

City of Jacksonville
North Carolina

**Comprehensive Annual
Financial Report**

For The Fiscal Year Ended June 30, 2010

Prepared by
FINANCE DEPARTMENT

Finance Director
ADAH M. ROBERTS



**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

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CITY OF JACKSONVILLE

City Manager



LETTER OF TRANSMITTAL

November 1, 2010

**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, 2010. The basic financial statements contained herein have been audited by the independent certified public accounting firm of McGladrey & Pullen, LLP, and their unqualified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and 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. 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.

PROFILE OF THE GOVERNMENT

The City of Jacksonville, incorporated in 1842, is located along the New River in Onslow County. It currently occupies 54.85 square miles and serves a population of 81,612, making Jacksonville the 10th 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.

LOCAL ECONOMY

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 2010 unemployment rate was 8.1 percent, which was lower than the statewide rate of 10.0 percent and the national rate of 9.5 percent.

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

The military has indicated that the troop population at MCB Camp Lejeune will increase by approximately 11,000 by the year 2011, resulting in an anticipated overall population increase of 20,000 for Jacksonville and the surrounding areas. In order to prepare for this unprecedented growth, a task force has been formed consisting of representatives from each county expected to be impacted by this large increase in population. It is probable that a large portion of the increased population will reside within or near Jacksonville, making it even more imperative that the City explore every option to obtain additional financial resources.

LONG-TERM FINANCIAL PLANNING

The City's Fund Balance Policy recommends that the unreserved fund balance goal be determined as 20 percent of the total fund balance and that the undesignated fund balance goal be determined as 10 percent of the next year's budgeted expenditures less operating transfers or 42 days of expenditures. The unreserved fund balance in the General Fund (59.6 percent of the total fund balance for FY 2010) exceeds the City's policy. The unreserved, undesignated fund balance in the General Fund (20.5 percent of the budgeted expenditures less operating transfers for FY 2011) also exceeds the policy guidelines for budgetary and planning purposes.

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 and the design and permitting of a new water treatment facility. The initial phases of the project include 20 Castle Hayne wells, land acquisition,

transmission mains, a concentrate discharge main, and an initial 4 million gallons per day (MGD) Membrane (Nano) Filtration Water Treatment Facility upgradeable to 8 MGD. The new treatment facility will allow water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer, as mandated in the 2002 Capacity Use Regulations. Eight new production wells were completed as of November 2007, and ten additional wells are currently underway with an estimated completion date in late fall of 2010. Construction of the Nanofiltration Water Treatment Plant was substantially completed in March 2010. The plant has been in the testing mode for past several months. Also underway is approximately 90,000 linear feet of transmission mains to supply water from the new wells to the Water Treatment Plant. The major portion the project was completed in June 2010 with the rest having a completion date in the late fall of 2010.

- **Land Treatment Facility Expansion** – Bids were received in May 2008 for the project to upgrade and expand the City's Land Treatment Facility to 9 MGD from the present 6.3 MGD of treatment capacity. The expansion was mandated by the State due to the present facility having reached its 80% design capacity. The expansion will include additional treatment and storage lagoons, additional pumps at the Main and Effluent Pumping Stations, and new irrigation areas. The expansion project was completed in March 2010.
- **Continuing and Future Recreation and Parks Projects** – Ongoing projects approved in the City's Capital Improvement Program include the development of Carolina Forest Park, Country Club Park, Georgetown Water Access Site, and Water Trail. The relocation of the Market Street Park playground equipment to Brook Valley Park (including a rubberized surface), renovation of the inside of the Jack Amyette Recreation Center, Playground Improvements at Jack Amyette (to include a picnic shelter), Jacksonville Commons Gym Floor, Brook Valley tennis courts, and the Lejeune Boulevard Pedestrian Trail. Future projects include Williamsburg Park and Indoor Complex, New Surfaces for existing playgrounds, Jacksonville Commons Skateboard Park Renovations, Trail Head Park, Trail Amenities, Kerr Street Recreation Center, Northwoods Recreation Center, Handicap Accessible Playground, Richard Ray All American Park, Wooten Park, Riverwalk Crossing Park, and Phillips Park.
- **Jacksonville Transit System** – The City was successful in securing Federal Transit Administration Section 5307 grant monies to expand the transportation system. On November 1, 2007, the new system, Jacksonville Transit, began operations. Utilizing large 30 and 31-passenger vehicles, the system operates daytime service seven days a week, including Friday, Saturday, and Sunday express service to the area military installations. Through the use of federal and state grants, the City was able to reduce the local share of the annual operating expense by 75% and subsidize the purchase of new vehicles, passenger shelters and benches by as much as 90%. Ridership on Jacksonville Transit has steadily increased, from 1,978 total riders in November 2007 to 6299 total riders in June 2010.
- **New Public Safety Complex:** Work on the new Public Safety Complex continues in 2010. The meetings with the architects have continued progressively through the year with the Police and Fire Departments. Plan schematics for the new complex have been drafted and are in final revisions. Demolition on the existing buildings for the site of the new Public Safety Complex started in May, 2010. Ground breaking on the new complex is process of being scheduled.
- **NPDES Stormwater Permit** – The City of Jacksonville's NPDES Phase II Permit to Discharge Stormwater became effective on March 1, 2007. The City of Jacksonville is successfully implementing the City's Stormwater Plan as described by the City's NPDES

Permit Number NCS000399 and is in compliance with all of the first, second and third-year terms. The permit details 41 total Best Management Practices (BMPs) for the City to complete by 2012. As of February 2009, the City had begun work on 39 of those BMPs and completed work on 37 BMPs. One BMP required during 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. This ordinance, which became effective on February 28, 2009, established the City as the permitting authority for new stormwater permits. Along with the Ordinance, a Stormwater Administrative Manual was developed to provide forms, checklist and other information to serve as a guide to those seeking stormwater permits. The manual includes flowcharts, fee schedule, stormwater permit applications, Operation and Maintenance agreements for homeowner associations and non-associations, a stormwater standard checklist, worksheets for BMP's, annual maintenance recommendation and inspection sheets.

MAJOR INITIATIVES

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

- **Forestry Management Plan** – The City has continued to implement the Forestry Management Plan for the City's Land Treatment Site. This 10-year plan provided proper planning of timber management that encourages not only good returns on the City's investment in land and timber, but also enhances the primary purpose of the site and improves wildlife habitat, water quality and aesthetics. The land treatment system expansion has caused a suspension of timber harvesting until after completion. The expansion project has required the revision of the Forestry Management Plan. The revision should be completed in October 2010.
- **Revenue Bonds** – City Council approved the hiring of a Financial Advisor to guide the City through the process of issuing revenue bonds to fund the completion of several water and sewer line replacements, pump station upgrades and replacements, and the completion of the new Water Treatment Facility. While the issuance process was initiated in FY 2010, the actual closing on \$15.8 million in new debt was not completed until September, 2010 of FY 2011.
- **Parkwood Area Stormwater Project** – The Parkwood Estates subdivision has a history of structure, roadway, and yard flooding. The City hired WK Dickson to design improvements to the drainage system to address flooding problems. A large portion of the existing drainage system is located on private property where space is limited by houses, garages, driveways, fences and other structures. Improvements in these areas will be difficult from a construction perspective as well as future maintenance of the drainage system. The selected alternative includes rerouting, where possible, a large portion of the conveyance system to public right-of-way. The City has obtained all the necessary easements to begin and the project has been bid. Construction is to start mid October 2010 and completed mid year 2012, it is a two year project.
- **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. In the continued efforts to restore that, 28 million submerged aquatic vegetation mostly in the form of Ruppia seeds have been annually collected in the summers from Currituck Sound to be processed and planted in Wilson Bay.

- **Fire Department 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, and JFD is one of only eight accredited agencies in North Carolina and 138 accredited agencies in the world.
- **Emergency Service Training Ground** – JFD has constructed a burn building for live fire training, which is substantially complete. The department is also working in conjunction with the Onslow County Fireman’s Association and Coastal Carolina Community College to further expand this training facility in the future.
- **Service to the Community:** A total of 251,126 calls were dialed in to the Communications Division. During 2009, 92.6% of total 911 Emergency calls received were answered in less than 10 seconds. The Patrol and Field Operations Division is organized into six geographic zones of the City. Jacksonville Police answered 105,449 calls for service during 2009. Officers in the Patrol Division work 12 hour rotating shifts to provide 24 hour service in preventive patrol, protection of life and property, apprehension of violators, preliminary crime investigation, primary traffic crash investigation and responses to calls for service from citizens.
- **Increase Efficiency:** The Jacksonville Police Department (JPD) consistently reviews police procedure with the organizational goal of improving our effectiveness, efficiency and quality of police services to the community, by making changes when appropriate. Some of the changes include reprioritization of calls for service, mobile technology upgrades, community problem solving; and proactive, non-traditional police responses to calls for service. In order to render assistance to our citizens in an efficient and effective manner the department created a Differential Response Program in 2008. Our strategy reduced **Priority one** calls by 82%; response time decreased 1:23 going from a high of 7:13 to 5:50. In FY 2010, the department maintained the Differential Response strategy. Through this program the department was able to maintain its 19% reduction in response time to Priority One calls for service, with an average time of 5:52. This reduction provides a quicker and more efficient response time to true emergencies. In FY 2010, the department took 7,953 criminal reports. This is an average of 60 reports per employee. The two (2) civilian Police Service Officers hired in 2009 handled a total of 506 criminal reports, which equated to the workload of 8.4 uniform officers. As a result of the agency’s increased enforcement efforts, the City experienced a 7% reduction in the overall crash rate (per 10,000 population), as compared to 2008. This reduction in the crash rate resulted in 4% fewer injuries reported. Not only did the number of fatalities decrease, statistical analysis shows that the fatalities rate, per 10,000 population decreased by 39% from the previous year.
- **National Night Out Event:** The Jacksonville Police Department continues to organize and participate in the National Night Out event. This was the 12th Annual National Night Out event for the City of Jacksonville. The National Night Out Community Project (Project 365) this year was a Community Development project to renew property being used for illegal activities into new homes for sale through the Community Development Division of the City.
- **Award of Robbery/Burglary Investigations Grant:** In 2009, the Jacksonville Police Department applied for and received a Robbery/Burglary Investigation grant from the

Governor's Crime Commission. This grant enabled the department to hire a Police Officer specifically to work Robbery/Burglary related crimes and a civilian Police Service Officer for crime statistics and data collection. These critical positions enhance the department's ability to effectively solve Robbery/Burglary related crimes, determine Crime Prevention needs and determine patterns related to area robberies. The police department has seen a substantial reduction in Armed Robberies over the past year.

- **Weed and Seed Program:** Our Weed and Seed initiative is in its fourth year. The Jacksonville Police Department is beginning to realize the benefits of its efforts within the target area. The key component to achieving continued success has been the continual cooperation with federal, state, county and other local law enforcement agencies. Overall, there has been a reduction in the total number of Part I and II crimes within the city and the Weed & Seed corridor reported to the police. From 2006 to 2009, for example, assaults decreased 52% in the City and 65% within the Weed & Seed corridor. Similarly, vandalism decreased by 61% and 74% in the City and the Weed & Seed corridor, respectively.
- **Police Development, Training, and Accreditation:** The organization continues to further develop its supervisory staff. In 2009/2010 the department sponsored the third Leadership in Police Organizations (LPO) class, which was developed by the International Association of Chiefs of Police. Four (4) Sergeants and one (1) Sergeant Select from the agency attended and successfully completed the training. The class had a total of twenty-four (24) students who attended from different agencies throughout the state. Other management courses attended were the Federal Bureau of Investigations National Academy, the Administrative Officers Management Program through North Carolina University and the Management Development Program sponsored by the North Carolina Justice Academy. The Department was able to send one supervisor to each of these extensive training programs. Two of the programs have been completed with success and the third is still ongoing. This agency remains committed to providing quality training to our first and second level supervisors in an effort to enhance their leadership knowledge, skills and abilities. The program is an investment in the police department's future.

The Jacksonville Police Department is currently in the process of completing its 6th National Accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). The department completed the on-site Accreditation Inspection with no issues identified. The final step in the process is the commission hearing in December to review the on-site inspection.

- **OHLA Award:** Our agency works together with the community on trying to address community concerns and issues. One of those concerns has been language barriers within our community. In October of 2010, the Jacksonville Police Department received an award from the Onslow Hispanic Latina Association, OHLA. The department was recognized for trying to "break down the barriers between police and the limited-English speaking community". The department over the last several years has increased the number of employees who are bilingual. The department has joined a national network that provides 911 translators to limited-English speaking callers.
- **Patriot Award:** In September of 2010, the Jacksonville Police Department was presented the prestigious Patriot Award from the National Committee for Employer Support of the Guard and Reserve (NCESGR). The mission of the NCESGR is to gain and maintain employer support for Guard and Reserve service by recognizing outstanding support. The department was honored for supporting one of our officers who had been activated by his National Guard Reserve unit to deploy to Iraq. The department was nominated and selected due to

the support provided to this officer's family during the time he was deployed and the continual contact with reports from home by the agency.

- **Traffic Awards:** In FY 2010, the Jacksonville Police Department received an Achievement Award from the Governor's Highway Safety Program (GSHP) for successfully maintaining a 100% reporting rate to the State of North Carolina. This award highlighted the agency's dedication to highway safety and participation in campaign efforts throughout the year. Traffic safe communities are selected by looking at crash statistics, number of law enforcement officers per capita, and the presence of a formal traffic safety program and/or existence of a special traffic division. Jacksonville won the award for being an Outstanding North Carolina Traffic Safe Community with a city greater than 30,000 for 5 out of the past 6 years including 2004, 2006, 2007, 2008 and 2009.
- **Web-Based Services to the Public:** The Jacksonville Police Department created an online portal for crime reporting through the City's website. Citizens can report specific crimes or request particular services without the need of a patrol officer responding. The portal was opened to the public during December, 2009. As citizens become familiar with the portal, we hope to see significant increases in this accessible and cost-saving method of reporting. Other services include: Online Robbery and Burglary Alarm Registration Form; Downloadable Robbery and Burglary Alarm Registration Form; Citizens Involved in Traffic Enforcement (CITE); City of Jacksonville Parade Application Form; RUOK Program.
- **Information Technology** – The Information Technology Services (ITS) Department implemented several new software programs and hardware upgrades:
 - **New Water Plant Network Infrastructure/Security Infrastructure** – The ITS Department designed and implemented the network and security (door access, security camera systems, etc.) systems for the New Water Plant. Currently we have a wireless connection for connectivity to the City Network. ITS had a fiber optic cable run from the Emergency Operations Center to the Water Plant. This is now the main network connection with the wireless connection providing a redundant backup connection.
 - **AS400 Operating System upgrades** – The Operating System software on all four partitions of the City's AS400 were upgraded to Version 5 Release 4.
 - **E911 Call Taking System upgrade** – The Police Department's Emergency Call Taking equipment reached the end of life and needed to be replaced in order to ensure that the high quality of service could continue to be met. The previous infrastructure of the system was installed in year 2000. Though the system met acceptable standards, the Positron Simon E-911 Workstations were at End of Life/End of Support and had become obsolete and the manufacturing support was reduced. In addition, the support vendor notified the City of a substantial increase in maintenance over the following year and would not offer support on the Workstations. After researching the available options, the ITS Department purchased and implemented a PLANTCML Patriot E-911 System. The compatible software tools and advanced technology of this system helps ensure that the Public Safety Answering Point (PSAP) remains in compliance with state regulations.
 - **Meeting Rooms A & B Audio Visual** – The ITS Department installed a built in projector, screen and speakers for meeting rooms A and B due to the increasing number of meetings being held, including Council workshops .

- **Storage Area Network Expansion** - This expanded our SAN(Storage Area Network) with 2 more 5.4TB SAS boxes (1 for each location for Redundancy/Disaster Recovery). This allowed us to meet our continuously growing data storage and access needs as we are using media rich applications utilizing large amounts of data (i.e., Video, GIS).
- **Citrix Desktop Virtualization** – The Citrix foundation environment was designed and implemented this past year. Citrix servers were setup and configured for provisioning, application streaming, desktop streaming, user management, and remote access. ITS staff were trained on the administration and setup of the Citrix environment. Approximately 60 users have been converted to Citrix this past year.
- **Website Hosting and Redesign** – ITS completed the process of changing our website hosting provider and content management system to AgileSite. During this process we worked with AgileSite to redesign the look and functionality of the site. AgileSite helped City of Jacksonville ITS personnel identify an appropriate look and feel for our website, create a user-friendly site structure, and provide the features and functionality that are state-of-the-art.
- **Fire Engine Computer Systems** - The ITS Department, at the request of the Fire Chief implemented computer systems in the City of Jacksonville Fire Trucks. This entailed rerouting cabling, installing tablet mounts, and installing monitor kits in the front of the Fire Engines. This allows personnel in the back of the Engines to control the computer and personnel in the front of the truck to see what is on the screen.
- **Laserfiche Document Imaging upgrade** – ITS completed a major upgrade of the City’s document imaging system this past year. All scanning stations were upgraded and personnel trained.
- **GeoBlade upgrade** - GeoBlade is an in-house mapping program that can be designed so that each department has access to the GIS data that is appropriate to their department. It gives the user access to the data and allows them to create their own queries and maps as it relates to their department, without editing the GIS data itself. It also includes the tracking of police and fire units for Dispatch and individualized queries of crimes for the police department. Specific queries are created by the GIS staff as requested by all departments.
- **GIS Training** - Provided training to various users on the use of the handheld GPS (Global Positioning System) units (Trimble), Pictometry EFS (Electronic Field Study) software, ArcMap and GeoBlade. Training was made available to all city personnel and covered the use of software and the benefits it provided to their departments. Training was made available on the beginning and advanced user levels. Individualized training was provided by GIS staff as necessary.
- **RouteSmart Software Implementation** - Acquired RouteSmart software and attended training on the use of the software. Have been working with Sanitation to implement the use of this software and provide GIS data updates to keep the routes current. RouteSmart is a software that helps automate the planning of routes within a geographical area and manage those routes based on optimal service and lowest cost.
- **Recreation and Parks Programming** – The City of Jacksonville Recreation and Parks Department continues to work towards making Jacksonville the best place to live, work, and play by providing exceptional active and passive leisure opportunities for our citizens that

contribute to the development and improvement of individual health and wellness, a sense of community, environmental appreciation, and economic development.

- The Recreation Centers Division offered four, two-week sessions of Summer Day Camp, with activities such as games, crafts, tours, swimming, bowling, and skating for children ages 6-12 and teens ages 13-15. Approximately 829 participants were enrolled in the camps offered from July, 2009-June, 2010 at the City's various Recreation Centers.
 - The Athletic Division offered several camps such as baseball, soccer, wrestling, basketball, volleyball, tennis, softball, skateboarding, cheerleading, and football camps to area youth between the ages of 7 and 15 years. Approximately 440 participants were enrolled in these camps. Athletics operated youth baseball/softball leagues and adult softball leagues with over 2,200 participants. In addition, youth and adult basketball leagues were operated with more than 375 players participating.
 - The Seniors Division had over 540 participants enrolled in the many activities offered throughout the year. The division offered on site activities such as Line Dancing, Card/Board Games, Special Interest programs such as trips and themed events, and multi-level activities.
 - The Special Events Program offered four unique adventure camp programs for ages 7-15. A total of 73 children participated in the various camps, which focused on outdoor skill development, games, and visits to places of historical and educational interest. The Arts & Crafts Program offered two sewing camps for ages 10-14 with a total of 10 children. More than 200 people attended classes such as Zumba, Boot Camp, Dance, Self Defense, and Stroller Strides.
- **Solid Waste Program** – The City of Jacksonville has completed the fourth year of curbside refuse collection which was implemented in July 2006. The general public has accepted the curbside collection as well as once a week service.

In July of 2009, the City began the process of converting to automated refuse collection and we presently have two routes that are operating with the automated refuse trucks. This equates to about 4,000 households being serviced weekly by automation. The third automated refuse truck has been approved in the budget and we will continue to move progressively forward with this concept.

- **Recycling Program** – During FY2010, municipal crews collected 1,794 tons of recyclable material from our residential customers, an increase of 237 tons over FY2009 collection. Participation by residential customers increased from 43% to approximately 46%. Savings in disposal costs for FY 2010 is \$84,318.

The City is also pressing forward with commercial recycling, and by the middle of FY 2011 the City should have an effective program in place.

FINANCIAL INFORMATION

The financial statements and notes included in this report present the financial position and operations of governmental activities, business-type activities and fiduciary 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, 2010. During the year, the City continued its sound current and long-range policies for financial management.

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

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

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

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal and state award programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2010, provided no instances of material weakness in internal control and no material instances of noncompliance with applicable laws and regulations.

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

Investment Management. Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. The rate of return on the City's investment performance exceeds the average yield rates of 0.09 percent for US Treasury bills in 2010. For the year ended June 30, 2010, the City realized investment earnings of \$254,941, for an average yield of 0.53 percent.

