	500-999	8		250-499	9	
City of Jacksonville	500-999	9		250-499	8	
Food Lion, LLC	250-499	10		250-499	10	
Coastal Enterprises of Jacksonville	250-499	11				
McDonald Restaurants of NC, Inc.	250-499	12				
Lowe's Home Centers, Inc.	250-499	13				
PRC	250-499	14				
Stanadyne Corporation	250-499	15				
Customerlinx of North Carolina, Inc.				500-999	5	
Camp Lejeune Dependent Schools				500-999	7	

Source: NC Employment Security Commission. Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County. Data is calculated on an annual basis.

**Notes:**

<sup>a</sup> Data not available prior to 2006.

<sup>b</sup> Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used.

<sup>c</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 (31.6%) 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	32	6,877	14.60 %	\$ 811.00
Total State Government	17	1,098	2.33	564.00
Total Local Government	20	6,654	14.13	738.00
Total Private Industry	2,848	32,478	68.94	533.00
Total All Industries	2,917	47,107	100.00 %	\$ 661.50



Table 15

**City of Jacksonville, North Carolina**  
**Full-Time City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6	5	5	5	5	5	5	6	6	6
Community Programs	-	-	-	-	1	2	2	2	2	2
Legal	1	1	1	1	1	1	1	1	1	1
Human Resources	3	5	5	5	5	5	5	5	5	5
City Clerk	1	2	2	3	3	3	3	3	3	3
Finance	20	19	19	20	22	22	23	24	24	24
Planning	5	6.3	6.5	6.5	8.3	10	8	8	7	7
Transportation	2	1.5	1.5	2.5	2.6	2.1	2.1	2.1	2.1	2.1
Public Safety:										
Police (Note 1)	128	130	130	131	132	-	-	-	-	-
Sworn						113	115	115	119	120
Non-sworn						26	26	27	29	30
Fire (Note 1)	72	75	75	75	75	-	-	-	-	-
Firefighters						73	79	83	86	86
Administrative Support						2	2	3	3	3
Building Inspections	11	11.2	12	12	12.1	12	11	11	11	11
Code Enforcement							3.8	3.8	3.8	3.8
Public Works:										
Administration	1.1	1.1	1.1	1.1	1.6	1.4	0.4	0.4	0.4	0.4
Engineering	4	4.5	4.5	4.5	3.6	4	4.5	4	4	4
Facilities Maintenance	13	13	13	13	13	13	15	10	10	10
Streets	31	31	30	30	22	22	22	23	23	19
Recreation and Parks	19	19	20	20	22	23	25	37	38	38
Water/Sewer Operations:										
Administration	2.9	2.9	2.9	2.9	3.4	3.6	2.6	3.6	3.6	3.6
Engineering	4	4.5	4.5	7.5	8.2	8.6	10.1	10.6	11.6	11.6
Metering	7	7	7	7	7	7	7	7	7	7
Utilities Maintenance	20	20	21	22	22	22	25	25	25	26
Water Supply	6	6	6	6	6	6	12	13.85	13.85	13.85
Wastewater	12	12	12	12	12	12	15	15.15	15.15	17.15
Stormwater/Water Quality	-	2	2	2	3	3	4	4	4	4
Streets/Stormwater Drainage	-	-	-	-	15	15	15	15	15	19
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41	41	41	41
Fleet Maintenance	7	8	8	8	8	9	9	9	9	9
City Hall Maintenance	1	1	1	1	1	1	2	2	2	2
Info Technology Services	9	9	10	10	10.1	11.1	12.1	12.3	12.3	12.3
Video/Media Services	-	-	1	2	2	2	2	3	3	3
Community Development	4	4	4	4	4	4	3.2	3.2	3.2	1.2
E-911 (Note 2)	-	-	-	-	0.1	0.2	0.2	-	-	-
<b>TOTAL</b>	<b>438</b>	<b>449</b>	<b>453</b>	<b>462</b>	<b>479</b>	<b>492</b>	<b>520</b>	<b>540</b>	<b>550</b>	<b>553</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 20% of a GIS Specialist position, 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.