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

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

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

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

OTHER INFORMATION

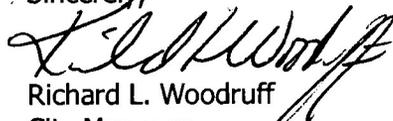
Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,


Richard L. Woodruff
City Manager


Adah M. Roberts
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, 2009

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



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

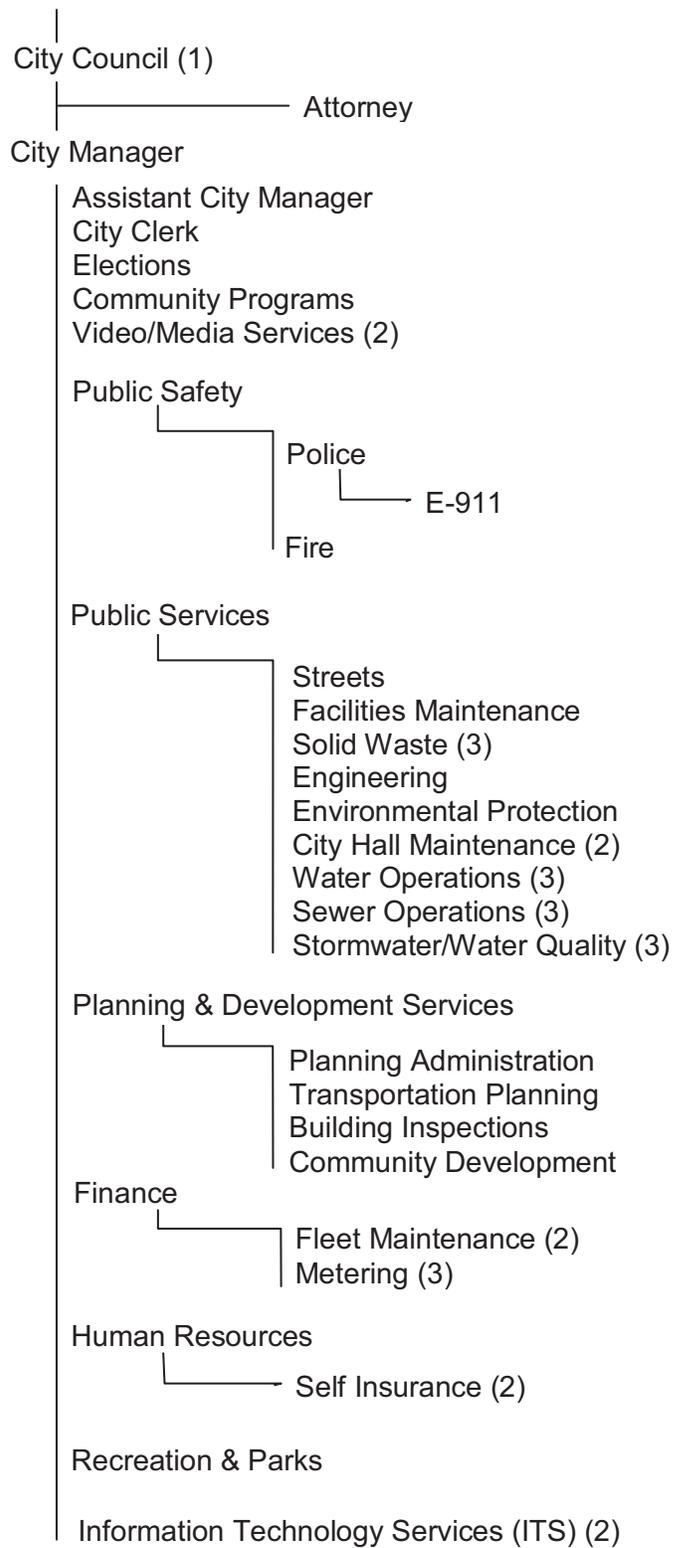
President

A handwritten signature in black ink, appearing to read "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, 2010**

Title	Name
Mayor	Sammy Phillips
Mayor, Pro-tem	Michael Lazzara
Council Member	Jerry Bittner
Council Member	Fannie Coleman
Council Member	Randy Thomas
Council Member	Robert Warden
Council Member	Jerome Willingham
City Manager	Richard L. Woodruff
Assistant City Manager	Ronald F. Massey
Attorney	John T. Carter
City Clerk	Carmen K. Miracle
Finance Director	Adah M. Roberts
Fire Chief	Rick McIntyre
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Public Services Director	Grant Sparks
Recreation Director	Timothy Chesnutt

FINANCIAL SECTION

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



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, each major fund, and the aggregate remaining fund information of the City of Jacksonville, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise City of Jacksonville's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jacksonville, North Carolina as of June 30, 2010, and the respective changes in financial position and cash flows 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 November 1, 2010 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.

The 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 19 through 35 and 94 through 97 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

Morehead City, North Carolina
November 1, 2010

**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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

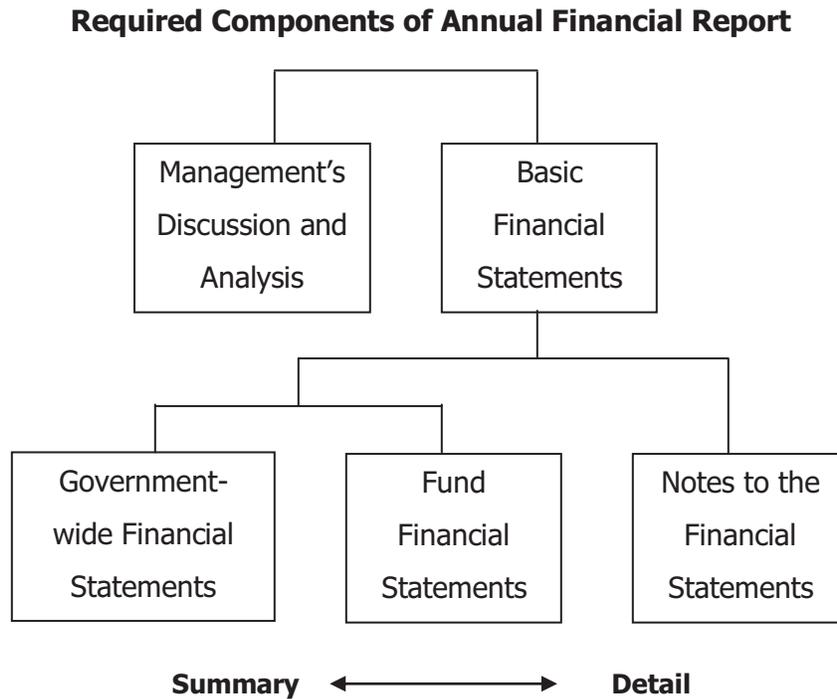
- The overall financial position of the City improved in 2010 as evidenced by an increase in total net assets of \$14.4 million. We have seen another positive year despite the national economy.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$150.7 million (net assets). Of this amount, \$50.8 million (unrestricted net assets) can be used to meet the City's ongoing obligations to its citizens and creditors. The substantial increase in net assets is due to the capitalization of the Land Application Expansion and the Water Treatment Plant projects that moved from Construction-in-Progress with added current year expenditures of over \$20 million. (See Exhibit A of the Financial Statements.)
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29 million, an increase of \$.78 million in comparison with the prior year. Approximately 26.2 percent of this total amount or \$7.6 million is available for spending at the government's discretion (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$8.1 million, or 20.5 percent of the budget for fiscal year 2011. This doubles the City Council's goal of 10 percent.
- The City's total long-term debt increased by \$41.7 million (66.5%) during the current fiscal year. This was due to State Revolving Loans and revenue bonds issued for the water and sewer systems.

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 two categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property, 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.

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 actuals. 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 53 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 \$150.69 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2010 and 2009 is presented below:

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 36.95	\$ 35.43	\$ 31.78	\$ 0.55	\$ 68.73	\$ 35.98
Capital assets	56.23	51.46	139.78	123.18	196.01	174.64
Total assets	93.18	86.89	171.56	123.73	264.74	210.62
Current and other liabilities	4.54	3.95	5.07	7.62	9.61	11.57
Noncurrent liabilities	8.50	9.24	95.94	53.48	104.44	62.72
Total liabilities	13.04	13.19	101.01	61.10	114.05	74.29
Net assets:						
Invested in capital assets, net of related debt	49.81	44.30	46.53	70.67	96.34	114.97
Restricted	3.51	3.68	-	-	3.51	3.68
Unrestricted	26.82	25.72	24.02	(8.04)	50.84	17.68
Total net assets	\$ 80.14	\$ 73.70	\$ 70.55	\$ 62.63	\$ 150.69	\$ 136.33

Government-wide net assets increased by \$14.4 million for the fiscal year ended June 30, 2010. The largest portion (63.9%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$50.8 million (33.7%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the 2010 fiscal year, the City was able to report positive balances for the government as a whole. The business-type activities had a large turn around in the unrestricted net asset balance due to the completion of the Land Application Expansion and the near completion of the new Water Treatment Plant which were both capitalized as Buildings and other and Improvements other than buildings.

Net assets of the Governmental Activities increased \$6.4 million, or 8.7%, to \$80.1 million. You will find \$53.3 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 \$26.8 million increased \$1.1 million from the previous year. The increase was mainly due to the increase in cash and investments after reimbursement for funding supplied for water and sewer projects. The reimbursement was made after revenue bonds were issued in September 2009. Investments in capital assets, net of related debt increased \$5.5 million and restricted net assets decreased less than \$.2 million.

The net assets of the Business-Type activities had an increase of \$7.9 million, or 12.6%, to \$70.5 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 \$24 million increased \$32.1 million from the previous year. The increase was mainly due to the large increase in capital assets because of the completion of the Land Application Expansion and the near completion of the new Water Treatment Plant.

Changes in net assets. The table on the following page presents the City's changes in net assets for the fiscal years ended June 30, 2010 and 2009.

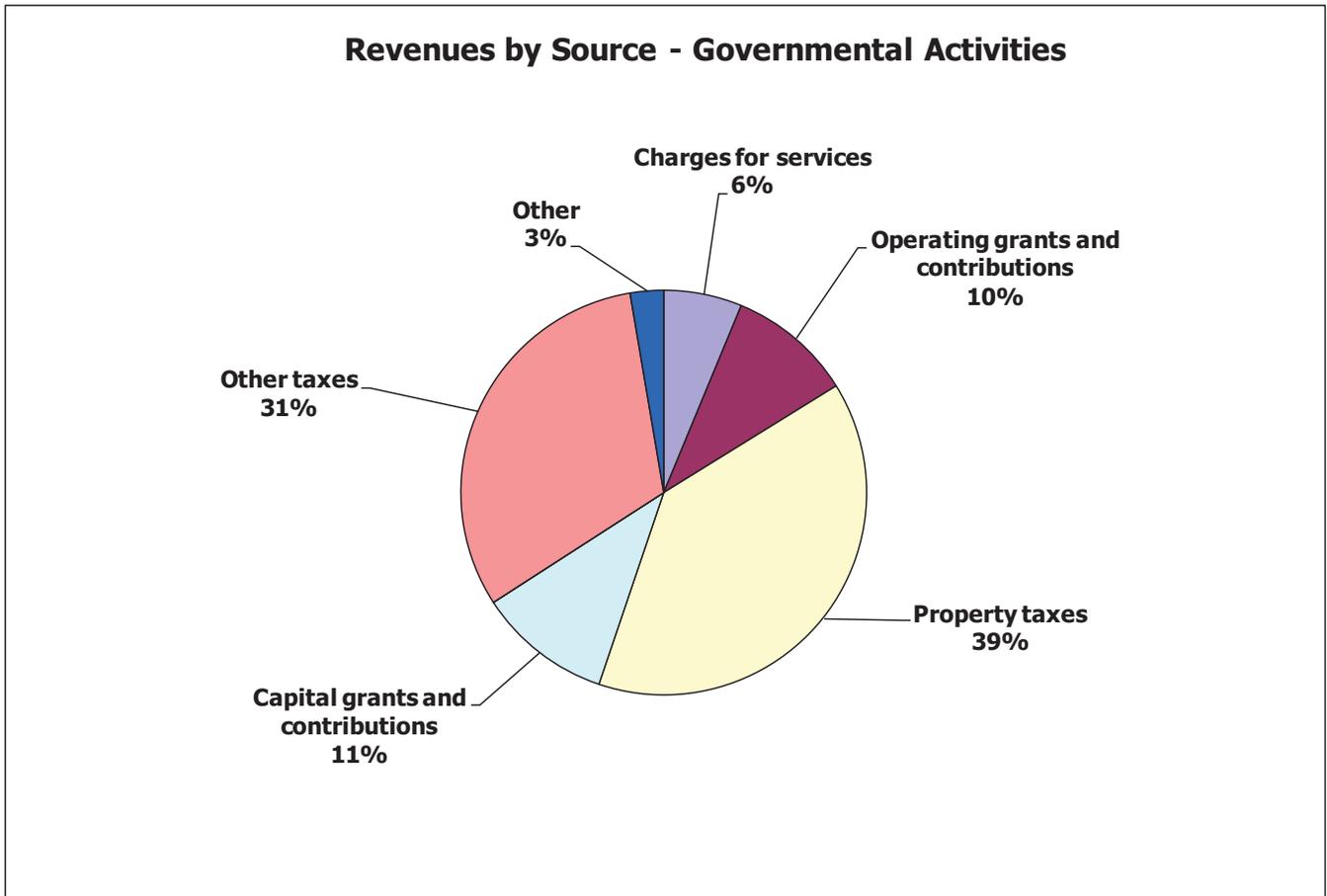
**City of Jacksonville's Changes in Net Assets
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2.86	\$ 2.20	\$ 30.13	\$ 24.22	\$ 32.99	\$ 26.42
Operating grants and contributions	4.55	3.69	-	-	4.55	3.69
Capital grants and contributions	4.11	6.68	1.59	2.00	5.70	8.68
General revenues:						
Property taxes	17.89	17.40	-	-	17.89	17.40
Other taxes	14.43	14.43	-	-	14.43	14.43
Other	1.23	1.37	0.27	0.19	1.50	1.56
Total revenues	<u>45.07</u>	<u>45.77</u>	<u>31.99</u>	<u>26.41</u>	<u>77.06</u>	<u>72.18</u>
Expenses:						
General government	5.60	5.52	-	-	5.60	5.52
Public works	3.88	5.79	-	-	3.88	5.79
Public safety	20.98	18.04	-	-	20.98	18.04
Economic and physical development	0.81	0.85	-	-	0.81	0.85
Culture and recreation	4.92	4.13	-	-	4.92	4.13
Interest on long-term debt	0.26	0.31	-	-	0.26	0.31
Water and sewer	-	-	19.61	17.05	19.61	17.05
Solid waste	-	-	4.94	4.76	4.94	4.76
Stormwater/Water Quality	-	-	1.71	1.65	1.71	1.65
Total expenses	<u>36.45</u>	<u>34.64</u>	<u>26.26</u>	<u>23.46</u>	<u>62.71</u>	<u>58.10</u>
Increase (decrease) in net assets before transfers	8.62	11.13	5.74	2.95	14.36	14.08
Transfers	(2.18)	(3.67)	2.18	3.67	-	-
Change in net assets	6.44	7.46	7.92	6.62	14.36	14.08
Net assets, July 1	<u>73.70</u>	<u>66.24</u>	<u>62.63</u>	<u>56.01</u>	<u>136.33</u>	<u>122.25</u>
Net assets, June 30	<u>\$ 80.14</u>	<u>\$ 73.70</u>	<u>\$ 70.55</u>	<u>\$ 62.63</u>	<u>\$ 150.69</u>	<u>\$ 136.33</u>

Total government-wide revenues of \$77 million were primarily derived from charges for services (42.8%), property taxes (23.2%) and other taxes (18.7%). Property tax revenues slightly increased by 2.8 percent from the prior year because of the growth in this region, in spite of the national recession. Other taxes virtually remained the same as the prior year at \$14.4 million. Capital grants and contributions fell from its unusual spike in FY 2009 of \$8.7 million to \$5.7 million, a decrease of 34.3%. Two years ago it was only \$1.6 million.

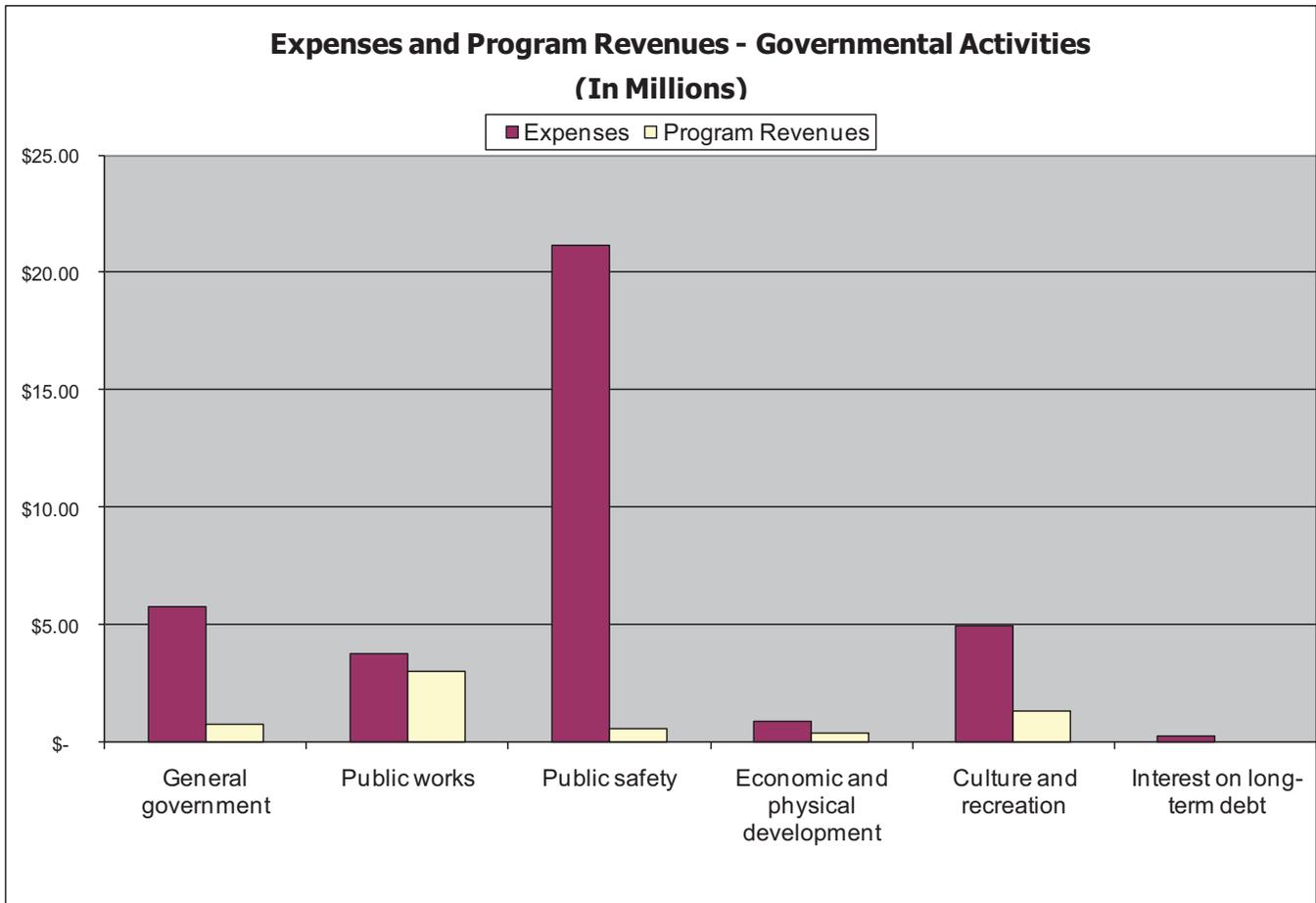
The total expenses of all programs were \$62.7 million. The expenses cover a range of services with the two largest being Public Safety (fire and police) and Water and Sewer, which account for 33.5 percent and 31.3 percent of total expenses, respectively. Both programs increased expenses over the prior year due to increased salary expenses for added positions, merit increases for public safety, and more water and sewer projects undertaken.

Governmental Activities



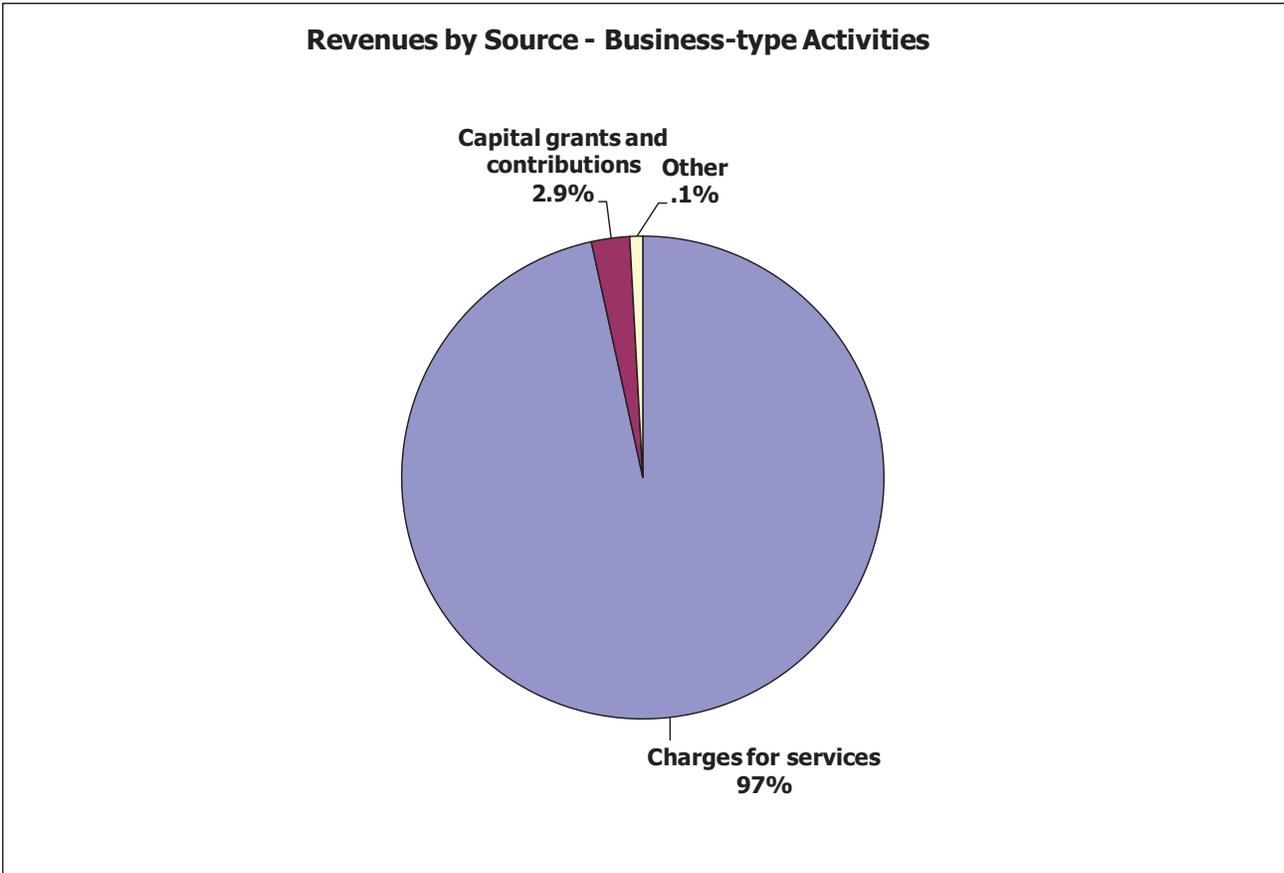
Public Safety accounts for 57.6 percent of the total Governmental Activities expenses of \$36.4 million. Public Safety expenses increased 16.3 percent over the prior year. Within the Business-type Activities, the Water and Sewer expenses account for 74.7 percent of the \$26.3 million of total Business-type 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.



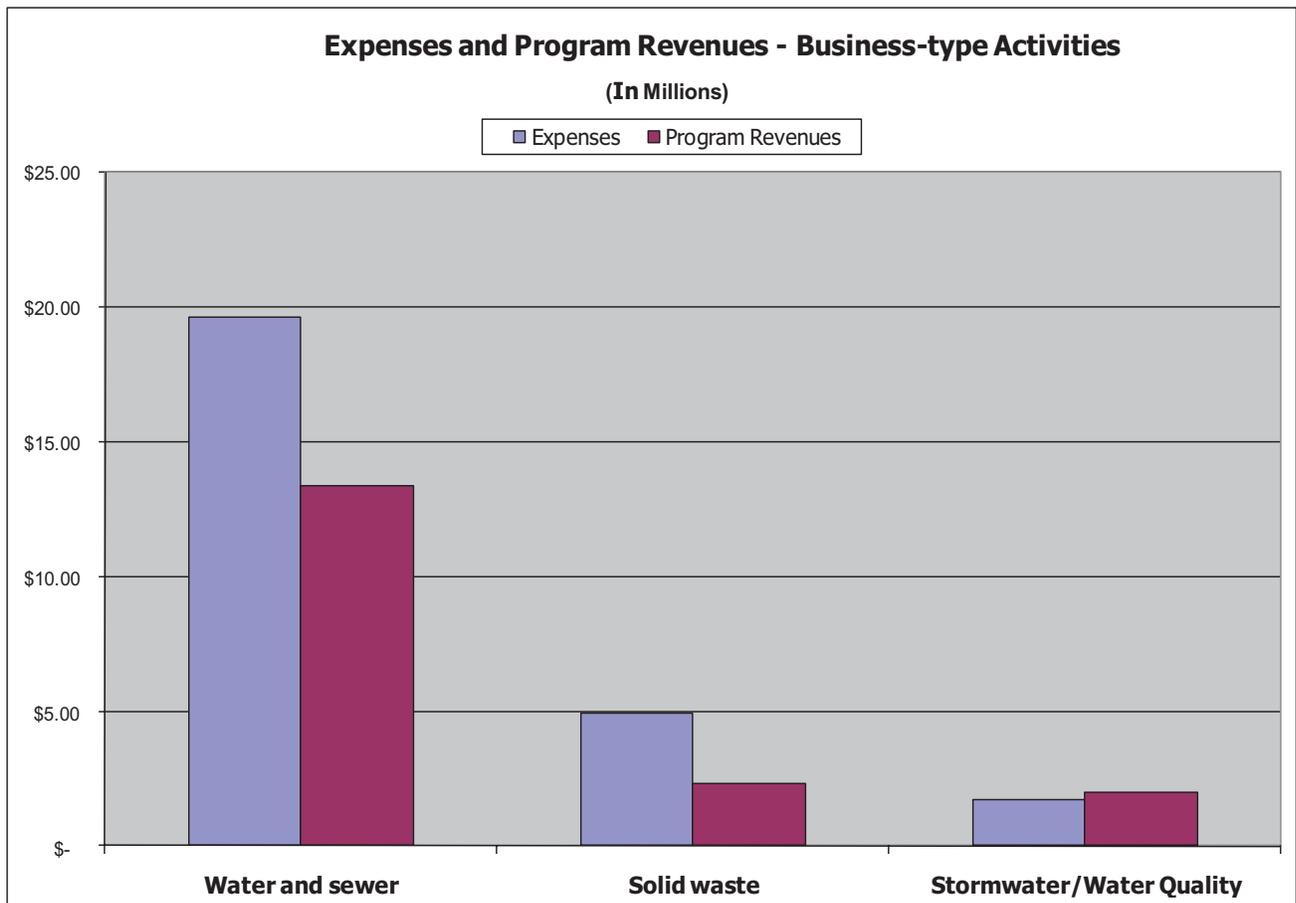
The total cost of governmental services of \$36.45 million was supported by \$2.9 million in fees, fines and charges from those who directly benefited from the programs. The increase in fees, fines and charges of 29.8 percent from the prior year related mainly to increased inspection fees. Another \$4.5 million was provided by other governments and organizations for specific programs. This increased 23.3 percent due to increases in the following programs and grants: SAFER, Governor’s Highway Safety, Victim’s Assistance, Governor’s Crime Commission, Transit ARRA, and ARRA- Energy Efficiency Community Block Grant.

Business-type Activities



Revenues from the business-type activities were \$32 million, an increase of 21.1% from the prior year. This was primarily due to an increase of \$5.9 million (24.4%) in charges for services and resulted mainly from an increase in inspection and utility customer fees to fund the construction of the new water plant and the expansion of the land application site.

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



Total expenditures for Business-type Activities were \$26.2 million, up \$2.8 million from the prior year. The largest increase in expenses came from the Water and Sewer Fund with an increase of \$2.6 million (15%). This was mainly due to higher expenses for salaries and professional services and increased expenses for interest on long-term debt.

The Solid Waste Fund ended 2010 with a decrease in net assets of \$0.26 million due to the reduction in the transfer-in from the General Fund. Management decided the fund balance was sufficient in this fund to decrease the reliance on the General Fund. 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 \$0.3 million almost exactly the same as the prior year. Revenues and expenses remained almost unchanged from one year ago.

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, 2010 the governmental funds reported a combined fund balance of almost \$29 million, an increase of \$.8 million or 2.8 percent from last year. This amount consists of the following:

- (a) \$ 5.0 million reserved or designated for major capital projects,
- | | |
|------------------------|---------------------|
| Major Capital Projects | <u>\$ 4,993,943</u> |
|------------------------|---------------------|

- (b) \$ 7.4 million reserved or designated for specific programs,

Non-major governmental:	
Special Revenue	\$ 1,888,216
Capital Reserve	323,514
Grantor	1,174,102
Drug Enforcement	163,913
Powell Bill	2,793,192
Installment purchase	366,044
Compensating balance	625,000
Reserved for inventories	19,974
Reserved for prepaid items	<u>26,104</u>
	<u>\$ 7,380,059</u>

- (c) \$9.0 million designated and,
Reserved:

State Statute General Fund	\$ 5,026,363
Encumbrances General Fund	731,558
Encumbrances Non-Major Governmental:	
Special Revenue	812,174 (less major capital)

Unreserved:

Designated for Subsequent Year's Expenditure-General Fund	<u>2,407,417</u>
	<u>\$ 8,977,512</u>

- (d) \$7.6 million unreserved, undesignated.

General Fund	\$ 8,123,293
Special Revenue	<u>(521,355)</u>
	<u>\$ 7,601,938</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$8.1 million, while total fund balance reached \$17.66 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to budgeted total fund expenditures for the next fiscal year. Unreserved, undesignated fund balance represents 21 percent of fiscal year 2011 budgeted total General Fund expenditures, while total fund balance represents 45.7 percent of that same amount.

The fund balance of the General Fund increased by \$1.67 million during the current fiscal year. The key factor in this growth was an increase in property tax collections, sales tax and license fees.

The major Capital Projects Fund has a total fund balance of \$4.99 million, which is reserved for future capital projects. The net decrease of only \$57 thousand from the prior year has left the fund in basically the same position it was in one year ago.

The non-major funds have a total fund balance of \$6.3 million, all of which is reserved for specific programs and streets-related capital projects. The net change was a decrease of \$0.8 million, due primarily to a decrease in transfers in and a slightly larger deficit difference between revenues and expenditures.

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 \$20.3 million in the Water and Sewer fund, \$2.3 million in the Solid Waste fund and almost \$1.4 million in the non-major enterprise fund (Stormwater/Water Quality fund). The changes in total net assets for the funds were \$7.1 million, \$(0.3) million and \$1.1 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

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

General Fund revenues exceeded budget amounts by 3% while the City's total expenditures for the year were 15.8% less than the final budget. General Fund revenues and other sources

were more than expenditures and other uses by \$1.7 million, contributing to an increase in fund balance. The Appropriated Fund Balance in the final budget was \$4.4 million, however, it should be noted none was used, due to the constraint departments exercised when requested to do so.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the City had \$196.01 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 \$21.4 million, or 12.2% over last year. The summary of capital assets at June 30, 2010 and 2009 is presented below:

City of Jacksonville Capital Assets (net of depreciation) (in Millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2010	2009	2010	2009	2010	2009	
Land	\$ 1.99	\$ 1.99	\$ 3.92	\$ 0.18	\$ 5.91	\$ 2.17	
Land Rights	0.76	-	0.79	-	1.55	-	
Buildings	10.35	10.98	66.50	31.12	76.85	42.10	
Improvements other than buildings	6.81	6.96	61.87	25.23	68.68	32.19	
Equipment	0.86	0.87	0.78	1.36	1.64	2.23	
Software	0.06	-	0.06	-	0.12	-	
Heavy equipment	0.13	0.17	0.23	0.15	0.36	0.32	
Vehicles	2.69	2.14	1.06	1.11	3.75	3.25	
Infrastructure	25.41	23.61	0.52	0.51	25.93	24.12	
Construction in progress	7.17	4.74	4.05	63.52	11.22	68.26	
Total	\$ 56.23	\$ 51.46	\$ 139.78	\$ 123.18	\$ 196.01	\$ 174.64	

This year's major capital asset additions included:

- Donated water and sewer systems \$ 0.79 million
- Donated Streets and Land Rights \$ 4.62 million
- Construction in progress – Water Distribution \$ 0.42 million
- Wastewater treatment and sewage collection \$ 42.00 million
- Construction in progress – Sewer collection \$ 0.28 million
- Construction in progress – Governmental \$ 2.46 million
- Governmental building and infrastructure \$ 0.46 million

At June 30, 2010 authorized and unexpended capital projects totaled \$84.7 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 \$ 40.60 million
- Water and Sewer \$38.90 million
- Stormwater \$ 5.10 million
- Internal Service (ITS) \$ 0.10 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, 2010, the City had \$102.4 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was an increase of \$41.48 million, or 68 percent over last year. Details by type of debt are presented below:

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Installment Purchases	\$ 6.79	\$ 7.73	\$ 12.51	\$ 17.01	\$ 19.30	\$ 24.74
Loans			56.98	36.15	56.98	36.15
Bonds	-	-	26.10	-	26.10	-
Total	\$ 6.79	\$ 7.73	\$ 95.59	\$ 53.16	\$ 102.38	\$ 60.89

New debt for 2010 resulted from installment purchases and loans for:

Water/Sewer Improvements	\$ 48,917,207
Vehicles & Equipment	
General Fund	1,274,827
Solid Waste	26,786
Water/Sewer	51,512
Stormwater	25,756
Streets	23,181
	<hr/>
	\$ 50,319,269
	<hr/>

The City's sound financial condition is evidenced by a rating issued by the North Carolina Municipal Council said to be equivalent to an A2 bond rating from Moody's Investors Service and an A rating from Fitch Ratings Services. This is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total appraised value of taxable property. The legal debt margin for the City at June 30, 2010 was \$220.9 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:

- During fiscal year 2010, 29 nonresidential and 401 residential units were constructed with a value of \$60.3 million compared to \$59.1 million for 2009.
- Taxable sales in Onslow County during FY 2010 were \$1.4 billion compared to \$1.3 billion for 2009, a 10.8 percent increase. The sales and use tax collections in the County during 2010 were \$76.8 million compared to \$57.3 million in 2009, a 34.9 percent increase. (The State changed from reporting on a city level to reporting only on the county level.)
- The June 2010 unemployment rate was 8.1 percent compared to 10.0 percent for the state and 9.5 percent for the nation. All three figures represent decreases from last year.

In January 2010, the Onslow County Tax Assessor's Office reevaluated the real property located within the county. North Carolina law G.S. 159-11 requires each taxing unit to calculate and publish a revenue neutral rate as part of its budget for the next fiscal year. The FY 11 Budget is

based on the Revenue Neutral Rate for Jacksonville which results in a reduction of the current rate from 62.6 cents to 53.8 cents per \$100 of valuation. This rate was calculated to provide the same income for the City at the higher valuations as was earned in the year prior to the FY 2011 budget year. Adjustments are made to negate annexation changes and to allow for expected rates of growth since the last revaluation. The average growth rate for the City was 3.9%.

The City appropriated \$3.5 million of General Fund unreserved fund balance for spending in the 2010 fiscal year budget. A strong, concerted effort was made by management to limit expenditures to revenues actually received. As noted earlier, none of the fund balance had to be used. For FY 2011 \$2.4 million has been designated from the 2010 General Fund unreserved fund balance to balance revenues and expenditures anticipated for the budget year.

The following are highlights for the 2011 budgets for the business-type activities:

- The City has an active energy conservation program which includes the distribution of free water conservation kits for residents. To further this effort the City implemented incremental volumetric water and sewer rates to encourage water conservation. During FY 2010 the City updated its water and sewer rate study and decided no rate increase was necessary for the 2011 fiscal year. Both the Water and Sewer Advisory Board and the City Council agreed to continue a rate structure with incremental increases for higher volume users. The impact fees were also raised in incremental steps over the next two years to reach a comparable level with surrounding municipalities.
- The City also contracted a Financial Advisor to guide the issuance of another \$15 million in revenue bonds to secure funding for the completion of the new water treatment plant and various water and sewer replacements and upgrades across the City. The bonds were issued by private placement on September 17, 2010.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BASIC FINANCIAL STATEMENTS

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



City of Jacksonville, North Carolina

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 21,877,277	\$ 25,647,913	\$ 47,525,190
Restricted cash and cash equivalents	5,019,181	2,347,745	7,366,926
Receivables:			
Taxes (net)	1,737,618	-	1,737,618
Accrued interest on taxes (net)	289,584	-	289,584
Accounts receivable (net)	5,825,155	3,504,425	9,329,580
Notes receivable	1,897,854	-	1,897,854
Inventories	68,799	351,362	420,161
Prepaid items	157,670	2,769	160,439
Internal balances	77,269	(77,269)	-
Capital assets:			
Land	1,989,884	3,915,588	5,905,472
Land Rights	757,082	788,055	1,545,137
Buildings and other structures	20,419,552	110,260,638	130,680,190
Improvements other than buildings	9,345,208	95,071,072	104,416,280
Equipment	8,828,180	4,730,462	13,558,642
Software	1,135,124	121,144	1,256,268
Heavy equipment	488,483	953,638	1,442,121
Vehicles	8,452,594	3,930,599	12,383,193
Infrastructure	39,689,839	589,321	40,279,160
Construction in progress	7,174,619	4,052,937	11,227,556
Less accumulated depreciation	(42,049,403)	(84,636,739)	(126,686,142)
Total Assets	93,181,569	171,553,660	264,735,229
Liabilities			
Accounts payable and accrued liabilities	3,953,225	4,317,637	8,270,862
Customer deposits	184,031	602,609	786,640
Unearned revenue	406,511	146,368	552,879
Noncurrent liabilities:			
Due within one year	2,242,506	7,681,783	9,924,289
Due in more than one year	6,252,861	88,254,174	94,507,035
Total Liabilities	13,039,134	101,002,571	114,041,705
Net Assets			
Invested in capital assets, net of related debt	49,811,519	46,532,620	96,344,139
Restricted:			
Public Works	2,489,802	-	2,489,802
Public Safety	1,015,070	-	1,015,070
Economic Development	766	-	766
Unrestricted	26,825,278	24,018,469	50,843,747
Total Net Assets	\$ 80,142,435	\$ 70,551,089	\$ 150,693,524

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 5,596,384	\$ 898,699	\$ -	\$ -
Public works	3,882,329	1,294,058	3,240,068	3,834,498
Public safety	20,979,364	211,289	785,230	-
Economic and physical development	814,390	-	526,622	-
Cultural and recreational	4,915,686	456,832	1,223	273,541
Interest on long-term debt	258,864	-	-	-
Total governmental activities	<u>36,447,017</u>	<u>2,860,878</u>	<u>4,553,143</u>	<u>4,108,039</u>
Business-type Activities:				
Water and sewer	19,605,964	25,432,654	-	799,642
Solid waste	4,936,541	2,622,685	-	-
Stormwater/Water Quality	1,706,904	2,077,406	-	788,055
Total business-type activities	<u>26,249,409</u>	<u>30,132,745</u>	<u>-</u>	<u>1,587,697</u>
Total primary government	<u>\$ 62,696,426</u>	<u>\$ 32,993,623</u>	<u>\$ 4,553,143</u>	<u>\$ 5,695,736</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

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets-beginning

Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental	Business-type	
Activities	Activities	Total
\$ (4,697,685)	\$ -	\$ (4,697,685)
4,486,295	-	4,486,295
(19,982,845)	-	(19,982,845)
(287,768)	-	(287,768)
(4,184,090)	-	(4,184,090)
(258,864)	-	(258,864)
<u>(24,924,957)</u>	<u>-</u>	<u>(24,924,957)</u>
-	6,626,332	6,626,332
-	(2,313,856)	(2,313,856)
-	1,158,557	1,158,557
-	5,471,033	5,471,033
<u>(24,924,957)</u>	<u>5,471,033</u>	<u>(19,453,924)</u>
17,887,016	-	17,887,016
10,643,840	-	10,643,840
420,799	-	420,799
3,038,744	-	3,038,744
174,424	-	174,424
154,786	-	154,786
115,235	137,377	252,612
1,110,048	130,047	1,240,095
(2,178,896)	2,178,896	-
<u>31,365,996</u>	<u>2,446,320</u>	<u>33,812,316</u>
6,441,039	7,917,353	14,358,392
73,701,396	62,633,736	136,335,132
<u>\$ 80,142,435</u>	<u>\$ 70,551,089</u>	<u>\$ 150,693,524</u>

City of Jacksonville, North Carolina
Balance Sheet - Governmental Funds
June 30, 2010

	<u>Major</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Total Non- Major Funds</u>	
Assets				
Cash and cash equivalents	\$ 13,051,100	\$ 5,354,109	\$ 1,750,084	\$ 20,155,293
Restricted cash and cash equivalents	1,511,035	-	3,505,638	5,016,673
Taxes receivable (net)	1,737,618	-	-	1,737,618
Accounts receivable (net)	4,643,451	263,348	906,297	5,813,096
Interfund receivable	410,441	-	67	410,508
Inventories	19,974	-	-	19,974
Prepaid items	26,104	-	-	26,104
Notes receivable	-	-	1,897,854	1,897,854
Total assets	\$ 21,399,723	\$ 5,617,457	\$ 8,059,940	\$ 35,077,120
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,101,262	\$ 475,704	\$ 1,496,332	\$ 3,073,298
Due to other funds	-	-	-	-
Interfund payable	193,263	147,253	263,254	603,770
Customer deposits	184,031	-	-	184,031
Deferred revenues	1,854,481	557	1,020	1,856,058
Unearned revenues	406,511	-	-	406,511
Total liabilities	3,739,548	623,514	1,760,606	6,123,668
Fund balances:				
Reserved by state statute	5,026,363	-	-	5,026,363
Reserved by grantor	-	-	1,174,102	1,174,102
Reserved for compensating balance	625,000	-	-	625,000
Reserved for encumbrances	731,558	2,064,503	812,174	3,608,235
Reserved for inventories	19,974	-	-	19,974
Reserved for installment purchase	366,044	-	-	366,044
Reserved for Powell Bill	329,829	-	2,463,363	2,793,192
Reserved for prepaid items	26,104	-	-	26,104
Reserved for drug enforcement	4,593	-	159,320	163,913
Unreserved:				
Designated for subsequent year's expenditures:				
General Fund	2,407,417	-	-	2,407,417
Special Revenue Fund	-	-	1,888,216	1,888,216
Capital Projects Fund	-	2,929,440	-	2,929,440
Capital Reserve Fund	-	-	323,514	323,514
Unreserved, undesignated reported in:				
General Fund	8,123,293	-	-	8,123,293
Special Revenue Fund	-	-	(521,355)	(521,355)
Total fund balances	17,660,175	4,993,943	6,299,334	28,953,452
Total liabilities and fund balances	\$ 21,399,723	\$ 5,617,457	\$ 8,059,940	\$ 35,077,120

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, 2010

Total fund balances for governmental funds	\$ 28,953,452
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	56,231,162
Adjustment for assets attributable to internal service funds	(279,458)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,856,058
Accrued interest on Property Taxes - Statement of Net Assets	289,584
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	1,446,300
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(8,495,367)
Adjustment for internal service funds installment purchases and compensated absences	<u>140,704</u>
Total net assets of governmental activities	<u><u>\$ 80,142,435</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, 2010

	Major		Total Non-Major Funds	Total
	General	Capital Projects		
Revenues:				
Ad valorem taxes	\$ 17,726,734	\$ -	\$ -	\$ 17,726,734
Other taxes and licenses	11,566,197	-	-	11,566,197
Unrestricted intergovernmental revenues	3,267,272	-	-	3,267,272
Restricted intergovernmental revenues	2,132,920	272,913	2,832,056	5,237,889
Permits and fees	1,450,667	-	-	1,450,667
Sales and services	587,603	-	-	587,603
Investment earnings	74,579	1,082	13,943	89,604
Miscellaneous	178,233	-	683,700	861,933
Total revenues	<u>36,984,205</u>	<u>273,995</u>	<u>3,529,699</u>	<u>40,787,899</u>
Expenditures:				
Current:				
General Government	4,359,206	82,610	749,733	5,191,549
Public Works	4,195,546	-	561,567	4,757,113
Public Safety	16,069,309	2,088,241	991,078	19,148,628
Cultural and Recreational	3,598,897	529,287	-	4,128,184
Economic and Physical Development	-	-	861,712	861,712
Capital outlay	1,004,158	-	1,000,868	2,005,026
Non-capitalized expenditures	-	371,482	-	371,482
Debt service:				
Principal retirement	2,129,525	-	-	2,129,525
Interest and fees	258,864	-	-	258,864
Total expenditures	<u>31,615,505</u>	<u>3,071,620</u>	<u>4,164,958</u>	<u>38,852,083</u>
Revenues over (under) expenditures	<u>5,368,700</u>	<u>(2,797,625)</u>	<u>(635,259)</u>	<u>1,935,816</u>
Other financing sources (uses):				
Debt issued	1,278,432	-	-	1,278,432
Sales of capital assets	200,989	-	-	200,989
Transfers in	785,869	2,895,526	2,059,841	5,741,236
Transfers (out)	<u>(5,965,484)</u>	<u>(154,967)</u>	<u>(2,255,424)</u>	<u>(8,375,875)</u>
Total other financing sources (uses)	<u>(3,700,194)</u>	<u>2,740,559</u>	<u>(195,583)</u>	<u>(1,155,218)</u>
Net change in fund balances	1,668,506	(57,066)	(830,842)	780,598
Fund balances:				
Beginning of year, July 1	<u>15,991,669</u>	<u>5,051,009</u>	<u>7,130,176</u>	<u>28,172,854</u>
End of year, June 30	<u>\$ 17,660,175</u>	<u>\$ 4,993,943</u>	<u>\$ 6,299,334</u>	<u>\$ 28,953,452</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, 2010