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

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General government</b>				
Building permits issued (Note 1)	615	865	810	996
Number of residential units (Note 2)	275	369	404	385
Number of commercial units (Note 2)	29	50	25	25
Building inspections conducted (Note 1)	16,358	18,345	21,110	21,297
Business privilege licenses issued	3,344	3,523	3,694	4,321
Business privilege license collections (Note 3)	426,563	444,496	476,033	539,458
Zoning inspections conducted (Note 4)	1,097	1,910	2,139	2,122
<b>Police</b>				
Physical arrests (Note 5)	2,076	2,211	2,320	2,409
Traffic citations	4,993	10,356	10,074	12,399
Calls for service	69,536	78,215	78,874	85,414
Priority 1 response time (minutes/seconds)	6:30	6:42	6:40	7:31
<b>Fire</b>				
Emergency responses	2,097	2,375	2,319	2,260
Fires extinguished	205	195	178	184
Fire inspections conducted	843	1,081	1,227	1,093
Calls for service	NA	NA	NA	NA
<b>Public Works</b>				
Potholes repaired (Note 7)	2,064	2,269	1,148	3,154
Total street miles swept	3,553.7	8,189.4	5,450.0	2,301.5
<b>Recreation and Parks</b>				
After school program registrations	NA	NA	NA	NA
Athletic program registrations	NA	NA	NA	NA
Summer and adventure camp registrations	NA	NA	NA	NA
Senior citizen program registrations	NA	454	593	457
<b>Water</b>				
Avg daily consumption (thousands of gallons)	3,956	4,027	4,484	4,825
Number of utility accounts	14,085	14,456	14,709	14,813
<b>Wastewater</b>				
Avg daily sewer treatment (thousands of gallons)	5,141	5,411	5,044	5,242
<b>Solid Waste Disposal</b>				
Refuse collected (residential/commercial tons/wk)	629.31	661.61	664.16	675.62
Yard waste collected (tons per week)	76.53	88.56	112.11	111.21
Recyclables collected (tons per fiscal year)	749.24	763.04	821.75	887.59
<b>Stormwater</b>				
Drainage ditches maintained (miles)	NA	NA	NA	41.1
<b>Transportation</b>				
Jacksonville Transit System ridership (monthly average) (Note 6)	310	573	810	965

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.

Note 2: The number of residential and commercial units does not correspond to the building permits issued because 1) building permits includes additions/alterations and Certificates of Occupancy, and 2) only one permit is issued for multi-family (apartment) buildings with multiple units.

Note 3: The significant gain from FY2006 to FY2007 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

2007	2008	2009	2010	2011	2012
924	867	675	1,533	1,031	1,215
318	240	225	674	356	440
29	49	58	51	64	100
17,947	14,680	12,371	15,470	18,916	16,965
4,049	3,863	4,356	3,891	4,827	5,106
607,299	649,834	704,057	710,282	718,554	747,295
2,749	1,993	2,677	2,533	2,672	2,741
2,461	2,902	2,622	2,802	3,380	3,880
14,114	18,746	18,637	22,838	27,687	29,292
96,214	99,658	98,458	106,279	106,132	111,355
6:47	6:28	6:32	13:26	8:52	4:37
2,283	2,407	2,541	2,727	2,525	2,636
229	180	181	201	196	164
1,361	1,179	1,164	1,951	1,819	1,745
NA	5,089	6,425	15,500	15,490	16,695
2,243	2,438	2,509	1,056	4,491	483
2,729.6	2,813	3,147	2,500.0	1,798.0	702.2
NA	3,425	3,488	2,159	4,310	6,398
NA	1,801	3,139	3,919	3,617	3,560
NA	1,308	1,201	1,009	877	884
540	615	488	456	514	465
4,810	3,952	3,991	4,081	3,928	3,865
15,478	15,715	16,066	16,716	17,420	17,429
5,498	4,549	3,990	5,895	4,567	4,624
669.20	650.37	622.0	603.61	605.80	778.40
95.89	92.42	94.51	93.77	88.65	111.00
1,124.0	1,427.0	1,557.0	1,793	1,967	2,385
59.0	47.7	71.0	80.0	100.0	88.4
1,306	1,937	3,936	4,943	6,892	7,555