Net change in fund balances - total governmental funds \$ 780,598

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

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

Increase in purchased Capital Assets net of decrease in construction in progress	9,175,113
Adjustment for increases attributable to Internal Service Funds	(173,157)
Depreciation Expense	(4,404,671)
Adjustment for expense attributable to Internal Service Funds	196,921

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	200,990
Proceeds from the Sale of Capital Assets	(200,990)

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	57,653
Increase in Deferred Property Tax Revenue	148,256
Increase in Accrued Interest on Taxes	12,026
Increase in Investment Interest	25,631

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

Additions to Long-Term Liabilities	(1,943,111)
Adjustment for additions attributable to Internal Service Funds	19,576
Retirements of Long-Term Liabilities	2,775,801
Adjustment for retirements attributable to Internal Service Funds	(115,585)

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

(114,012)

Changes in net assets of governmental activities

\$ 6,441,039

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, 2010

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 17,459,503	\$ 17,559,658	\$ 17,726,734	\$ 167,076
Other taxes and licenses	11,462,129	11,462,129	11,566,197	104,068
Unrestricted intergovernmental revenues	3,164,329	2,931,550	3,267,272	335,722
Restricted intergovernmental revenues	2,003,998	2,203,157	2,132,920	(70,237)
Permits and fees	803,843	851,843	1,450,667	598,824
Sales and services	516,620	517,663	587,603	69,940
Investment earnings	155,207	155,207	74,579	(80,628)
Miscellaneous	153,286	240,626	178,233	(62,393)
Total revenues	<u>35,718,915</u>	<u>35,921,833</u>	<u>36,984,205</u>	<u>1,062,372</u>
Expenditures:				
Current:				
General Government	6,074,665	5,610,687	4,359,206	1,251,481
Public Works	3,598,631	4,937,374	4,250,546	686,828
Public Safety	18,594,253	18,351,668	16,961,200	1,390,468
Cultural and Recreational	3,778,162	3,994,000	3,656,164	337,836
Debt service:				
Principal retirement	3,091,272	3,146,137	2,129,525	1,016,612
Interest and fees	1,384,700	1,521,563	258,864	1,262,699
Total expenditures	<u>36,521,683</u>	<u>37,561,429</u>	<u>31,615,505</u>	<u>5,945,924</u>
Revenues over (under) expenditures	<u>(802,768)</u>	<u>(1,639,596)</u>	<u>5,368,700</u>	<u>7,008,296</u>
Other financing sources (uses):				
Debt issued	1,371,416	1,371,416	1,278,432	-
Appropriated fund balance	3,456,679	4,389,704	-	(4,389,704)
Sales of general capital assets	65,000	65,000	200,990	135,990
Transfers in	2,219,610	2,460,796	785,868	(1,674,928)
Transfers (out)	(6,309,937)	(6,647,320)	(5,965,484)	681,836
Total other financing sources (uses)	<u>802,768</u>	<u>1,639,596</u>	<u>(3,700,194)</u>	<u>(5,339,790)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,668,506</u>	<u>\$ 1,668,506</u>
Fund balances:				
Beginning of year, July 1			<u>15,991,669</u>	
End of year, June 30			<u>\$ 17,660,175</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, 2010

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Funds	Non-Major Enterprise Funds		
Assets					
Current Assets:					
Cash and cash equivalents	\$ 21,754,774	\$ 2,554,162	\$ 1,338,977	\$ 25,647,913	\$ 1,721,984
Accounts receivable (net)	3,195,096	199,210	110,119	3,504,425	12,059
Interfund receivables	-	-	-	-	270,531
Inventories	351,362	-	-	351,362	48,825
Prepaid Items	2,170	-	599	2,769	131,566
Total Current Assets	25,303,402	2,753,372	1,449,695	29,506,469	2,184,965
Noncurrent Assets:					
Restricted cash and cash equivalents	2,337,676	6,259	3,810	2,347,745	2,508
Land and other non-depreciable assets	7,968,525	-	788,055	8,756,580	-
Other capital assets, net of depreciation	129,415,643	694,450	910,042	131,020,135	279,458
Total Noncurrent Assets	139,721,844	700,709	1,701,907	142,124,460	281,966
Total Assets	165,025,246	3,454,081	3,151,602	171,630,929	2,466,931
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	3,987,515	288,075	42,047	4,317,637	879,927
Compensated absences payable - current	106,959	49,505	28,554	185,018	-
Interfund payable	39,883	25,853	11,533	77,269	-
Installment purchases payable - current	2,009,165	270,786	112,806	2,392,757	13,167
Loans payable - current	4,266,584	-	-	4,266,584	-
Bonds payable - current	837,424	-	-	837,424	-
Total Current Liabilities	11,247,530	634,219	194,940	12,076,689	893,094
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	84,375	37,060	12,220	133,655	114,036
Unearned revenue	146,368	-	-	146,368	-
Customer deposits	602,609	-	-	602,609	-
Other postemployment benefits	12,717	12,727	-	25,444	-
Installment purchases payable - noncurrent	9,686,976	286,516	147,759	10,121,251	13,501
Loans payable - noncurrent	52,717,627	-	-	52,717,627	-
Bonds payable - noncurrent	25,256,197	-	-	25,256,197	-
Total Noncurrent Liabilities	88,506,869	336,303	159,979	89,003,151	127,537
Total Liabilities	99,754,399	970,522	354,919	101,079,840	1,020,631
Net Assets					
Invested in capital assets, net of related debt	44,947,871	143,407	1,441,342	46,532,622	252,790
Unrestricted	20,322,976	2,340,152	1,355,341	24,018,466	1,193,510
Total Net Assets	\$ 65,270,847	\$ 2,483,559	\$ 2,796,683	\$ 70,551,088	\$ 1,446,300

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, 2010

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds		
Operating revenues:					
Charges for services	\$ 25,432,654	\$ 2,622,685	\$ 2,077,406	\$ 30,132,745	\$ 7,200,872
Miscellaneous	-	-	-	-	1,462,201
Total operating revenues	<u>25,432,654</u>	<u>2,622,685</u>	<u>2,077,406</u>	<u>30,132,745</u>	<u>8,663,073</u>
Operating expenses:					
Solid Waste Fund	-	4,669,573	-	4,669,573	-
Water Quality	-	-	1,560,749	1,560,749	-
Water/Sewer Operations	6,129,570	-	-	6,129,570	-
Water Supply	1,459,916	-	-	1,459,916	-
Wastewater Treatment	1,741,247	-	-	1,741,247	-
Non-capitalized expenses - projects	599,200	-	-	599,200	-
Fleet Maintenance Operations	-	-	-	-	1,779,090
City Hall Maintenance Operations	-	-	-	-	217,740
Information Technology Services	-	-	-	-	2,073,192
Video/Media Services	-	-	-	-	314,069
Self Insurance	-	-	-	-	4,663,311
Depreciation	7,661,659	240,344	135,581	8,037,584	196,921
Total operating expenses	<u>17,591,592</u>	<u>4,909,917</u>	<u>1,696,330</u>	<u>24,197,839</u>	<u>9,244,323</u>
Operating income (loss)	<u>7,841,062</u>	<u>(2,287,232)</u>	<u>381,076</u>	<u>5,934,906</u>	<u>(581,250)</u>
Nonoperating revenues (expenses):					
Investment earnings	106,670	25,810	4,897	137,377	3,108
Assessments collected	-	-	-	-	-
Interest collected on assessments	1,901	-	-	1,901	-
Gain on sale of capital assets	39,922	5,125	3,104	48,151	11,288
Restricted revenue	-	70,095	6,536	76,631	-
Miscellaneous revenue	-	137	373	510	-
Interest on long-term debt	(2,014,372)	(26,624)	(10,574)	(2,051,570)	(2,901)
Refunds	2,854	-	-	2,854	-
Total nonoperating revenues (expenses)	<u>(1,863,025)</u>	<u>74,543</u>	<u>4,336</u>	<u>(1,784,146)</u>	<u>11,495</u>
Income (loss) before capital contributions and transfers	<u>5,978,037</u>	<u>(2,212,689)</u>	<u>385,412</u>	<u>4,150,760</u>	<u>(569,755)</u>
Capital contributions:					
Developer contributions	799,642	-	788,055	1,587,697	-
Total capital contributions	<u>799,642</u>	<u>-</u>	<u>788,055</u>	<u>1,587,697</u>	<u>-</u>
Income (loss) before transfers	<u>6,777,679</u>	<u>(2,212,689)</u>	<u>1,173,467</u>	<u>5,738,457</u>	<u>(569,755)</u>
Transfers:					
Transfers in	505,458	2,004,406	-	2,509,864	455,824
Transfers (out)	(200,000)	(52,783)	(78,185)	(330,968)	(81)
Total transfers	<u>305,458</u>	<u>1,951,623</u>	<u>(78,185)</u>	<u>2,178,896</u>	<u>455,743</u>
Change in Net Assets	7,083,137	(261,066)	1,095,282	7,917,353	(114,012)
Net Assets:					
Beginning of year, July 1	58,187,710	2,744,625	1,701,401	62,633,736	1,560,312
End of year, June 30	<u>\$ 65,270,847</u>	<u>\$ 2,483,559</u>	<u>\$ 2,796,683</u>	<u>\$ 70,551,089</u>	<u>\$ 1,446,300</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, 2010

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds		
Cash flows from operating activities:					
Cash received from customers	\$ 24,401,680	\$ 2,591,535	\$ 2,065,308	\$ 29,058,523	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	8,673,859
Cash payments for interfund services provided (used)	-	-	-	-	(8,422,495)
Cash paid for goods and services	(7,534,627)	(3,078,354)	(376,219)	(10,989,200)	-
Cash paid to employees	(4,887,040)	(1,542,642)	(1,162,331)	(7,592,013)	-
Customer deposits	50,624	-	-	50,624	-
Net cash provided (used) by operating activities	<u>12,030,637</u>	<u>(2,029,461)</u>	<u>526,758</u>	<u>10,527,934</u>	<u>251,364</u>
Cash flows from noncapital financing activities:					
Transfers in	505,458	2,004,406	-	2,509,864	455,824
Transfers (out)	(200,000)	(52,783)	(78,185)	(330,968)	(81)
Advances from other funds	(7,262,845)	(22,448)	(1,624)	(7,286,917)	15,243
Advances (to) other funds	2,850	2,794,578	976,658	3,774,086	(61,738)
Refunds	2,854	137	373	3,364	-
Restricted Intergovernmental	-	70,095	6,536	76,631	-
Net cash provided (used) by noncapital related financing activities	<u>(6,951,683)</u>	<u>4,793,985</u>	<u>903,758</u>	<u>(1,253,940)</u>	<u>409,248</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(4,416,119)	(415,598)	(109,921)	(4,941,638)	(115,585)
Interest paid on long-term debt	(2,014,372)	(26,624)	(10,574)	(2,051,570)	(2,901)
Debt issued	47,317,682	26,786	25,756	47,370,224	19,576
Purchase of capital assets	(22,567,166)	(246,509)	(229,214)	(23,042,889)	(164,664)
Proceeds from sale of capital assets	39,922	5,125	3,104	48,151	4,554
Interest collected on assessments	1,901	-	-	1,901	-
Net cash (used) by capital and related financing activities	<u>18,361,848</u>	<u>(656,820)</u>	<u>(320,849)</u>	<u>17,384,179</u>	<u>(259,020)</u>
Cash flows from investing activities:					
Investment earnings	106,670	25,810	4,897	137,377	3,108
Net cash provided by investing activities	<u>106,670</u>	<u>25,810</u>	<u>4,897</u>	<u>137,377</u>	<u>3,108</u>
Net (decrease) in cash and cash equivalents	23,547,472	2,133,514	1,114,564	26,795,550	404,700
Cash and cash equivalents, July 1	544,978	426,907	228,223	1,200,108	1,319,792
Cash and cash equivalents, June 30	<u>\$ 24,092,450</u>	<u>\$ 2,560,421</u>	<u>\$ 1,342,787</u>	<u>\$ 27,995,658</u>	<u>\$ 1,724,492</u>
				Enterprise Funds	Internal Service Funds
				Reconciliation to Exhibit F—	
				Cash and cash equivalents	\$ 25,647,913
				Restricted cash and cash equivalents	\$ 1,721,984
				<u>2,347,745</u>	<u>2,508</u>
				<u>\$ 27,995,658</u>	<u>\$ 1,724,492</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, 2010

	<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>		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 7,841,062	\$ (2,287,232)	\$ 381,076	\$ 5,934,906	\$ (581,250)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	7,661,659	240,344	135,581	8,037,584	196,921
Bad debt expense	66,672	2,569	10,815	80,056	-
Change in assets and liabilities:					
Increase (decrease) in accrued compensated absences	12,311	6,911	(2,772)	16,450	2,419
(Increase) decrease in prepaid expenses	(2,170)	-	(599)	(2,769)	(131,266)
Increase (decrease) in accounts payable and accrued liabilities	(2,644,567)	39,097	14,755	(2,590,715)	743,560
(Increase) decrease in accounts receivable	(1,033,339)	(31,150)	(12,098)	(1,076,587)	10,786
(Increase) decrease in inventories	76,020	-	-	76,020	10,194
Increase (decrease) in deferred revenues	2,365	-	-	2,365	-
Increase (decrease) in customer deposits	50,624	-	-	50,624	-
Total adjustments	4,189,575	257,771	145,682	4,593,028	832,614
Net cash provided (used) by operating activities	<u>\$ 12,030,637</u>	<u>\$ (2,029,461)</u>	<u>\$ 526,758</u>	<u>\$ 10,527,934</u>	<u>\$ 251,364</u>
Noncash investing, capital, and financing activities:					
Capital contributed by developers	<u>\$ 799,642</u>	<u>\$ -</u>	<u>\$ 788,055</u>	<u>\$ 1,587,697</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, 2010

	Special Separation Allowance Pension Trust
Assets	
Cash	\$ 69,838
Investments at face value -	
Commercial paper	250,000
Interest receivable	748
Total Assets	320,586
Liabilities	
Accounts payable	5,557
Total Liabilities	5,557
Net Assets	
Assets held in trust for pension benefits	315,029
Total Net Assets	\$ 315,029

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, 2010

	Special Separation Allowance Pension Trust Fund
Additions:	
Employer contributions	\$ 193,842
Interest	2,329
Total additions	196,171
 Deductions:	
Benefits	204,234
Total deductions	204,234
Net decrease	(8,063)
 Net assets reserved for employees' pension benefit:	
Beginning of year	323,092
End of year	\$ 315,029

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, 2010

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Capital Projects Fund – Although the Capital Projects Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or fiduciary funds). The City has 31 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, Sturgeon City, Sturgeon City Park, Police Remodeling, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Vietnam Veterans Memorial, Youth Center, Fire Training Facility, Traffic Signal Preemption, Country Club Park, Richard Ray All America Park, Jacksonville Commons Phase II, Sturgeon City Boardwalk III, West Gum Branch Fire Station, Indoor Facility Brynn Marr, Police/Fire Facility, Carolina Forest Park, Youth Center Phase II, Firing Range Improvements, Kerr Street Tennis Courts, Public/Private Infrastructure Partnership, Buddy Phillips Bridge Improvements, Jacksonville High School Tennis Courts, Riverwalk Crossing Fountain, Georgetown Water Access Site, Phillips Park, Riverwalk Crossing Improvements, and Renovations of Northwoods Fire Station.

Proprietary Funds include the following major funds:

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

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

Additionally, the government reports the following fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The City of Jacksonville has 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 Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

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

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

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

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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 and available until received in cash.

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

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

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

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and operating Enterprise Funds. All annual appropriations lapse at fiscal year-end. Grant project ordinances are adopted for the Non-Major Governmental Funds and project ordinances are adopted for the Capital Reserve Fund and 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 are made in council-designated official depositories and are secured as required by G.S. 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (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 portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

F. Cash and Cash Equivalents

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

G. Restricted Assets

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

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

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

The detail of these balances is as follows:

Governmental Activities:	
Powell Bill	\$ 2,813,193
E-911 Revenue	826,088
Drug Enforcement Assets	164,913
Unexpended Debt Proceeds	368,551
Compensating Balance	625,000
Customer Deposits	184,031
Other Restricted Grants	29,428
Other	7,977
	<u>\$ 5,019,181</u>
Business-Type Activities:	
Unexpended Debt Proceeds	<u>\$ 2,347,745</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, 2009.

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

I. Allowances for Doubtful Accounts

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

J. Inventory

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

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

K. Capital Assets

Capital assets, which include land, buildings, equipment, 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 deflated replacements method.

Effective for the fiscal year ended June 30, 2010, the City began recognizing land rights, such as right-of-way easements and drainage easements, in accordance with GASB Statement No. 51.

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. Receivables and Payables

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

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

M. Other Resources

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

N. Long-Term Obligations

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

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 will continue to use compensatory time accumulated prior to that date until such leave is exhausted. Because any remaining compensatory time is paid out upon separation, it is treated in the same manner as vacation leave, with an expense and a liability recorded for the portion of the time that is estimated to be used in the next fiscal year.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

P. Net Assets/Fund Balances

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.

In the Governmental Fund Financial Statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The Governmental Funds classify fund balances as follows:

Reserved

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

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

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

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

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

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

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

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

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

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

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

Note 2. Deposits and Investments

Deposits

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

At June 30, 2010, the City's deposits had a book balance of \$12,408,785, which includes a \$625,000 compensating balance, while the bank balance was \$12,623,722. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$11,873,722 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer).

Investments

At June 30, 2010, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>
US Government Agencies	\$ 4,468,419	\$ 4,468,419	\$ -	\$ -	\$3,963,574	\$504,845
Commercial Paper	19,028,599	19,028,599	12,059,350	6,969,249	-	-
NC CMT- Cash Portfolio	16,582,157	16,582,157	N/A	N/A	N/A	N/A
Other Investments - Loan proceeds held in escrow	2,716,295	2,716,295	N/A	N/A	N/A	N/A
Total	<u>\$42,795,470</u>	<u>\$42,795,470</u>	<u>\$12,059,350</u>	<u>\$ 6,969,249</u>	<u>\$3,963,574</u>	<u>\$504,845</u>

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, 2010. The investments in Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association are rated AAA by Standard and Poor’s.

Concentration of Credit Risk. The City’s investment policy limits that, with the exception of US Treasuries and the NC Capital Management Trust, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. This year at June 30, the City’s investments are made up of 44% commercial paper, 10% US agencies, and 39% with the North Carolina Capital Management Trust.

Note 3. Receivables

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

<u>Activities</u>	<u>Gross Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental			
General			
Taxes receivable	\$ 2,087,351	\$ 349,733	\$ 1,737,618
Accrued interest on taxes	579,169	289,585	289,584
Accounts receivable	5,582,644	939,193	4,643,451
Special Revenue	904,597	-	904,597
Major Capital Projects	263,348	-	263,348
Non-Major Funds	1,700	-	1,700
Internal Service Fund	12,059	-	12,059
Total Governmental Activities	<u>9,430,868</u>	<u>1,578,511</u>	<u>7,852,357</u>
Business-Type			
Water/Sewer	3,570,003	374,907	3,195,096
Solid Waste	221,623	22,413	199,210
Non-Major	149,594	39,475	110,119
Total Business-Type Activities	<u>3,941,220</u>	<u>436,795</u>	<u>3,504,425</u>
	<u>\$ 13,372,088</u>	<u>\$ 2,015,306</u>	<u>\$ 11,356,782</u>

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

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,989,884	\$ -	\$ -	\$ 1,989,884
Land Rights	-	757,082	-	757,082
Construction in progress	4,737,627	2,463,737	(26,745)	7,174,619
Total capital assets not being depreciated	<u>6,727,511</u>	<u>3,220,819</u>	<u>(26,745)</u>	<u>9,921,585</u>
Capital assets being depreciated:				
Buildings	20,272,773	146,779	-	20,419,552
Improvements other than buildings	9,037,788	307,420	-	9,345,208
Equipment	8,451,080	575,800	(198,700)	8,828,180
Software	1,126,124	9,000	-	1,135,124
Heavy equipment	520,591	-	(32,108)	488,483
Vehicles	8,003,457	1,506,750	(1,057,613)	8,452,594
Infrastructure	36,221,966	3,467,873	-	39,689,839
Total capital assets being depreciated	<u>83,633,779</u>	<u>6,013,622</u>	<u>(1,288,421)</u>	<u>88,358,980</u>
Less accumulated depreciation for:				
Buildings	(9,291,602)	(774,366)	-	(10,065,968)
Improvements other than buildings	(2,075,894)	(456,864)	-	(2,532,758)
Equipment	(7,701,684)	(466,529)	196,941	(7,971,272)
Software	(1,008,105)	(65,799)	-	(1,073,904)
Heavy equipment	(350,108)	(40,296)	27,980	(362,424)
Vehicles	(5,864,406)	(926,594)	1,029,160	(5,761,840)
Infrastructure	(12,607,012)	(1,674,225)	-	(14,281,237)
Total accumulated depreciation	<u>(38,898,811)</u>	<u>\$ (4,404,673)</u>	<u>\$ 1,254,081</u>	<u>(42,049,403)</u>
Total capital assets being depreciated, net	<u>44,734,968</u>			<u>46,309,577</u>
Governmental activity capital assets, net	<u>\$ 51,462,479</u>			<u>\$ 56,231,162</u>

Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 3,220,819
Total capital assets being depreciated	6,013,622
	<u>\$ 9,234,441</u>
General Fund	\$ 1,004,158
Non-Major Governmental	1,000,868
Major Capital	3,187,339
Transfers from Water and Sewer Fund	18,413
Transfers from Solid Waste Fund	16,008
Internal Service	173,157
Donated infrastructure and land rights	3,834,498
	<u>\$ 9,234,441</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 181,968	\$ 3,733,620	\$ -	\$ 3,915,588
Construction in progress	63,521,262	700,486	(60,168,811)	4,052,937
Total capital assets not being depreciated	<u>63,703,230</u>	<u>4,434,106</u>	<u>(60,168,811)</u>	<u>7,968,525</u>
Capital assets being depreciated:				
Buildings	70,673,743	39,545,912	-	110,219,655
Improvements other than buildings	55,640,496	39,385,268	-	95,025,764
Equipment	4,606,665	63,074	(44,491)	4,625,248
Software	41,375	41,025	-	82,400
Heavy equipment	645,692	-	-	645,692
Vehicles	1,080,190	66,234	(79,975)	1,066,449
Total capital assets being depreciated	<u>132,688,161</u>	<u>79,101,513</u>	<u>(124,466)</u>	<u>211,665,208</u>
Less accumulated depreciation for:				
Buildings	(39,559,734)	(4,162,366)	-	(43,722,100)
Improvements other than buildings	(30,444,344)	(2,753,310)	-	(33,197,654)
Equipment	(3,340,251)	(587,885)	44,491	(3,883,645)
Software	(20,825)	(18,335)	-	(39,160)
Heavy equipment	(540,914)	(41,452)	-	(582,366)
Vehicles	(806,304)	(98,311)	79,975	(824,640)
Total accumulated depreciation	<u>(74,712,372)</u>	<u>\$ (7,661,659)</u>	<u>\$ 124,466</u>	<u>(82,249,565)</u>
Total capital assets being depreciated, net	<u>57,975,789</u>			<u>129,415,643</u>
Water/Sewer Fund capital assets, net	<u>\$ 121,679,019</u>			<u>\$ 137,384,168</u>
Reconciliation of Water/Sewer Fund Increases:				
Total capital assets not being depreciated	\$ 4,434,106			
Total capital assets being depreciated	<u>79,101,513</u>			
	<u>\$ 83,535,619</u>			
Water and Sewer Fund	\$ 140,177			
Water Capital Projects	40,348,622			
Sewer Capital Projects	42,247,178			
Transfers from General Fund	-			
Donated Infrastructure	799,642			
	<u>\$ 83,535,619</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
Equipment	482	-	(482)	-
Software	31,442	7,302	-	38,744
Vehicles	1,979,876	239,207	(65,128)	2,153,955
Total capital assets being depreciated	<u>2,052,783</u>	<u>246,509</u>	<u>(65,610)</u>	<u>2,233,682</u>
Less accumulated depreciation for:				
Buildings	(39,957)	(1,025)	-	(40,982)
Equipment	(482)	-	482	-
Software	(5,240)	(11,698)	-	(16,938)
Vehicles	(1,318,819)	(227,621)	65,128	(1,481,312)
Total accumulated depreciation	<u>(1,364,498)</u>	<u>\$ (240,344)</u>	<u>\$ 65,610</u>	<u>(1,539,232)</u>
Total capital assets being depreciated, net	<u>688,285</u>			<u>694,450</u>
Solid Waste Fund capital assets, net	<u>\$ 688,285</u>			<u>\$ 694,450</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Land Rights	-	788,055	-	788,055
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>788,055</u>	<u>-</u>	<u>788,055</u>
Capital assets being depreciated:				
Infrastructure	548,156	41,165	-	589,321
Improvements other than buildings	45,308	-	-	45,308
Equipment	99,334	5,880	-	105,214
Heavy equipment	152,603	160,218	(4,875)	307,946
Vehicles	703,276	22,957	(16,038)	710,195
Total capital assets being depreciated	<u>1,548,677</u>	<u>230,220</u>	<u>(20,913)</u>	<u>1,757,984</u>
Less accumulated depreciation for:				
Infrastructure	(35,104)	(28,436)	-	(63,540)
Improvements other than buildings	(5,905)	(2,265)	-	(8,170)
Equipment	(52,808)	(17,003)	-	(69,811)
Heavy equipment	(111,022)	(32,182)	4,875	(138,329)
Vehicles	(527,429)	(55,695)	15,032	(568,092)
Total accumulated depreciation	<u>(732,268)</u>	<u>\$ (135,581)</u>	<u>\$ 19,907</u>	<u>(847,942)</u>
Total capital assets being depreciated, net	<u>816,409</u>			<u>910,042</u>
Stormwater/Water Quality Fund capital assets, net	<u>816,409</u>			<u>1,698,097</u>
Business-type activities capital assets, net	<u>\$ 123,183,713</u>			<u>\$ 139,776,715</u>

Reconciliation of Stormwater/Water Quality Increases:

Total capital assets not being depreciated	\$ 788,055
Total capital assets being depreciated	230,220
	<u>\$ 1,018,275</u>
Stormwater/Water Quality Fund	\$ 188,049
Stormwater Capital Projects	41,165
Transfers from General Fund	1,006
Donated land rights	788,055
	<u>\$ 1,018,275</u>

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

Governmental activities:	
General government	\$ 555,612
Public Works	1,726,050
Public Safety	1,006,270
Cultural and Recreational	910,179
Economic Development	9,641
Internal Service Funds	196,921
Total depreciation expense - governmental activities	<u>\$ 4,404,673</u>
Business-type activities:	
Water and Sewer Fund	\$ 7,661,659
Solid Waste Fund	240,344
Non-Major Enterprise Funds	135,581
Total depreciation expense - business-type activities	<u>\$ 8,037,584</u>

Construction Commitments

As of June 30, 2010, the City has active construction projects. The City's commitments with contractors at June 30, 2010, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water and Sewer Improvements	\$ 59,757,052	\$ 6,749,969
City Hall	11,983	18,017
Street/Stormwater Improvements	-	17,136
Transportation	-	95,742
Total	<u>\$ 59,769,035</u>	<u>\$ 6,880,864</u>

Note 5. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, 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, 2010, 2009, and 2008 were \$1,005,098, \$987,285, and \$889,795, respectively. The contributions made by the City equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

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

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>121</u>
Total	<u>133</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 \$193,842, or 3.7% 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, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return, and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2008 was 22 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	\$ 193,841
Interest on net pension obligation	6
Adjustment to annual required contribution	(5)
Annual pension cost	193,842
Contributions made	<u>(193,842)</u>
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	<u>\$ -</u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 159,140	100%	\$ -
6/30/09	157,387	100%	-
6/30/10	193,842	100%	-

As of December 31, 2009, the most recent actuarial valuation date, the plan was 18.09 percent funded. The actuarial accrued liability for benefits was \$2,392,379, and the actuarial value of assets was \$432,834, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,959,545. The covered payroll (annual payroll of active employees covered by the plan) was \$5,207,150, and the ratio of the UAAL to the covered payroll was 37.63 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.

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, 2010, were \$328,369, which consisted of \$250,060 from the City and \$78,309 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, 2010 were \$666,115, which consisted of \$321,305 from the City and \$344,810 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.

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

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, 2008, the date of the latest actuarial valuation:

Active Members	
Law Enforcement Officers	126
Firefighters	72
General employees	323
Retired Members	<u>23</u>
Total	<u>544</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 1.27% of annual covered payroll. For the fiscal year ended June 30, 2010, the total retiree contributions for health insurance were \$127,985. 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	\$ 256,304
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>256,304</u>
Contribution made	<u>(47,824)</u>
Increase (decrease) in net OPEB obligation	<u>208,480</u>
Net OPEB obligation, beginning of year	<u>122,844</u>
Net OPEB obligation, end of year	<u><u>\$ 331,324</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
2009	\$256,304	52.1%	\$122,844
2010	256,304	18.7%	331,324

Funded Status and Funding Progress

As of December 31, 2008, 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 \$2,758,133. The covered payroll (annual payroll of active employees covered by the plan) was \$20,265,645, and the ratio of the UAAL to the covered payroll was 13.6%. 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. Example includes 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 assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 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 UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 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, 2010, the City made contributions to the State for death benefits of \$21,421. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .09% 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 (\$2.2 million), computer equipment (\$5 million), and property (\$82.5 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 \$748,839 reported in the Self Insurance Fund at June 30, 2010, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the reported liability since July 1, 2000 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2000-2001	\$ 202,900	\$ 1,461,322	\$ 1,435,202	\$ 229,020
2001-2002	229,020	1,381,641	1,547,044	63,617
2002-2003	63,617	1,402,910	1,281,596	184,931
2003-2004	184,931	1,868,524	1,861,108	192,347
2004-2005	192,347	2,229,998	2,243,300	179,045
2005-2006	179,045	2,528,402	2,451,812	255,635
2006-2007	255,635	3,267,020	3,264,923	257,732
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

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 totalling \$623,900 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, 2010, the City was a defendant to various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Note 9. Long-Term Obligations

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

As of June 30, 2010, the City had a legal debt margin of \$220,910,297.

A. Installment Purchases

The City finances various property acquisitions under installment purchase agreements. Under these agreements, the assets acquired collateralize the debt. The financing contracts require principal payments with interest rates ranging from 2.463% to 5.35%.

The installment purchase contracts payable at June 30, 2010, are comprised of the following individual contracts:

Serviced by the General Fund:

	<u>Principal Balance</u> <u>June 30, 2010</u>
\$1,254,792 installment agreement – for 800 MHz communication equipment with Bank of America dated December 8, 2000; remaining balance payable in 6 monthly payments of \$13,520 including interest at 5.34%.	\$ 79,866
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 89 equal principal payments of \$27,778 not including interest at 3.95%.	2,472,220
\$313,171 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 3 monthly payments of \$5,755 including interest at 3.40%.	17,168
\$700,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 10 monthly payments of \$12,979 including interest at 3.78%.	127,568
\$265,142 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 19 monthly payments of \$4,922 including interest at 3.832%.	90,597
\$2,606,307 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 143 monthly payments of \$19,150 including interest at 3.95%.	2,181,427
\$78,728 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 24 monthly payments of \$1,467 including interest at 4.0%.	33,787
\$696,554 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 1 monthly payment of \$20,479 including interest at 3.94%.	20,412
\$999,626 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 17 monthly payments of \$28,952 including interest at 2.89%.	432,984
\$390,369 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 40 monthly payments of \$7,102 including interest at 2.89%.	226,444
\$1,278,432 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 29 monthly payments of \$30,000, then 23 payments of \$9,985; including interest at 2.463% .	1,076,545
Total	<u><u>\$ 6,759,018</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$990,254 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,561,792	\$ 218,547	\$ 1,780,339
2012	1,067,415	175,343	1,242,758
2013	767,685	144,878	912,563
2014	623,489	119,893	743,382
2015	544,234	91,110	635,344
2016-2020	1,770,879	223,553	1,994,432
2021-2025	423,524	16,930	440,454
Total	<u>\$ 6,759,018</u>	<u>\$ 990,254</u>	<u>\$ 7,749,272</u>

Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2010</u>
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 98 monthly payments of \$23,838 not including interest at 3.235%.	\$ 2,336,097
\$1,660,132 installment agreement – for an elevated water storage tank with RBC Centura dated May 14, 2004; remaining balance payable in 106 monthly payments of \$9,223 not including interest at 3.27%.	977,633
\$864,690 installment agreement – for water and sewer line replacements with RBC Centura dated August 12, 2004; remaining balance payable in 49 equal principal payments of \$7,206 not including interest at 3.44%.	352,992
\$875,776 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 3 monthly payments of \$16,094 including interest at 3.40%.	48,010
\$2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable in 65 monthly payments of \$29,187 including interest at 3.57%.	1,722,693
\$1,600,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 10 monthly payments of \$29,666 including interest at 3.78%.	291,582
\$7,700,000 installment agreement – for vehicles and equipment with Wachovia dated October 20, 2006; remaining balance payable in 75 monthly payments of \$29,187 including interest at 3.57%.	5,132,247

Serviced by the Water and Sewer Fund (continued):

	<u>Principal Balance June 30, 2010</u>
\$121,166 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 19 monthly payments of \$2,249 including interest at 3.832%.	\$ 41,401
\$598,743 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 143 monthly payments of \$4,399 including interest at 3.95%.	501,136
\$122,606 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 24 monthly payments of \$2,285 including interest at 4.0%.	52,618
\$8,200 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 1 monthly payments of \$241 including interest at 3.94%.	240
\$235,353 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 40 monthly payments of \$4,282 including interest at 2.89%.	155,219
\$95,141 installment agreement - for vehicles and equipment with Bank of America dated December 18,2009; remaining balance payable in 52 monthly payments of \$1,710; including interest at 2.463%	84,273
Total	<u>\$ 11,696,141</u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$1,445,724 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,009,165	\$ 384,733	\$ 2,393,898
2012	1,702,730	319,148	2,021,878
2013	1,713,889	258,180	1,972,069
2014	1,698,783	196,690	1,895,473
2015	1,651,749	136,067	1,787,816
2016-2020	2,822,539	147,017	2,969,556
2021-2025	97,286	3,889	101,175
Total	<u>\$ 11,696,141</u>	<u>\$ 1,445,724</u>	<u>\$ 13,141,865</u>

Serviced by the Solid Waste Fund:

	<u>Principal Balance June 30, 2010</u>
\$760,006 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 3 monthly payments of \$13,967 including interest at 3.40%.	\$ 41,664
\$308,012 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 19 monthly payments of \$5,718 including interest at 3.832%.	105,245
\$347,012 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 24 monthly payments of \$6,467 including interest at 4.0%.	148,925
\$35,000 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 17 monthly payments of \$1,014 including interest at 2.89%.	13,209
\$365,798 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 40 monthly payments of \$6,654 including interest at 2.89%.	224,533
\$25,756 installment agreement - for vehicles and equipment with Bank of America dated December 18,2009 ; remaining balance payable in 52 monthly payments of \$482; including interest at 2.463%	23,726
Total	<u><u>\$ 557,302</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$24,113 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 270,786	\$ 14,802	\$ 285,588
2012	197,767	6,874	204,641
2013	81,177	2,304	83,481
2014	5,655	123	5,778
2015	1,917	10	1,927
Total	<u><u>\$ 557,302</u></u>	<u><u>\$ 24,113</u></u>	<u><u>\$ 581,415</u></u>

Serviced by the Fleet Maintenance Fund:

	<u>Principal Balance June 30, 2010</u>
\$17,800 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 3 monthly payments of \$327 including interest at 3.40%.	\$ 976
\$19,576 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 52 monthly payments of \$352; including interest at 2.463%	17,340
Total	<u>\$ 18,316</u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$964 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,815	\$ 389	\$ 5,204
2012	3,935	288	4,223
2013	4,033	190	4,223
2014	4,133	90	4,223
2015	1,400	7	1,407
Total	<u>\$ 18,316</u>	<u>\$ 964</u>	<u>\$ 19,280</u>

Serviced by the Information Technology Services Fund:

	<u>Principal Balance June 30, 2010</u>
\$285,000 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 1 monthly payment of \$8,379 including interest at 3.94%.	\$ 8,352
Total	<u>\$ 8,352</u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$27 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	8,352	27	8,379
Total	<u>\$ 8,352</u>	<u>\$ 27</u>	<u>\$ 8,379</u>

Serviced by the Stormwater Fund:

	<u>Principal Balance</u> <u>June 30, 2010</u>
\$270,463 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 19 monthly payments of \$5,021 including interest at 3.832%.	\$ 92,415
\$84,466 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 24 monthly payments of \$1,574 including interest at 4.00%.	36,250
\$161,006 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 40 monthly payments of \$2,929 including interest at 2.89%.	109,086
\$25,756 installment agreement – for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 52 monthly payments of \$463; including interest at 2.463%.	22,814
Total	<u>\$ 260,565</u>

The future minimum payments of the installment purchases payable as of June 30, 2010, including \$11,517 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 112,806	\$ 7,039	\$ 119,845
2012	91,613	3,128	94,741
2013	39,556	1,150	40,706
2014	14,747	191	14,938
2015	1,843	9	1,852
Total	<u>\$ 260,565</u>	<u>\$ 11,517</u>	<u>\$ 272,082</u>

B. Loans Payable

Water and Sewer Fund:

	<u>Principal Balance</u> <u>June 30, 2010</u>
\$15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 6 annual installments of \$750,000 each; interest at 3.57%.	\$ 4,500,000
\$5,000,000 State Bond Loan dated April 1, 1996, due in 6 annual installments of \$250,000 each; interest at 4.4563%.	1,500,000
\$2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 7 annual installments of \$141,820 each; interest at 3.035%.	992,745
\$3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 7 annual installments of \$150,000 each; interest at 3.035%.	1,050,000
\$1,000,000 State Revolving Loan dated February 10, 2004 due in 4 annual installments of \$100,000 each; interest at 2.82%.	400,000
\$31,888,754 State Revolving Loan dated June 3, 2008 due in 22 annual installments of \$1,397,786 each and one installment of \$1,137,462; interest at 2.10%.	31,888,754
\$16,652,712 State Revolving Loan dated March 26, 2009 due in 20 annual installments of \$832,636 each; interest at 2.1%	16,652,712
Total	<u>\$ 56,984,211</u>

The future minimum payments of the loans payable as of June 30, 2010, including \$11,468,216 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,266,584	\$ 809,642	\$ 5,076,226
2012	4,266,584	1,410,934	5,677,518
2013	4,266,584	1,296,546	5,563,130
2014	4,266,584	1,182,907	5,449,491
2015	4,166,584	1,069,362	5,235,946
2016-2020	13,870,722	3,454,996	17,325,718
2021-2025	11,363,924	1,542,564	12,906,488
2026-2030	10,516,645	701,265	11,217,910
Total	<u>\$ 56,984,211</u>	<u>\$ 11,468,216</u>	<u>\$ 68,452,427</u>

C. Revenue Bonds Payable

Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2010</u>
\$501,235 Revenue Bond Payable dated September 10, 2009 due in 65 monthly installments of \$6,695 including interest at 3.95%	\$ 454,718
\$1,149,804 Revenue Bond Payable dated September 10, 2009 due in 11 monthly installments of \$58,942 including interest at 2.95%	638,903
\$25,000,000 Revenue Bond Payable dated September 10, 2009 due in 19 annual installments with semi-annual interest payments at 4.55%	25,000,000
Total	<u><u>\$ 26,093,621</u></u>

The future minimum payments of the bonds payable as of June 30, 2010, including \$14,526,002 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 837,424	\$ 1,163,782	\$ 2,001,206
2012	741,076	1,145,622	1,886,698
2013	853,734	1,112,280	1,966,014
2014	1,071,499	1,073,770	2,145,269
2015	1,148,339	1,025,394	2,173,733
2016-2020	6,259,322	4,595,008	10,854,330
2021-2025	7,680,895	3,120,338	10,801,233
2026-2030	7,501,332	1,289,808	8,791,140
Total	<u><u>\$ 26,093,621</u></u>	<u><u>\$ 14,526,002</u></u>	<u><u>\$ 40,619,623</u></u>

The City is in compliance with the rate covenants contained in the General Trust Indenture, Section 6, dated September 1, 2009 and adopted by the City council on September 8, 2009 authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2009. Section 6.6 of the General Indenture requires that the coverage ratios be no less than 120% of the debt service on the revenue bonds and 100% of the debt service on all other debt. The debt service coverage requirements for the year ended June 30, 2010, are as follows:

Operating Revenues		
	User Charges	\$ 25,143,944
	Subtotal: Operating Revenues	<u>25,143,944</u>
Operating Expenses		
	Salaries, Fringe Benefits and Operating Expenditures	9,332,565
	Depreciation and Amortization	7,661,660
	Subtotal: Operating Expenses	<u>16,994,225</u>
Operating Income		<u>8,149,719</u>
Nonoperating Revenues (Expenses):		
	Investment Earnings	106,218
	Interest Expense	(2,014,372)
	Other Nonoperating Revenue	333,387
	Subtotal: Nonoperating Revenues (Expenses)	<u>(1,574,767)</u>
Income before Transfers and Capital Contributions		6,574,952
Adjustments		
	Plus: Depreciation and Amortization	7,661,660
	Plus: Interest Expense	2,014,372
A	Net Revenues	<u>16,250,984</u>
	Plus 20% of Surplus Account	-
B	Net Revenues plus 20% of Surplus Account	<u>16,250,984</u>
Parity Indebtedness		
	1996-16 State Loan \$5,000,000	341,059
	Series 2009 ABC Series Revenue Bonds*	1,325,632
C	Subtotal: Revenue Bond Debt Service	<u>1,666,691</u>
Debt Service Coverage - Parity Indebtedness		
	Calculated Using Net Revenues (A/C)	9.75
	Calculated Using Net Revenues plus 20% of Surplus Account (B/C)	9.75
D	Net Revenues Available for Subordinate and Other Debt Service (A-C)	<u>14,584,293</u>
Subordinate and Other Indebtedness		
	State Revolving Fund Loans	
	1997 - 17 State RLF \$15,000,000	937,425
	1997 - 17 State RLF \$2,836,415	176,255
	1997 - 17 State RLF \$3,000,000	186,420
	2004 - 14 State RLF \$1,000,000	114,100
	Subtotal: SRF Loans--SUBORDINATE DEBT	<u>1,414,200</u>
	Installment Purchases--OTHER INDEBTEDNESS	<u>3,514,733</u>
E	Subordinate and Other Indebtedness	4,928,933

(Continued on next page)

	Debt Service Coverage - Subordinate and Other Indebtedness (D/E)	2.96
F	Total Debt Service: Revenue Bonds plus Subordinate and Other Indebtedness	6,595,624
	Debt Service Coverage - Total Debt	
	Calculated using Net Revenues (A/F)	2.46
	Calculated using Net Revenues plus 20% of Surplus Account (B/F)	2.46
	Net Revenues After Total Debt	9,655,360
	* Debt Service for 2009 ABC series:	
	2009A	60,256
	2009B	530,480
	2009C	734,896
	Total	<u>\$ 1,325,632</u>