**Notes (continued):**

Note 5: 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 6: 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 7: 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>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
General government					
Area (square miles)	43.19	43.62	43.71	44.62	45.15
Land/Buildings (dollars)	12,268,323	12,360,798	17,435,277	18,355,699	19,370,518
Police					
Stations	1	1	1	1	1
Police vehicles (Note 1)	145	121	137	123	118
Fire					
Stations	4	4	4	4	4
Fire Engines	9	9	9	9	9
Public Works					
Streets (miles) (Note 2)	166.37	167.16	168.99	170.41	173.73
Sidewalks (miles) (Note 3)	31.57	33.21	35.91	41.01	43.65
Recreation and Parks					
Parks (Note 4)	20	20	20	23	23
Acreage	262.4	262.4	262.4	294.23	292.57
Playgrounds	15	15	15	15	15
Athletic fields	20	20	25	25	25
Recreation centers	4	4	4	4	4
Water					
Water mains (miles)	204.50	205.45	207.80	209.48	273.59
Pump stations	38	38	39	39	39
Fire hydrants	1,857	1,917	1,967	1,989	2,057
Storage capacity (mil gallons)	2.8	2.8	2.8	3.9	3.9
Wastewater					
Sanitary sewers (miles)	201.83	202.56	204.57	206.5	247.13
Storm drainage ditches (miles)	NA	NA	NA	100.0	100.0
Treatment capacity (mgd)	6.0	6.0	6.0	6.0	6.3
Solid Waste Disposal					
Sanitation trucks	12	12	12	12	11
Other sanitation vehicles (Note 5)	7	7	7	7	7

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 yet sold.

(2) Street mileage includes those streets within the City limits that are maintained by the NC

(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 data.

(5) Prior to FY2010, other sanitation vehicles included three boom trucks, three dial-a-trucks, and two pickup trucks. Beginning in FY2010, only pickup trucks are included in this category.

Table 17

2008	2009	2010	2011	2012
45.30	46.38	54.85	54.85	55.35
19,760,511	22,262,655	22,409,435	23,571,103	24,068,494
1	1	1	1	1
143	128	140	149	144
4	4	4	4	4
9	9	9	9	11
174.87	179.16	148.34	150.90	150.90
159.84	153.09	135.00	155.00	201.18
23	23	19	19	19
292.57	292.57	267.40	267.40	267.40
15	15	19	19	19
25	25	21	21	21
4	4	4	4	4
275.00	278.00	280.00	271.00	272.13
39	40	42	42	42
2,133	2,181	2,156	2,156	2,184
3.9	3.9	3.4	5.9	5.9
245.00	248.00	248.60	253.98	255.62
129.00	85.00	80.00	100.00	88.36
6.6	6.6	9.0	9.0	10.5
11	12	19	18	20
7	7	2	2	2



# 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 receive 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.



**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 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, 2012, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated October 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Jacksonville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting.

A *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 control 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Jacksonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, federal and State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Morehead City, North Carolina  
October 30, 2012



**Independent Auditor's Report on Compliance  
With Requirements That Could Have a Direct and  
Material Effect on Each Major Federal Program and  
on Internal Control Over Compliance in Accordance With  
OMB Circular A-133 and the State Single Audit Implementation Act**

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

***Compliance***

We have audited the compliance of City of Jacksonville, North Carolina with the types of compliance requirements described in the *OMB Circular A-133 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 each of the City of Jacksonville's major federal programs for the year ended June 30, 2012. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### *Internal Control Over Compliance*

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, federal awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Morehead City, North Carolina  
October 30, 2012



**Independent Auditor's Report on Compliance  
With Requirements That Could Have a Direct and  
Material Effect on Each Major State Program  
and on Internal Control Over Compliance in Accordance With  
Applicable Sections of OMB Circular A-133 and the State  
Single Audit Implementation Act**

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

***Compliance***

We have audited the compliance of City of Jacksonville, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2012. City of Jacksonville's major State program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2012.

### *Internal Control Over Compliance*

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 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.

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 all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Morehead City, North Carolina  
October 30, 2012

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

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Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   None reported

Noncompliance material to financial statements noted

\_\_\_\_\_ yes        X   No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ yes        X   No

(Continued)

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2012

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Identification of major federal programs:

CFDA #	Program Name
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Fund and Grant
97.36	FEMA Disaster Assistance Grant
81.128	ARRA-Energy Efficiency Block Grant
20.507	Federal Transit Formula Grants (Urbanized Area Formula Program)
20.507	ARRA-Federal Transit Formula Grants (Urbanized Area Formula Program)
16.710	COPS Universal Hiring Grant

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee?  X  yes   no

State Awards

Internal control over State program:

Material weakness(es) identified?   yes  X  no

Significant deficiency(ies) identified?   yes  X  no

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with State Single Audit  
Implementation Act?   yes  X  no

Identification of major State program:

Nonstate System Street Aid Allocation (Powell Bill)

The other major State program for the City is the FEMA Disaster Assistance Grant, which is the State match on the federal program. Therefore, this program has been included in the list of major federal program above.