D. Changes in Long-Term Liabilities – Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2010, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	\$ 7,732,789	\$ 1,298,008	\$ 2,245,111	\$ 6,785,686	\$ 1,574,959
Other postemployment benefits	114,078	349,866	158,064	305,880	-
*Compensated absences	1,395,772	637,163	629,134	1,403,801	667,547
Total	<u>\$ 9,242,639</u>	<u>\$ 2,285,037</u>	<u>\$ 3,032,309</u>	<u>\$ 8,495,367</u>	<u>\$ 2,242,506</u>
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
General government	\$ 4,103,486	\$ 90,818	\$ 482,450	\$ 3,711,854	\$ 408,650
Fire equipment	305,529	440,158	226,756	518,931	242,583
Police equipment	444,239	724,275	1,036,152	132,362	668,692
Recreation	2,439,069	-	254,679	2,184,390	164,685
Streets	317,789	23,181	129,489	211,481	77,182
Fleet Maintenance	7,221	19,576	8,481	18,316	4,815
Information Technology Services	106,467	-	98,115	8,352	8,352
Video/Media Services	8,989	-	8,989	-	-
Other postemployment benefits	114,078	349,866	158,064	305,880	-
*Compensated absences	1,395,772	637,163	629,134	1,403,801	667,547
Total	<u>\$ 9,242,639</u>	<u>\$ 2,285,037</u>	<u>\$ 3,032,309</u>	<u>\$ 8,495,367</u>	<u>\$ 2,242,506</u>

*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, 2010, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Loans	\$ 36,153,493	\$ 22,222,539	\$ 1,391,821	\$ 56,984,211	\$ 4,266,584
Revenue Bonds	-	26,651,039	557,418	26,093,621	837,424
Installment purchases	17,009,765	147,683	4,643,440	12,514,008	2,392,757
Other postemployment benefits	8,766	34,423	17,745	25,444	-
*Compensated absences	302,222	216,561	200,110	318,673	185,018
Total	\$ 53,474,246	\$ 49,272,245	\$ 6,810,534	\$ 95,935,957	\$ 7,681,783

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
Water Supply	\$ 7,343,851	\$ 13,355,353	\$ 684,882	\$ 20,014,322	\$ 2,677,857
Metering	853,666	-	545,458	308,208	337,545
Utilities Maintenance	3,797,403	51,512	56,772	3,792,143	31,709
Sewer	39,877,493	35,561,854	4,780,047	70,659,300	4,066,062
Solid Waste/Sanitation	946,114	26,786	415,598	557,302	270,786
Stormwater/Water Quality	344,731	25,756	109,922	260,565	112,806
Other postemployment benefits	8,766	34,423	17,745	25,444	-
*Compensated absences	302,222	216,561	200,110	318,673	185,018
Total	\$ 53,474,246	\$ 49,272,245	\$ 6,810,534	\$ 95,935,957	\$ 7,681,783

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

Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2010, consist of the following:

Due to/from other funds:	Receivable Fund	Payable Fund	Amount	Reconciliation to Exhibit A	
				Governmental	Business-Type
General		Non-Major Governmental	\$ 263,187	\$ -	\$ -
		Major Capital Project	147,253	-	-
Self Insurance*		General	193,263	-	-
		Water and Sewer	39,883	39,883	(39,883)
		Solid Waste Fund	25,853	25,853	(25,853)
		Non-Major Enterprise	11,533	11,533	(11,533)
			<u>\$ 680,972</u>	<u>77,269</u>	<u>(77,269)</u>
				<u>\$ 77,269</u>	<u>\$ (77,269)</u>

*Internal Service Fund

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 year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund		
Prepaid taxes not yet earned	\$ -	\$ 50,930
Taxes receivable	1,737,618	-
Beer and wine tax receivable	86,750	-
Sturgeon City	-	80
Youth Council	-	459
Hall of Fame	-	3,668
Relay for Life	-	91
National Night Out	-	14,856
Harmony Grant	-	492
EAP Ongoing Grant	-	3,000
89p	-	3,047
Tree fund donations not yet earned, included in restricted assets	-	1,054
Beirut memorial donations not yet earned, included in restricted assets	-	485
Cooperative Lease	-	175
Privilege licenses for next year	-	328,174
Investment interest receivable	30,113	-
Total	<u><u>\$ 1,854,481</u></u>	<u><u>\$ 406,511</u></u>
Proprietary Fund		
Scientific Study Deposit	\$ -	\$ 24,000
PILOT revenues not yet earned	-	5,372
Special assessments receivable	-	111,838
Collection fees	-	5,158
Total	<u><u>\$ -</u></u>	<u><u>\$ 146,368</u></u>
Capital Project Fund		
Investment interest receivable	\$ 557	\$ -
Total	<u><u>\$ 557</u></u>	<u><u>\$ -</u></u>
Street Improvement Project Fund		
Investment interest receivable	\$ 1,020	\$ -
Total	<u><u>\$ 1,020</u></u>	<u><u>\$ -</u></u>

Note 12. Intergovernmental Assistance Programs

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

Note 13. Interfund Transfers

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

Interfund transfers for the year ended June 30, 2010 are as follows:

Transfers out:	Transfers in:						Total
	Major General	Non-Major Government	Major Capital Projects	Non-Major Internal Service Fund	Major Solid Waste	Major Water and Sewer	
Major General Fund	\$ -	\$ 2,059,841	\$ 1,696,196	\$ 205,041	\$ 2,004,406	\$ -	\$ 5,965,484
Non-Major Government	550,636		1,199,330			505,458	2,255,424
Major Capital Projects	154,967						154,967
Internal Service Fund	81						81
Non-Major Enterprise Fund	78,185						78,185
Major Solid Waste Fund	2,000			50,783			52,783
Major Water and Sewer				200,000			200,000
Total transfers out	\$ 785,869	\$ 2,059,841	\$ 2,895,526	\$ 455,824	\$ 2,004,406	\$ 505,458	\$ 8,706,924

Tranfers consist primarily of the following:

\$ 497,600	From Capital Reserve to General Fund for debt retirement.
\$ 366,938	From Capital Reserve to Water Sewer Fund for debt retirement.
\$ 1,646,928	From General Fund to the Police Fire Facility Project
\$ 500,000	From Capital Reserve to Georgetown Water Access Site Project
\$ 1,060,290	From General Fund to Capital Reserve for Council Initiatives
\$ 363,391	From General Fund to Street Improvements Capital Project

Note 14. Jointly Governed Organizations

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

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. The City and County each fund one-half of the cost for this organization. The City's funding for FY2009-2010 was \$60,000.

The City, in conjunction with Onslow County and Y.O.U. Inc., dba Committee of 100, established an Economic Development Program. The purpose of this organization is to guide the growth in all of Onslow County by encouraging the expansion of local industry and the development of new jobs. The City and County each fund one-half of the cost for this organization. The City's funding for FY2009-2010 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. The City contributed \$90,000 in FY2009-2010.

Note 15. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 16 . Significant Effects of Subsequent Events

On September 17, 2010, the City issued \$15.8 million in revenue bonds bearing an average coupon rate of 4.43% and a twenty year term to finance several water and sewer capital projects. The bonds are a combination of Tax-Exempt and Recovery Zone Economic Development Bonds. The Recovery Zone Economic Development Bonds are eligible for reimbursement by Federal Subsidy of 45% of the interest paid. The City is using the proceeds of the bond issue to finance water and sewer capital projects, such as water line replacements, pump station upgrades and replacements, sewer line replacements, and the finalization of the new water treatment plant.

Note 17. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2010 that have effective dates that may impact future financial presentations.

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

- GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" will be effective for the City beginning with its year ending June 30, 2011.
- GASB Statement Number 59, "Financial Instruments Omnibus" will be effective for the City beginning with its year ending June 30, 2011.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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)
12/31/03	\$ 350,683	\$ 1,428,537	\$ 1,077,854	24.55 %	\$ 3,581,940	30.09 %
12/31/04	468,237	1,653,136	1,184,899	28.32	3,803,022	31.16
12/31/05	478,063	1,535,431	1,057,368	31.14	3,893,027	27.16
12/31/06	326,749	1,630,510	1,303,761	20.04	4,309,754	30.25
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

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
2004	\$ 120,551	101 %
2005	136,127	100
2006	147,999	100
2007	131,840	100
2008	151,262	100
2009	157,387	100
2010	193,842	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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases *	Ranging from 4.5% to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	None

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/08	\$ -	\$ 2,758,133	\$ 2,758,133	0.0 %	\$ 20,265,645	13.6 %

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

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2009	\$ 256,304	52.1 %
2010	\$ 256,304	18.7 %

Notes to the Required Schedules:

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

Valuation date	12/31/2008
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	3.75%



MAJOR FUNDS

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



GENERAL FUND

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

City of Jacksonville, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 13,051,100	\$ 10,143,603
Restricted cash and cash equivalents	1,511,035	1,617,186
Taxes receivable (net)	1,737,618	1,589,362
Accounts receivable (net)	4,643,451	5,445,253
Interfund receivables	410,441	887,621
Inventories	19,974	9,734
Prepaid items	26,104	5,976
Total Assets	\$ 21,399,723	\$ 19,698,735
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,101,262	\$ 1,394,673
Due to other funds	-	87
Interfund payable	193,263	119,186
Total Current Liabilities	1,294,525	1,513,946
Noncurrent Liabilities:		
Customer deposits	184,031	196,061
Deferred revenue	1,854,481	1,624,518
Unearned revenue	406,511	372,541
Total Noncurrent Liabilities	2,445,023	2,193,120
Total Liabilities	3,739,548	3,707,066
Fund Balances:		
Fund Balance - Reserved:		
Reserved by state statute	5,026,363	6,294,959
Reserved for compensating balance	625,000	625,000
Reserved for encumbrances	731,558	940,238
Reserved for inventories	19,974	9,734
Reserved for installment purchase	366,044	568,380
Reserved for Powell Bill	329,829	219,458
Reserved for prepaid items	26,104	5,976
Reserved for drug enforcement	4,593	4,593
Total Reserved	7,129,465	8,668,338
Fund Balance - Unreserved/Designated:		
Designated for subsequent year's expenditures	2,407,417	3,487,709
Undesignated	8,123,293	3,835,622
Total Fund Balances	17,660,175	15,991,669
Total Liabilities and Fund Balances	\$ 21,399,723	\$ 19,698,735

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year (net of discounts)	\$ 17,091,344	\$ 17,140,436	\$ 49,092	\$ 16,624,747
Prior years	395,534	409,142	13,608	347,974
Penalties and interest	72,780	177,156	104,376	126,741
Total	<u>17,559,658</u>	<u>17,726,734</u>	<u>167,076</u>	<u>17,099,462</u>
Other taxes and licenses:				
CATV franchise tax	77,025	78,886	1,861	74,583
Privilege licenses	749,139	688,685	(60,454)	732,655
Local option sales tax	4,051,341	4,653,411	602,070	3,642,325
One-half cent sales tax (2003)	1,790,392	1,440,551	(349,841)	2,497,938
One-half cent sales tax (1983)	2,355,278	2,338,790	(16,488)	2,292,415
One-half cent sales tax (1986)	2,332,954	2,211,088	(121,866)	2,275,226
Gross receipt on short term vehicle tax	106,000	154,786	48,786	114,171
Total	<u>11,462,129</u>	<u>11,566,197</u>	<u>104,068</u>	<u>11,629,313</u>
Unrestricted intergovernmental revenues:				
Utility franchise tax	2,738,222	3,038,744	300,522	2,897,192
Beer and wine tax	116,389	116,772	383	347,588
Payment in lieu of taxes (PILOT)	3,900	3,749	(151)	2,310
State Owned Buildings Fire Protection	1,802	2,039	237	2,312
ABC revenue	71,237	65,968	(5,269)	74,993
Onslow County Downtown Master Plan	-	40,000	40,000	-
Total	<u>2,931,550</u>	<u>3,267,272</u>	<u>335,722</u>	<u>3,324,395</u>
Restricted intergovernmental revenues:				
Federal – 104F transportation grant	313,040	237,289	(75,751)	229,176
Federal – FTA Section 5303 grant	24,576	24,576	-	21,784
Federal – DEA Task Force	-	9,004	9,004	14,791
State – Mosquito Control grant	14,630	14,630	-	42,416
State – CAMA permits	200	-	(200)	110
State – Street-aid Allocation	1,826,139	1,826,139	-	1,967,833
State – Wellness Incentive grant	3,000	-	(3,000)	3,000
State – 5303 State grant funds	3,072	3,072	-	2,723
State – Arts Council	1,600	1,223	(377)	2,405
Local – Juvenile Transportation	1,000	245	(755)	200
Local – EAP ongoing grant	3,000	-	(3,000)	3,000
Local – NCLM Safety grant	600	-	(600)	-
Local – Police Dept Community Services Contribution	300	-	(300)	-
Local – NARTEST-Court Ordered Payment	12,000	16,742	4,742	16,402
Local – Transit System (OUTS)	-	-	-	7,000
Total	<u>2,203,157</u>	<u>2,132,920</u>	<u>(70,237)</u>	<u>2,310,840</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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
Permits and fees:				
Taxi permits	\$ 10,558	\$ 11,336	\$ 778	\$ 11,277
Development review fees	50,000	61,150	11,150	138,770
Planning fees	98,000	78,490	(19,510)	-
Inspection fees	667,575	1,245,077	577,502	680,056
Erosion control fees	10,710	9,500	(1,210)	11,350
Fire protection permit	15,000	27,142	12,142	23,533
Nuisance abatement fees	-	17,972	17,972	15,587
Total	851,843	1,450,667	598,824	880,573
Sales and services:				
Utility patching service	22,000	25,831	3,831	25,209
Space rent	15,345	15,345	-	15,345
Recreation fees	384,075	416,807	32,732	401,031
Recreation concession	40,600	40,025	(575)	39,360
Photocopy and map sales	200	430	230	157
Credit reports	4,800	6,122	1,322	5,147
Powell Bill equipment use allowance	30,000	21,866	(8,134)	20,134
Property Leases	2,100	42,736	40,636	1,925
Youth Center	1,043	550	(493)	-
Annexation/street closing petition	-	3,000	3,000	1,500
Funeral escorts	5,800	4,950	(850)	6,350
Wrecker rotation member	7,500	7,750	250	7,500
Miscellaneous Sales	4,200	2,191	(2,009)	5,704
Total	517,663	587,603	69,940	529,362
Investment earnings:				
Investment earnings	143,713	73,054	(70,659)	296,391
Investment earnings - Powell Bill	11,494	1,525	(9,969)	20,709
Total	155,207	74,579	(80,628)	317,100
Miscellaneous:				
Police court fees	55,000	68,794	13,794	59,140
Parking fines	60	-	(60)	40
Program income-Powell Bill	-	-	-	12,000
Miscellaneous	174,766	101,186	(73,580)	108,453
Contributions	10,800	8,253	(2,547)	11,668
ICMA Refund	-	-	-	22,827
Total	240,626	178,233	(62,393)	214,128
Total revenues	35,921,833	36,984,205	1,062,372	36,305,173

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Expenditures:				
General government				
Mayor and Council				
Salaries and employee benefits	\$ -	\$ 60,377	\$ -	\$ 60,379
Operating expenses		129,002		140,304
Contracted services		15,736		-
Other departmental expenses		105,129		126,787
Overhead allocation from General Fund		(107,726)		(102,456)
Total		202,518		225,014
City Manager				
Salaries and employee benefits		400,022		456,763
Operating expenses		41,929		42,552
Contracted services		1,156		1,161
Other departmental expenses		70,871		49,992
Overhead allocation from General Fund		(163,367)		(146,343)
Total		350,611		404,125
Human Resources				
Salaries and employee benefits		339,429		332,706
Operating expenses		176,168		171,623
Contracted services		16,948		3,840
Other departmental expenses		51,663		40,731
Overhead allocation from General Fund		(157,028)		(154,749)
Total		427,180		394,151
City Clerk				
Salaries and employee benefits		146,559		144,882
Operating expenses		20,587		22,727
Contracted services		2,336		-
Other departmental expenses		31,255		35,327
Overhead allocation from General Fund		(27,442)		(23,941)
Total		173,295		178,995
Elections				
Contracted services		24,931		-
Total		24,931		-

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Finance				
Salaries and employee benefits	\$ -	\$ 1,286,865	\$ -	\$ 1,297,903
Operating expenses		220,078		215,782
Maintenance and repairs		8		439
Contracted services		431,067		321,053
Other departmental expenses		191,771		133,960
Capital outlay		-		16,656
Overhead allocation from General Fund		(824,597)		(877,630)
Total		1,305,192		1,108,163
Community Programs				
Salaries and employee benefits		86,751		89,212
Operating expenses		105,817		21,013
Maintenance and repairs		687		256
Contracted services		5,025		32,992
Other departmental expenses		74,868		21,941
Total		273,148		165,414
Legal				
Salaries and employee benefits		166,253		165,119
Operating expenses		14,910		13,997
Contracted services		-		1,299
Other departmental expenses		13,978		4,720
Overhead allocation from General Fund		(116,159)		(115,559)
Total		78,982		69,576
Planning				
Salaries and employee benefits		429,860		431,999
Operating expenses		56,413		85,755
Contracted services		44,730		34,856
Other departmental expenses		58,733		68,949
Overhead allocation from General Fund		(29,731)		(27,934)
Total		560,005		593,625
Transportation				
Salaries and employee benefits		11,552		7,059
Operating expenses		5,618		1,303
Contracted services		385,502		377,159
Other departmental expenses		29,776		16,518
Total		432,448		402,039

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Non-departmental				
Salaries and employee benefits	\$ -	\$ -	\$ -	\$ 162,691
Operating expenses		64,370		70,439
Contracted services		6,621		9,469
Other departmental expenses		1,730		4,321
Reserve for insurance deductible		174,804		183,549
Miscellaneous payments		270,000		270,000
Payment to Onslow County		-		22,470
Bad debts		13,371		4,943
Total		530,896		727,882
Total general government	5,610,687	4,359,206	1,251,481	4,268,984
Public works				
Inspections				
Salaries and employee benefits		612,004		592,405
Operating expenses		78,334		97,036
Maintenance and repairs		85		-
Contracted services		1,654		5,634
Other departmental expenses		96,170		78,116
Capital outlay		34,571		16,758
Total		822,818		789,949
Code Enforcement				
Salaries and employee benefits		229,133		189,885
Operating expenses		17,123		17,201
Contracted services		11,715		13,850
Other departmental expenses		27,366		22,552
Total		285,337		243,488
Administration				
Salaries and employee benefits		44,506		22,807
Operating expenses		3,479		2,706
Other departmental expenses		6,901		4,870
Total		54,886		30,383
Engineering				
Salaries and employee benefits		249,562		211,180
Operating expenses		26,094		22,450
Contracted services		6,220		9,530
Other departmental expenses		34,421		35,525
Street lighting		(3,334)		(433)
Capital outlay		-		18,277
Overhead allocation from General Fund		(134,455)		(285,067)
Total		178,508		11,462

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Maintenance				
Salaries and employee benefits	\$ -	\$ 452,715	\$ -	\$ 561,840
Operating expenses		49,052		97,960
Utilities		12,742		12,819
Maintenance and repairs		24,977		5,878
Contracted services		31,068		40,029
Other departmental expenses		45,029		28,502
Overhead allocation from General Fund		(95,257)		-
Total		<u>520,326</u>		<u>747,028</u>
Streets - Powell Bill				
Salaries and employee benefits		813,627		850,274
Operating expenses		309,761		345,850
Maintenance and repairs		4,218		4,471
Contracted services		10,281		18,160
Total		<u>1,137,887</u>		<u>1,218,755</u>
Streets - Non-Powell Bill				
Salaries and employee benefits		273,027		237,998
Operating expenses		115,907		106,095
Utilities		371,290		369,851
Maintenance and repairs		526		2,202
Street lighting		406,823		-
Contracted services		27,918		47,443
Other departmental expenses		67,070		431,931
Mosquito control		23,184		27,433
Capital outlay		20,429		244,643
Overhead allocation from General Fund		(55,390)		(53,821)
Total		<u>1,250,784</u>		<u>1,413,775</u>
Total public works	<u>4,937,374</u>	<u>4,250,546</u>	<u>686,828</u>	<u>4,454,840</u>
Public safety				
Police				
Salaries and employee benefits		7,822,220		7,685,861
Employer contribution to separation allowance trust fund		193,842		157,387
Operating expenses		1,314,691		1,259,637
Utilities		54,087		48,096
Maintenance and repairs		49,145		56,593
Contracted services		28,713		45,619
Other departmental expenses		1,014,122		827,511
Capital outlay		377,661		596,336
Total		<u>10,854,481</u>		<u>10,677,040</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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Fire				
Salaries and employee benefits	\$ -	\$ 4,638,528	\$ -	\$ 4,487,551
Operating expenses		462,867		399,974
Utilities		78,044		74,691
Maintenance and repairs		33,253		42,139
Contracted services		14,568		9,892
Other departmental expenses		365,229		270,469
Capital outlay		514,230		72,912
Total		<u>6,106,719</u>		<u>5,357,628</u>
Total public safety	<u>18,351,668</u>	<u>16,961,200</u>	<u>1,390,468</u>	<u>16,034,668</u>
Cultural and recreational				
Recreation				
Salaries and employee benefits		1,772,432		1,591,576
Operating expenses		475,281		446,099
Utilities		251,380		249,199
Maintenance and repairs		141,503		118,413
Contracted services		643,201		527,366
Other departmental expenses		315,100		208,621
Capital outlay		57,267		5,748
Total cultural and recreational	<u>3,994,000</u>	<u>3,656,164</u>	<u>337,836</u>	<u>3,147,022</u>
Debt service				
Principal retirements	3,146,137	2,129,525	1,016,612	2,019,770
Interest and fees	1,521,563	258,864	1,262,699	311,838
Total debt service	<u>4,667,700</u>	<u>2,388,389</u>	<u>2,279,311</u>	<u>2,331,608</u>
Total expenditures	<u>37,561,429</u>	<u>31,615,505</u>	<u>5,945,924</u>	<u>30,237,122</u>
Revenues over (under) expenditures	<u>(1,639,596)</u>	<u>5,368,700</u>	<u>7,008,296</u>	<u>6,068,051</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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Other financing sources (uses):				
Debt issued	\$ 1,371,416	\$ 1,278,432	\$ (92,984)	\$ 1,389,995
Appropriated fund balance	4,389,704	-	(4,389,704)	-
Sales of general capital assets	50,000	189,099	139,099	41,014
Sales of capital assets - Powell Bill	15,000	11,891	(3,109)	14,333
Transfers in--				
From Major Capital Project Fund	1,815,609	168,680	(1,646,929)	3,526
From Non-Major Governmental Fund	564,920	536,922	(27,998)	623,534
From Non-Major Enterprise Fund	80,185	80,185	-	75,085
From Internal Service Fund	82	81	(1)	16,076
Transfers (out)--				
To Major Capital Project Fund	(1,696,196)	(1,696,196)	-	(2,368,218)
To Major Enterprise Fund	(2,634,406)	(2,004,406)	630,000	(2,917,828)
To Non-Major Governmental Fund	(2,059,841)	(2,059,841)	-	(2,208,446)
To Non-Major Enterprise Fund	(200,000)	(200,000)	-	-
To Internal Service Fund	(56,877)	(5,041)	51,836	-
Total other financing (uses)	<u>1,639,596</u>	<u>(3,700,194)</u>	<u>(5,339,790)</u>	<u>(5,330,929)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,668,506</u>	<u>\$ 1,668,506</u>	<u>737,122</u>
Fund balance:				
Beginning of year, July 1		<u>15,991,669</u>		<u>15,254,547</u>
End of year, June 30		<u>\$ 17,660,175</u>		<u>\$ 15,991,669</u>

MAJOR CAPITAL PROJECTS FUND

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

Individual Project Descriptions:

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

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

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

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

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

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

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

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

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.

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

MAJOR CAPITAL PROJECTS FUND

(Continued)

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

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

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

Sturgeon City Boardwalk 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.

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

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

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

Youth Center Phase II Capital Project – accounts for the funds used for improvements to the Jacksonville Youth Center.

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

Kerr Street Tennis Courts Capital Project – accounts for funds used in the rehabilitation of the Kerr Street Tennis Courts.

Public/Private Infrastructure Partnership Capital Project – accounts for funds used in joint construction efforts through the Public/Private Infrastructure Partnership.

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

MAJOR CAPITAL PROJECTS FUND

(Continued)

Jacksonville High School Tennis Courts Capital Project – accounts for funds used in the rehabilitation of the Jacksonville High School Tennis Courts.

Riverwalk Crossing Fountain Capital Project – accounts for funds used for the relocation of the Riverwalk Crossing Fountain.

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

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

Riverwalk Crossing Improvements Capital Project – accounts for funds used in the rehabilitation of the Riverwalk Crossing Park.

Renovation of Northwoods Fire Station Capital Project – accounts for funds used in the renovation of the Northwoods Fire Station.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Comparative Balance Sheets
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 5,354,109	\$ 2,630,304
Accounts Receivable (net)	263,348	98,560
Interfund receivable	-	2,681,000
Total Assets	<u>\$ 5,617,457</u>	<u>\$ 5,409,864</u>
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 475,704	\$ 327,559
Deferred revenue	557	-
Interfund payable	147,253	31,296
Total Liabilities	<u>623,514</u>	<u>358,855</u>
Fund Balances:		
Reserved for encumbrances	2,064,503	503,122
Unreserved, designated for subsequent year's expenditures	2,929,440	4,560,339
Unreserved, undesignated	-	(12,452)
Total Fund Balances	<u>4,993,943</u>	<u>5,051,009</u>
Total Liabilities and Fund Balances	<u>\$ 5,617,457</u>	<u>\$ 5,409,864</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Restricted intergovernmental revenues:					
Water Access Grant	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ -
NC Transp Enhancement Grant	1,837,582	1,187,582	-	1,187,582	(650,000)
Bike/Pedestrian Grant	400,000	400,000	-	400,000	-
LWCF Grant	231,676	231,676	-	231,676	-
Part F Grant	1,325,000	500,000	-	500,000	(825,000)
104F Transportation	108,000	51,054	69,844	120,898	12,898
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	30,876	12,876	-	12,876	(18,000)
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Contribution - Onslow County	95,307	95,307	-	95,307	-
NCDENR	450,000	29,748	203,069	232,817	(217,183)
Total restricted intergovernmental revenues	4,893,513	2,920,484	272,913	3,193,397	(1,700,116)
Investment earnings	681,504	549,347	1,082	550,429	(131,075)
Miscellaneous Revenues	56,469	31,468	-	31,468	(25,001)
Contributions	54,303	54,302	-	54,302	(1)
Total revenues	5,685,789	3,555,601	273,995	3,829,596	(1,856,193)
Expenditures:					
General Government	12,458,005	8,461,190	82,610	8,543,800	3,914,205
Public Works	435,500	4,672	-	4,672	430,828
Public Safety	30,083,740	1,228,203	2,088,241	3,316,444	26,767,296
Cultural and Recreation	15,447,985	9,920,207	529,287	10,449,494	4,998,490
Non Capitalized Expenditures	1,996,739	729,121	371,482	1,100,603	896,135
Total expenditures	60,421,969	20,343,393	3,071,620	23,415,013	37,006,956
Revenues (under) expenditures	(54,736,180)	(16,787,792)	(2,797,625)	(19,585,417)	35,150,763
Other financing sources (uses):					
Sale of Capital Assets	100,000	100,000	-	100,000	-
Debt issued	39,559,172	7,755,423	-	7,755,423	(31,803,749)
Transfers in--					
From Capital Reserve Fund	10,056,642	8,857,312	1,199,330	10,056,642	-
From General Fund	6,954,854	5,258,658	1,696,196	6,954,854	-
From Capital Projects	30,000	30,000	-	30,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(34,510)	(34,509)	-	(34,509)	1
To General Fund	(1,914,083)	(112,188)	(154,967)	(267,155)	1,646,928
To Capital Projects Fund	(30,000)	(30,000)	-	(30,000)	-
Total other financing sources	54,736,180	21,838,801	2,740,559	24,579,360	(30,156,820)
Net Change In Fund Balance	\$ -	\$ 5,051,009	\$ (57,066)	\$ 4,993,943	\$ 4,993,943

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2010
With Comparative Totals for June 30, 2009

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>Sturgeon City</u>	<u>Sturgeon City Park</u>	<u>Police Remodeling</u>	<u>NC24 Culvert Trail</u>
Assets						
Current Assets:						
Cash and cash equivalents	\$ 167,104	\$ 421,315	\$ 67,848	\$ 4,836	\$ 13,752	\$ 218,905
Accounts receivable	-	-	-	-	-	29,813
Interfund receivable	-	-	-	-	-	-
Total Current Assets	<u>167,104</u>	<u>421,315</u>	<u>67,848</u>	<u>4,836</u>	<u>13,752</u>	<u>248,718</u>
Total Assets	<u>\$ 167,104</u>	<u>\$ 421,315</u>	<u>\$ 67,848</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>	<u>\$ 248,718</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 306,053	\$ 239	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>306,053</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved for encumbrances	-	130,124	-	-	-	107,277
Unreserved, designated for subsequent year's expenditures	167,104	(14,862)	67,609	4,836	13,752	141,441
Unreserved, undesignated	-	-	-	-	-	-
Total Fund Balance	<u>167,104</u>	<u>115,262</u>	<u>67,609</u>	<u>4,836</u>	<u>13,752</u>	<u>248,718</u>
Total Liabilities and Fund Balances	<u>\$ 167,104</u>	<u>\$ 421,315</u>	<u>\$ 67,848</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>	<u>\$ 248,718</u>

Statement 5

Marine Corps Museum	Wilson Bay Initiative	Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Traffic Signal Preemption
\$ 751,164	\$ 33,140	\$ 38,702	\$ 10,262	\$ 72,265	\$ 13,105
718	-	-	-	-	-
-	-	-	-	-	-
<u>751,882</u>	<u>33,140</u>	<u>38,702</u>	<u>10,262</u>	<u>72,265</u>	<u>13,105</u>
<u>\$ 751,882</u>	<u>\$ 33,140</u>	<u>\$ 38,702</u>	<u>\$ 10,262</u>	<u>\$ 72,265</u>	<u>\$ 13,105</u>
\$ -	\$ 1,702	\$ -	\$ 6,018	\$ 10,525	\$ -
557	-	-	-	-	-
-	-	-	-	-	-
<u>557</u>	<u>1,702</u>	<u>-</u>	<u>6,018</u>	<u>10,525</u>	<u>-</u>
-	-	-	6,018	-	-
751,325	31,438	38,702	(1,774)	61,740	13,105
-	-	-	-	-	-
<u>751,325</u>	<u>31,438</u>	<u>38,702</u>	<u>4,244</u>	<u>61,740</u>	<u>13,105</u>
<u>\$ 751,882</u>	<u>\$ 33,140</u>	<u>\$ 38,702</u>	<u>\$ 10,262</u>	<u>\$ 72,265</u>	<u>\$ 13,105</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet (Continued)
 June 30, 2010
 With Comparative Totals for June 30, 2009

	Country Club Park	Richard Ray All America Park	Jacksonville Commons Phase II	Sturgeon City Boardwalk III	West Gum Branch Fire Station	Indoor Facility Brynn Marr
Assets						
Current Assets:						
Cash and cash equivalents	\$ 41,820	\$ 4,231	\$ 3,937	\$ -	\$ 190,933	\$ 11,207
Accounts receivable	-	-	-	232,817	-	-
Interfund receivable	-	-	-	-	-	-
Total Current Assets	<u>41,820</u>	<u>4,231</u>	<u>3,937</u>	<u>232,817</u>	<u>190,933</u>	<u>11,207</u>
Total Assets	<u>\$ 41,820</u>	<u>\$ 4,231</u>	<u>\$ 3,937</u>	<u>\$ 232,817</u>	<u>\$ 190,933</u>	<u>\$ 11,207</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,288	\$ 13,170	\$ -	\$ -
Deferred revenue	-	-	-	147,253	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,288</u>	<u>160,423</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved for encumbrances	-	-	-	1,500	-	-
Unreserved, designated for subsequent year's expenditures	41,820	4,231	(351)	70,894	190,933	11,207
Unreserved, undesignated	-	-	-	-	-	-
Total Fund Balance	<u>41,820</u>	<u>4,231</u>	<u>(351)</u>	<u>72,394</u>	<u>190,933</u>	<u>11,207</u>
Total Liabilities and Fund Balances	<u>\$ 41,820</u>	<u>\$ 4,231</u>	<u>\$ 3,937</u>	<u>\$ 232,817</u>	<u>\$ 190,933</u>	<u>\$ 11,207</u>

Statement 5
continued.

<u>Police/Fire Facility</u>	<u>Carolina Forest Park</u>	<u>Youth Center Phase II</u>	<u>Firing Range Improvements</u>	<u>Public/Private Infrastructure Partnership</u>	<u>Buddy Phillips Bridge Improvements</u>
\$ 2,155,090	\$ 129,840	\$ 19,199	\$ 17,380	\$ 85,328	\$ 345,500
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,155,090</u>	<u>129,840</u>	<u>19,199</u>	<u>17,380</u>	<u>85,328</u>	<u>345,500</u>
<u>\$ 2,155,090</u>	<u>\$ 129,840</u>	<u>\$ 19,199</u>	<u>\$ 17,380</u>	<u>\$ 85,328</u>	<u>\$ 345,500</u>
\$ 128,509	\$ -	\$ -	\$ 5,200	\$ -	\$ -
-	-	-	-	-	-
<u>128,509</u>	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>-</u>	<u>-</u>
1,813,213	-	-	5,307	-	-
213,368	129,840	19,199	6,873	85,328	345,500
-	-	-	-	-	-
<u>2,026,581</u>	<u>129,840</u>	<u>19,199</u>	<u>12,180</u>	<u>85,328</u>	<u>345,500</u>
<u>\$ 2,155,090</u>	<u>\$ 129,840</u>	<u>\$ 19,199</u>	<u>\$ 17,380</u>	<u>\$ 85,328</u>	<u>\$ 345,500</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet (Continued)
 June 30, 2010
 With Comparative Totals for June 30, 2009

	Jacksonville High School Tennis Courts	Georgetown Water Access Site	Renovation of Northwoods Fire Station	Totals	
				June 30, 2010	June 30, 2009
Assets					
Current Assets:					
Cash and cash equivalents	\$ 217	\$ 500,000	\$ 37,029	\$ 5,354,109	\$ 2,630,304
Accounts receivable	-	-	-	263,348	98,560
Interfund receivable	-	-	-	-	2,681,000
Total Current Assets	217	500,000	37,029	5,617,457	5,409,864
Total Assets	\$ 217	\$ 500,000	\$ 37,029	\$ 5,617,457	\$ 5,409,864
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 475,704	\$ 327,559
Deferred revenue	-	-	-	557	-
Interfund payable	-	-	-	147,253	31,296
Total Liabilities	-	-	-	623,514	358,855
Fund Balances:					
Reserved for encumbrances	-	-	1,064	2,064,503	503,122
Unreserved, designated for subsequent year's expenditures	217	500,000	35,965	2,929,440	4,560,339
Unreserved, undesignated	-	-	-	-	(12,452)
Total Fund Balance	217	500,000	37,029	4,993,943	5,051,009
Total Liabilities and Fund Balances	\$ 217	\$ 500,000	\$ 37,029	\$ 5,617,457	\$ 5,409,864



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, 2010

With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>Sturgeon City</u>	<u>Sturgeon City Park</u>	<u>Police Remodeling</u>
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	520	-	-	-
Total revenues	<u>-</u>	<u>520</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Capital Outlay:					
General Government	-	67,820	5,492	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	723	-	-	-	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	<u>723</u>	<u>67,820</u>	<u>5,492</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(723)</u>	<u>(67,300)</u>	<u>(5,492)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	2,268	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,268</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(723)	(67,300)	(3,224)	-	-
Fund balances:					
Beginning of year, July 1	<u>167,827</u>	<u>182,562</u>	<u>70,833</u>	<u>4,836</u>	<u>13,752</u>
End of year, June 30	<u>\$ 167,104</u>	<u>\$ 115,262</u>	<u>\$ 67,609</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>

NC24 Culvert Trail	Marine Corps Museum	Wilson Bay Initiative	Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Traffic Signal Preemption
\$ 69,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	497	-	65	-	-	-
69,844	497	-	65	-	-	-
-	-	3,281	-	6,017	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
87,305	-	-	-	-	-	-
-	-	-	346,041	-	25,441	-
87,305	-	3,281	346,041	6,017	25,441	-
(17,461)	497	(3,281)	(345,976)	(6,017)	(25,441)	-
180,000	100,000	-	100,000	-	60,000	-
-	-	-	-	-	-	-
180,000	100,000	-	100,000	-	60,000	-
162,539	100,497	(3,281)	(245,976)	(6,017)	34,559	-
86,179	650,828	34,719	284,678	10,261	27,181	13,105
<u>\$ 248,718</u>	<u>\$ 751,325</u>	<u>\$ 31,438</u>	<u>\$ 38,702</u>	<u>\$ 4,244</u>	<u>\$ 61,740</u>	<u>\$ 13,105</u>

Continued on next page.

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

For the Fiscal Year Ended June 30, 2010

With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Country Club Park</u>	<u>Richard Ray All America Park</u>	<u>Jacksonville Commons Phase II</u>	<u>Sturgeon City Boardwalk III</u>	<u>West Gum Branch Fire Station</u>
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 203,069	\$ -
Investment earnings	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,069</u>	<u>-</u>
Expenditures:					
Capital Outlay:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	5,345	30,317	6,507	280,675	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	<u>5,345</u>	<u>30,317</u>	<u>6,507</u>	<u>280,675</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,345)</u>	<u>(30,317)</u>	<u>(6,507)</u>	<u>(77,606)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	47,000	-	50,000	-
Transfers (out)	-	-	-	-	(55,567)
Total other financing sources	<u>-</u>	<u>47,000</u>	<u>-</u>	<u>50,000</u>	<u>(55,567)</u>
Net change in fund balance	(5,345)	16,683	(6,507)	(27,606)	(55,567)
Fund balances:					
Beginning of year, July 1	47,165	(12,452)	6,156	100,000	246,500
End of year, June 30	<u>\$ 41,820</u>	<u>\$ 4,231</u>	<u>\$ (351)</u>	<u>\$ 72,394</u>	<u>\$ 190,933</u>

Indoor Facility Brynn Marr	Police/Fire Facility	Carolina Forest Park	Youth Center Phase II	Firing Range Improvements	Kerr Street Tennis Courts	Public/Private Infrastructure Partnership
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,000,200	-	-	73,320	-	-
-	-	5,345	-	-	94,787	-
-	-	-	-	-	-	-
-	2,000,200	5,345	-	73,320	94,787	-
-	(2,000,200)	(5,345)	-	(73,320)	(94,787)	-
-	1,646,928	-	-	51,000	-	30,000
(35,853)	-	-	-	-	(5,467)	-
(35,853)	1,646,928	-	-	51,000	(5,467)	30,000
(35,853)	(353,272)	(5,345)	-	(22,320)	(100,254)	30,000
47,060	2,379,853	135,185	19,199	34,500	100,254	55,328
\$ 11,207	\$ 2,026,581	\$ 129,840	\$ 19,199	\$ 12,180	\$ -	\$ 85,328

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Buddy Phillips Bridge Improvements	Jacksonville High School Tennis Courts	Riverwalk Crossing Fountain	Georgetown Water Access Site
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	-	18,283	-	-
Non-capitalized expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>18,283</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(18,283)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	47,080	9,500	500,000
Transfers (out)	-	(28,580)	(9,500)	-
Total other financing sources	<u>-</u>	<u>18,500</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	-	217	-	500,000
Fund balances:				
Beginning of year, July 1	<u>345,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year, June 30	<u>\$ 345,500</u>	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ 500,000</u>

Schedule 6,
continued.

Phillips Park	Riverwalk Crossing Improvements	Renovation of Northwoods Fire Station	Totals	
			June 30, 2010	June 30, 2009
\$ -	\$ -	\$ -	\$ 272,913	\$ 105,802
-	-	-	1,082	17,201
-	-	-	273,995	123,003
-	-	-	82,610	71,781
-	-	-	-	4,672
-	-	14,721	2,088,241	1,129,664
-	-	-	529,287	748,327
-	-	-	371,482	446,984
-	-	14,721	3,071,620	2,401,428
-	-	(14,721)	(2,797,625)	(2,278,425)
10,000	10,000	51,750	2,895,526	3,140,718
(10,000)	(10,000)	-	(154,967)	(299,489)
-	-	51,750	2,740,559	2,841,229
-	-	37,029	(57,066)	562,804
-	-	-	5,051,009	4,488,205
\$ -	\$ -	\$ 37,029	\$ 4,993,943	\$ 5,051,009

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
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	<u>1,697,271</u>	<u>1,666,598</u>	<u>-</u>	<u>1,666,598</u>	<u>(30,673)</u>
Expenditures:					
Capital outlay:					
Other improvements		5,552,730	723	5,553,453	
Total expenditures	<u>5,751,230</u>	<u>5,552,730</u>	<u>723</u>	<u>5,553,453</u>	<u>197,777</u>
Revenues (under) expenditures	<u>(4,053,959)</u>	<u>(3,886,132)</u>	<u>(723)</u>	<u>(3,886,855)</u>	<u>167,104</u>
Other financing sources (uses):					
Debt issued	674,466	674,466	-	674,466	-
Transfers in--					
From General Fund	316,000	316,000	-	316,000	-
From Capital Reserve Fund	3,084,081	3,084,081	-	3,084,081	-
Transfers (out)--					
To General Fund	(112,188)	(112,188)	-	(112,188)	-
To Capital Reserve	(8,400)	(8,400)	-	(8,400)	-
Sale of capital assets	100,000	100,000	-	100,000	-
Total other financing sources	<u>4,053,959</u>	<u>4,053,959</u>	<u>-</u>	<u>4,053,959</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 167,827</u>	<u>(723)</u>	<u>\$ 167,104</u>	<u>\$ 167,104</u>
Fund balance:					
Beginning of year, July 1			<u>167,827</u>		
End of year, June 30			<u>\$ 167,104</u>		

City of Jacksonville, North Carolina
City Hall Expansion Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Contribution - Onslow County	\$ 10,307	\$ 10,308	\$ -	\$ 10,308	\$ 1
Investment earnings	254,554	249,120	520	249,640	(4,914)
Total revenues	264,861	259,428	520	259,948	(4,913)
Expenditures:					
Capital outlay:					
Other improvements		6,917,687	67,820	6,985,507	
Total expenditures	7,105,682	6,917,687	67,820	6,985,507	120,175
Revenues (under) expenditures	(6,840,821)	(6,658,259)	(67,300)	(6,725,559)	115,262
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	90,500	90,500	-	90,500	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	6,840,821	6,840,821	-	6,840,821	-
Net change in fund balance	\$ -	\$ 182,562	(67,300)	\$ 115,262	\$ 115,262
Fund balance:					
Beginning of year, July 1			182,562		
End of year, June 30			\$ 115,262		

City of Jacksonville, North Carolina
Sturgeon City Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Contribution - Onslow County	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Total revenues	35,000	33,459	-	33,459	(1,541)
Expenditures:					
Capital outlay:					
Other improvements		939,013	5,492	944,505	
Total expenditures	4,683,655	939,013	5,492	944,505	3,739,150
Revenues (under) expenditures	(4,648,655)	(905,554)	(5,492)	(911,046)	3,737,609
Other financing sources (uses):					
Debt issued	3,670,000	-	-	-	(3,670,000)
Transfers in--					
From Capital Reserve Fund	1,008,654	1,008,654	-	1,008,654	-
From General Fund	20,001	17,733	2,268	20,001	-
Transfers (out)--					
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
To Capital Reserve	(20,000)	(20,000)	-	(20,000)	-
Total other financing sources	4,648,655	976,387	2,268	978,655	(3,670,000)
Net change in fund balance	\$ -	\$ 70,833	(3,224)	\$ 67,609	\$ 67,609
Fund balance:					
Beginning of year, July 1			70,833		
End of year, June 30			\$ 67,609		