(Continued)

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2012

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Section 2. Financial Statement Findings

None

Section 3. Findings and Questioned Costs for Federal Awards

None

Section 4. Findings and Questioned Costs for State Awards

None

City of Jacksonville, North Carolina

Corrective Action Plan  
For the Fiscal Year Ended June 30, 2012

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**Section 2. Financial Statement Findings**

No corrective action plan is required in the current year.

**Section 3. Findings and Questioned Costs for Federal Awards**

No corrective action plan is required in the current year.

**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, 2012

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There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards  
For the Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
<b>FEDERAL AWARDS</b>					
US Department of Housing & Urban Development					
Direct Programs:					
Community Development Entitlement	14.218	B-07-MC-37-0014	679,516	-	-
US Department of Justice					
Direct Programs:					
Justice Assistance Grant	16.738		32,995	-	
Bulletproof Vest Partnership Grant	16.607		7,953	-	7,953
Weed and Seed	16.595		51,996	-	-
COPS Universal Hiring Grant	16.710		317,050	-	4,170
Pass through: Onslow County Board of Education					
School Resource Officer	16.592		260,312	-	156,595
Total US Department of Justice			670,306	-	168,718
US Department of Transportation					
Direct Programs:					
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	M	851,569	66,243	244,246
ARRA-Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	M	2,137	-	24,700
Total Federal Transit Formula Grants			853,706	66,243	268,946
Pass through: NC Department of Transportation					
104-F Transportation Grant	20.205		201,127	-	50,282
Total US Department of Transportation			1,054,833	66,243	319,228
US Department of Homeland Security					
Direct Program:					
SAFER Grant	97.083		97,203	-	149,351
Pass through: NC Department of Crime Control and Public Safety					
Disaster Assistance	97.036	M	708,436	236,145	
Total US Department of Homeland Security			805,639	236,145	149,351
US Department of Energy					
ARRA-Energy Efficiency Block Grant	81.128	M	205,319	-	-

(Continued)

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards (Continued)  
For the Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
<b>Federal Awards (continued)</b>					
US Environmental Protection Agency					
Pass through: NC Department of Environment and Natural Resources					
Public Water Supply Division					
Drinking Water State Revolving Loan	66.468	M	204,104	51,003	-
ARRA-Drinking Water State Revolving Loan	66.468	M	107,820	-	138,220
ARRA- Drinking Water State Grant	66.468	M	107,820	-	138,221
Total US Environmental Protection Agency			<u>419,744</u>	<u>51,003</u>	<u>276,441</u>
<b>STATE GRANTS (all direct):</b>					
NC Department of Crime Control and Public Safety					
Division of Governor's Crime Control					
Project Safe Neighborhood Grant			-	9,090	-
Robbery/Buglary Grant			-	68,688	28,693
Business Watch Grant			-	1,189	396
Total NC Department of Crime Control and Public Safety			<u>-</u>	<u>78,967</u>	<u>29,089</u>
NC Department of Juvenile Justice and Delinquency Prevention					
Juvenile Transportation Grant		N/A	-	100	-
Total NC Department of Juvenile Justice and Delinquency Prevention			<u>-</u>	<u>100</u>	<u>-</u>
NC Department of Transportation					
Nonstate System Street Aid Allocation	M	N/A	-	1,900,850	-
State Maintenance Assistance Program		N/A	-	164,110	164,110
Total NC Department of Transportation			<u>-</u>	<u>2,064,960</u>	<u>164,110</u>
NC Department of Environment and Natural Resources					
NC Coastal Management Program					
Mosquito Control Grant		N/A	-	4,919	17,663
NC Department of Cultural Resources					
NC Arts Council-Grass Roots Arts Program		N/A	-	1,500	5,585
NC Community Conservation Assistance Program					
Onslow Co. Soil and Water Conservation/Cistern Grant		N/A	-	6,216	-
NC Rural Economic Development					
		N/A	-	103,808	-
<b>Total federal, state, and local expenditures</b>			<u>\$ 3,835,357</u>	<u>\$ 2,613,861</u>	<u>\$ 1,130,185</u>

See Notes to the Schedule of Expenditures of Federal and State Awards.

Notes to the Schedule of Expenditures of Federal and State Awards  
For the Fiscal Year Ended June 30, 2012

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**Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Jacksonville, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 1. Outstanding Loans**

The City of Jacksonville has outstanding loan balances from federal and State funding sources that are not required to be Presented within the Schedule of Expenditures of Federal and State Awards because there are no continuing requirements beyond repayment of the loan balances in accordance with loan agreement provisions.