City of Jacksonville, North Carolina
Sturgeon City Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
LWCF grant	\$ 231,676	\$ 231,676	\$ -	\$ 231,676	\$ -
Water Access Grant	200,000	200,000	-	200,000	-
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
Total revenues	<u>623,748</u>	<u>622,458</u>	<u>-</u>	<u>622,458</u>	<u>(1,290)</u>
Expenditures:					
Capital outlay:					
Other improvements		946,697	-	946,697	
Total expenditures	<u>952,823</u>	<u>946,697</u>	<u>-</u>	<u>946,697</u>	<u>6,126</u>
Revenues (under) expenditures	<u>(329,075)</u>	<u>(324,239)</u>	<u>-</u>	<u>(324,239)</u>	<u>4,836</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	275,075	275,075	-	275,075	-
From General Fund	24,000	24,000	-	24,000	-
From Capital Projects	30,000	30,000	-	30,000	-
Total other financing sources	<u>329,075</u>	<u>329,075</u>	<u>-</u>	<u>329,075</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,836</u>	<u>-</u>	<u>\$ 4,836</u>	<u>\$ 4,836</u>
Fund Balance:					
Beginning of year, July 1			<u>4,836</u>		
End of year, June 30			<u>\$ 4,836</u>		

City of Jacksonville, North Carolina
Police Remodeling Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		98,544	-	98,544	
Total expenditures	112,296	98,544	-	98,544	13,752
Revenues (under) expenditures	(112,296)	(98,544)	-	(98,544)	13,752
Other financing sources:					
Transfers in--					
From General Fund	112,296	112,296	-	112,296	-
Total other financing sources	112,296	112,296	-	112,296	-
Net change in fund balance	\$ -	\$ 13,752	-	\$ 13,752	\$ 13,752
Fund Balance:					
Beginning of year, July 1			13,752		
End of year, June 30			\$ 13,752		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
104F Transportation	\$ 108,000	\$ 51,054	\$ 69,844	\$ 120,898	\$ 12,898
NCDOT Enhancement grant	650,000	-	-	-	(650,000)
Total revenues	758,000	51,054	69,844	120,898	(637,102)
Expenditures:					
Capital outlay:					
Other improvements		141,875	87,305	229,180	
Total expenditures	1,115,000	141,875	87,305	229,180	885,820
Revenues (under) expenditures	(357,000)	(90,821)	(17,461)	(108,282)	248,718
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	357,000	177,000	180,000	357,000	-
Total other financing sources	357,000	177,000	180,000	357,000	-
Net change in fund balance	\$ -	\$ 86,179	162,539	\$ 248,718	\$ 248,718
Fund Balance:					
Beginning of year, July 1			86,179		
End of year, June 30			\$ 248,718		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment Earnings	\$ 82,290	\$ 50,828	\$ 497	\$ 51,325	\$ (30,965)
Total revenues	82,290	50,828	497	51,325	(30,965)
Expenditures:					
Capital outlay:					
Other improvements		100,000	-	100,000	
Total expenditures	882,290	100,000	-	100,000	782,290
Revenues over (under) expenditures	(800,000)	(49,172)	497	(48,675)	751,325
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	800,000	700,000	100,000	800,000	-
Total other financing sources	800,000	700,000	100,000	800,000	-
Net change in fund balance	\$ -	\$ 650,828	100,497	\$ 751,325	\$ 751,325
Fund Balance:					
Beginning of year, July 1			650,828		
End of year, June 30			\$ 751,325		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		258,397	3,281	261,678	
Total expenditures	293,116	258,397	3,281	261,678	31,438
Revenues (under) expenditures	(293,116)	(258,397)	(3,281)	(261,678)	31,438
Other financing sources:					
Transfers in--					
From General Fund	1,391	1,391		1,391	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Total other financing sources	293,116	293,116	-	293,116	-
Net change in fund balance	\$ -	\$ 34,719	(3,281)	\$ 31,438	\$ 31,438
Fund Balance:					
Beginning of year, July 1			34,719		
End of year, June 30			\$ 31,438		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment Earnings	\$ 82,665	\$ 82,352	\$ 65	\$ 82,417	\$ (248)
Total revenues	82,665	82,352	65	82,417	(248)
Expenditures:					
Capital outlay:					
Other improvements		397,674	346,041	743,715	
Total expenditures	782,665	397,674	346,041	743,715	38,950
Revenues over (under) expenditures	(700,000)	(315,322)	(345,976)	(661,298)	38,702
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	700,000	600,000	100,000	700,000	-
Total other financing sources	700,000	600,000	100,000	700,000	-
Net change in fund balance	\$ -	\$ 284,678	(245,976)	\$ 38,702	\$ 38,702
Fund Balance:					
Beginning of year, July 1			284,678		
End of year, June 30			\$ 38,702		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		300,292	6,017	306,309	
Total expenditures	310,552	300,292	6,017	306,309	4,243
Revenues (under) expenditures	(310,552)	(300,292)	(6,017)	(306,309)	4,243
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	
Net change in fund balance	\$ -	\$ 10,261	(6,017)	\$ 4,244	\$ 4,244
Fund Balance:					
Beginning of year, July 1			10,261		
End of year, June 30			\$ 4,244		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
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>
Expenditures:					
Non-capitalized expenditures		160,448	25,441	185,889	
Total expenditures	<u>247,629</u>	<u>160,448</u>	<u>25,441</u>	<u>185,889</u>	<u>61,740</u>
Revenues (under) expenditures	<u>(221,753)</u>	<u>(134,572)</u>	<u>(25,441)</u>	<u>(160,013)</u>	<u>61,740</u>
Other financing sources:					
Transfers in--					
From General Fund	161,753	161,753	-	161,753	-
From Capital Reserve Fund	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total other financing sources	<u>221,753</u>	<u>161,753</u>	<u>60,000</u>	<u>221,753</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,181</u>	34,559	<u>\$ 61,740</u>	<u>\$ 61,740</u>
Fund Balance:					
Beginning of year, July 1			<u>27,181</u>		
End of year, June 30			<u>\$ 61,740</u>		

City of Jacksonville, North Carolina
Traffic Signal Preemption Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment Earnings	\$ 155	\$ 105	\$ -	\$ 105	\$ (50)
Total revenues	155	105	-	105	(50)
Expenditures:					
Non-capitalized expenditures		71,000	-	71,000	
Total expenditures	84,155	71,000	-	71,000	13,155
Revenues (under) expenditures	(84,000)	(70,895)	-	(70,895)	13,105
Other financing sources:					
Debt Issued	16,000	16,000	-	16,000	-
Transfers in--					
From General Fund	68,000	68,000	-	68,000	-
Total other financing sources	84,000	84,000	-	84,000	-
Net change in fund balance	\$ -	\$ 13,105	-	\$ 13,105	\$ 13,105
Fund Balance:					
Beginning of year, July 1			13,105		
End of year, June 30			\$ 13,105		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Part F Grant	\$ 325,000	\$ -	\$ -	\$ -	\$ (325,000)
Total revenues	325,000	-	-	-	(325,000)
Expenditures:					
Capital outlay:					
Other improvements		27,835	5,345	33,180	
Total expenditures	650,000	27,835	5,345	33,180	616,820
Revenues (under) expenditures	(325,000)	(27,835)	(5,345)	(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	\$ -	\$ 47,165	(5,345)	\$ 41,820	\$ 41,820
Fund balance:					
Beginning of year, July 1			47,165		
End of year, June 30			\$ 41,820		

City of Jacksonville, North Carolina
Richard Ray All America Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Part F grant	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Contribution	53,503	53,502	-	53,502	(1)
Miscellaneous	14,369	14,368	-	14,368	(1)
Total revenues	317,872	317,870	-	317,870	(2)
Expenditures:					
Capital outlay:					
Other improvements		711,822	30,317	742,139	
Total expenditures	746,372	711,822	30,317	742,139	4,233
Revenues (under) expenditures	(428,500)	(393,952)	(30,317)	(424,269)	4,231
Other financing sources (uses):					
Transfers in--					
From General Fund	297,000	250,000	47,000	297,000	-
From Capital Reserve Fund	135,000	135,000	-	135,000	-
Transfers (out)--					
To Capital Reserve Fund	(3,500)	(3,500)	-	(3,500)	-
Total other financing sources	428,500	381,500	47,000	428,500	-
Net change in fund balance	\$ -	\$ (12,452)	16,683	\$ 4,231	\$ 4,231
Fund balance:					
Beginning of year, July 1			(12,452)		
End of year, June 30			\$ 4,231		

City of Jacksonville, North Carolina
Jacksonville Commons Phase II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Part F Grant	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Onslow County Contributions	60,000	60,000	-	60,000	-
Contributions	17,100	17,100	-	17,100	-
Investment Earnings	152,951	88,726	-	88,726	(64,225)
Total revenues	480,051	415,826	-	415,826	(64,225)
Expenditures:					
Capital outlay:					
Construction in progress		2,470,374	6,507	2,476,881	
Total expenditures	2,540,755	2,470,374	6,507	2,476,881	63,874
Revenues (under) expenditures	(2,060,704)	(2,054,548)	(6,507)	(2,061,055)	(351)
Other financing sources (uses):					
Debt issued	1,931,841	1,931,841	-	1,931,841	-
Transfers in--					
From Capital Reserve Fund	128,863	128,863	-	128,863	-
Total other financing sources	2,060,704	2,060,704	-	2,060,704	-
Net change in fund balance	\$ -	\$ 6,156	(6,507)	\$ (351)	\$ (351)
Fund balance:					
Beginning of year, July 1			6,156		
End of year, June 30			\$ (351)		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
NCDENR	\$ 450,000	\$ 29,748	\$ 203,069	\$ 232,817	\$ (217,183)
Total revenues	450,000	29,748	203,069	232,817	(217,183)
Expenditures:					
Capital outlay:					
Other improvements		29,748	280,675	310,423	
Total expenditures	600,000	29,748	280,675	310,423	289,577
Revenues (under) expenditures	(150,000)	-	(77,606)	(77,606)	72,394
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	150,000	100,000	50,000	150,000	-
Total other financing sources	150,000	100,000	50,000	150,000	-
Net change in fund balance	\$ -	\$ 100,000	(27,606)	\$ 72,394	\$ 72,394
Fund Balance:					
Beginning of year, July 1			100,000		
End of year, June 30			\$ 72,394		

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, 2009

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	2,690,933	-	-	-	2,690,933
Revenues (under) expenditures	(2,690,933)	-	-	-	2,690,933
Other financing sources:					
Debt issued	2,500,000	-	-	-	(2,500,000)
Transfers in --					
From General Fund	246,500	246,500	-	246,500	-
Transfers (out)--					
To General Fund	(55,567)	-	(55,567)	(55,567)	-
Total other financing sources	2,690,933	246,500	(55,567)	190,933	(2,500,000)
Net change in fund balance	\$ -	\$ 246,500	(55,567)	\$ 190,933	\$ 190,933
Fund Balance:					
Beginning of year, July 1			246,500		
End of year, June 30			\$ 190,933		

City of Jacksonville, North Carolina
Indoor Facility Brynn Marr Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		2,940	-	2,940	
Total expenditures	1,314,147	2,940	-	2,940	1,311,207
Revenues (under) expenditures	(1,314,147)	(2,940)	-	(2,940)	1,311,207
Other financing sources:					
Debt issued	1,300,000	-	-	-	(1,300,000)
Transfers in --					
From General Fund	50,000	50,000	-	50,000	-
Transfers (out)--					
To General Fund	(35,853)	-	(35,853)	(35,853)	-
Total other financing sources	1,314,147	50,000	(35,853)	14,147	(1,300,000)
Net change in fund balance	\$ -	\$ 47,060	(35,853)	\$ 11,207	\$ 11,207
Fund Balance:					
Beginning of year, July 1			47,060		
End of year, June 30			\$ 11,207		

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, 2010

	Project Authorization	Actual		Variance Positive (Negative)
		Prior Years	Current Year	
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Other improvements		1,129,659	2,000,200	3,129,859
Total expenditures	26,708,261	1,129,659	2,000,200	3,129,859
Revenues (under) expenditures	(26,708,261)	(1,129,659)	(2,000,200)	(3,129,859)
Other financing sources:				
Debt Issued	23,198,749	-	-	(23,198,749)
Transfers in --				
From General Fund	5,156,440	3,509,512	1,646,928	-
Transfers (out)--				
To General Fund	(1,646,928)	-	-	1,646,928
Total other financing sources	26,708,261	3,509,512	1,646,928	(21,551,821)
Net change in fund balance	\$ -	\$ 2,379,853	(353,272)	\$ 2,026,581
Fund Balance:				
Beginning of year, July 1			2,379,853	
End of year, June 30			\$ 2,026,581	

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Part F Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures:					
Capital outlay:					
Other improvements		9,440	5,345	14,785	
Total expenditures	1,094,625	9,440	5,345	14,785	1,079,840
Revenues (under) expenditures	(594,625)	(9,440)	(5,345)	(14,785)	579,840
Other financing sources:					
Debt Issued	450,000	-	-	-	(450,000)
Transfers in --					
From General Fund	144,625	144,625	-	144,625	-
Total other financing sources	594,625	144,625	-	144,625	(450,000)
Net change in fund balance	\$ -	\$ 135,185	(5,345)	\$ 129,840	\$ 129,840
Fund Balance:					
Beginning of year, July 1			135,185		
End of year, June 30			\$ 129,840		

City of Jacksonville, North Carolina
Youth Center 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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		45,801	-	45,801	
Total expenditures	65,000	45,801	-	45,801	19,199
Revenues (under) expenditures	(65,000)	(45,801)	-	(45,801)	19,199
Other financing sources:					
Transfers in --					
From General Fund	65,000	65,000	-	65,000	-
Total other financing sources	65,000	65,000	-	65,000	-
Net change in fund balance	\$ -	\$ 19,199	-	\$ 19,199	\$ 19,199
Fund Balance:					
Beginning of year, July 1			19,199		
End of year, June 30			\$ 19,199		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	73,320	73,320	
Total expenditures	85,500	-	73,320	73,320	12,180
Revenues (under) expenditures	(85,500)	-	(73,320)	(73,320)	12,180
Other financing sources:					
Transfers in --					
From General Fund	34,500	34,500	-	34,500	-
From Capital Reserve Fund	51,000	-	51,000	51,000	-
Total other financing sources	85,500	34,500	51,000	85,500	-
Net change in fund balance	\$ -	\$ 34,500	(22,320)	\$ 12,180	\$ 12,180
Fund Balance:					
Beginning of year, July 1			34,500		
End of year, June 30			\$ 12,180		

City of Jacksonville, North Carolina
Kerr Street Tennis Courts Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		26,746	94,787	121,533	
Total expenditures	121,533	26,746	94,787	121,533	-
Revenues (under) expenditures	(121,533)	(26,746)	(94,787)	(121,533)	-
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	127,000	127,000	-	127,000	-
Transfers (out)--					
To General Fund	(5,467)	-	(5,467)	(5,467)	-
Total other financing sources	121,533	127,000	(5,467)	121,533	
Net change in fund balance	\$ -	\$ 100,254	(100,254)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			100,254		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Public/Private Infrastructure Partnership Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		4,672	-	4,672	
Total expenditures	90,000	4,672	-	4,672	85,328
Revenues (under) expenditures	(90,000)	(4,672)	-	(4,672)	85,328
Other financing sources:					
Transfers in --					
From General Fund	60,000	60,000	-	60,000	-
From Capital Reserve Fund	30,000	-	30,000	30,000	-
Total other financing sources	90,000	60,000	30,000	90,000	-
Net change in fund balance	\$ -	\$ 55,328	30,000	\$ 85,328	\$ 85,328
Fund Balance:					
Beginning of year, July 1			55,328		
End of year, June 30			\$ 85,328		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	345,500	-	-	-	345,500
Revenues (under) expenditures	(345,500)	-	-	-	345,500
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	-	\$ 345,500	\$ 345,500
Fund Balance:					
Beginning of year, July 1			345,500		
End of year, June 30			\$ 345,500		

City of Jacksonville, North Carolina
Jacksonville High School Tennis Courts Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	18,283	18,283	
Total expenditures	18,500	-	18,283	18,283	217
Revenues (under) expenditures	(18,500)	-	(18,283)	(18,283)	217
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	47,080	-	47,080	47,080	-
Transfers (out)--					
To General Fund	(28,580)	-	(28,580)	(28,580)	-
Total other financing sources	18,500		18,500	18,500	
Net change in fund balance	\$ -	\$ -	217	\$ 217	\$ 217
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 217		

City of Jacksonville, North Carolina
Riverwalk Crossing 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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Contribution - Onslow County	\$ 18,000	\$ -	\$ -	\$ -	\$ (18,000)
Miscellaneous Revenue	25,000	-	-	-	(25,000)
Total revenues	43,000	-	-	-	(43,000)
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	43,000	-	-	-	43,000
Revenues (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	9,500	-	9,500	9,500	-
Transfers (out)--					
To General Fund	(9,500)	-	(9,500)	(9,500)	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

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, 2010

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

City of Jacksonville, North Carolina
Phillips Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	-	-	-	-	-
Revenues (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	10,000	-	10,000	10,000	-
Transfers (out)--					
To General Fund	(10,000)	-	(10,000)	(10,000)	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Riverwalk Crossing 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, 2010

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

City of Jacksonville, North Carolina
Renovation 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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	14,721	14,721	
Total expenditures	486,750	-	14,721	14,721	472,029
Revenues (under) expenditures	(486,750)	-	(14,721)	(14,721)	472,029
Other financing sources:					
Debt Issued	435,000	-	-	-	(435,000)
Transfers in --					
From Capital Reserve Fund	51,750	-	51,750	51,750	-
Total other financing sources	486,750	-	51,750	51,750	(435,000)
Net change in fund balance	\$ -	\$ -	37,029	\$ 37,029	\$ 37,029
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 37,029		

WATER AND SEWER FUND

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

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Net Assets
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 21,754,774	\$ 534,833
Accounts receivable (net)	3,195,096	2,228,429
Interfund receivables	-	2,850
Inventories	351,362	427,382
Prepaid items	2,170	-
Total Current Assets	<u>25,303,402</u>	<u>3,193,494</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	2,337,676	10,145
Capital assets (net)	<u>137,384,168</u>	<u>121,679,019</u>
Total Noncurrent Assets	<u>139,721,844</u>	<u>121,689,164</u>
Total Assets	<u>165,025,246</u>	<u>124,882,658</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	3,987,515	6,640,408
Interfund payable	39,883	7,302,728
Compensated absences payable-current	106,959	95,173
Installment purchases payable-current	2,009,165	2,996,460
Loans payable-current	4,266,584	3,664,607
Bonds payable-current	<u>837,424</u>	<u>-</u>
Total Current Liabilities	<u>11,247,530</u>	<u>20,699,376</u>
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	84,375	83,850
Unearned revenue	146,368	144,003
Customer deposits	602,609	551,985
Other postemployment benefits	12,717	4,388
Installment purchases payable-noncurrent	9,686,976	12,722,460
Loans payable-noncurrent	52,717,627	32,488,886
Bonds payable-noncurrent	<u>25,256,197</u>	<u>-</u>
Total Noncurrent Liabilities	<u>88,506,869</u>	<u>45,995,572</u>
Total Liabilities	<u>99,754,399</u>	<u>66,694,948</u>
Net Assets		
Invested in capital assets, net of related debt	44,947,871	69,816,751
Unrestricted	<u>20,322,976</u>	<u>(11,629,041)</u>
Total Net Assets	<u>\$ 65,270,847</u>	<u>\$ 58,187,710</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 25,432,654	\$ 19,585,091
Total operating revenues	<u>25,432,654</u>	<u>19,585,091</u>
Operating expenses:		
Water/Sewer Operations	6,129,570	5,839,949
Water Supply	1,459,916	1,090,315
Wastewater Treatment	1,741,247	1,700,490
Non-capitalized expenses - projects	599,200	1,626,593
Depreciation	7,661,659	5,802,292
Total operating expenses	<u>17,591,592</u>	<u>16,059,639</u>
Operating income	<u>7,841,062</u>	<u>3,525,452</u>
Nonoperating revenues (expenses):		
Investment earnings	106,670	73,060
Assessments collected	-	1,294
Interest collected on assessments	1,901	1,507
Gain on sale of capital assets	39,922	25,779
Internal asset transfer	-	-
Interest on long-term debt	(2,014,372)	(993,257)
Refunds	2,854	-
Total nonoperating (expenses)	<u>(1,863,025)</u>	<u>(891,617)</u>
Income before capital contributions and transfers	<u>5,978,037</u>	<u>2,633,835</u>
Capital contributions:		
Developer contributions	799,642	1,997,949
Total capital contributions	<u>799,642</u>	<u>1,997,949</u>
Income before transfers	<u>6,777,679</u>	<u>4,631,784</u>
Transfers:		
Transfers in	505,458	830,001
Transfers out	(200,000)	-
Total transfers	<u>305,458</u>	<u>830,001</u>
Increase in Net Assets	7,083,137	5,461,785
Net Assets		
Beginning of year, July 1	<u>58,187,710</u>	<u>52,725,925</u>
End of year, June 30	<u>\$ 65,270,847</u>	<u>\$ 58,187,710</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 24,401,680	\$ 19,439,729
Cash paid for goods and services	(7,534,627)	(1,836,867)
Cash paid to employees	(4,887,040)	(4,733,441)
Customer deposits	50,624	50,356
Net cash provided by operating activities	<u>12,030,637</u>	<u>12,919,777</u>
Cash flows from noncapital financing activities:		
Transfers in	505,458	830,001
Transfers (out)	(200,000)	-
Advances from other funds	(7,262,845)	6,284,056
Advances (to) other funds	2,850	(1,159)
Refunds	2,854	-
Net cash provided (used) by noncapital financing activities	<u>(6,951,683)</u>	<u>7,112,898</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(4,416,119)	(4,393,488)
Interest paid on long-term debt	(2,014,372)	(993,257)
Debt issued	47,317,682	21,961,030
Purchase of capital assets	(22,567,166)	(39,754,461)
Proceeds from sale of assets	39,922	26,743
Assessments collected	-	1,294
Interest collected on assessments	1,901	1,507
Net cash provided (used) by capital and related financing activities	<u>18,361,848</u>	<u>(23,150,632)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>106,670</u>	<u>73,060</u>
Net cash provided by investing activities	<u>106,670</u>	<u>73,060</u>
Net increase (decrease) in cash and cash equivalents	23,547,472	(3,044,897)
Cash and cash equivalents, July 1	<u>544,978</u>	<u>3,589,875</u>
Cash and cash equivalents, June 30	<u>\$ 24,092,450</u>	<u>\$ 544,978</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, 2010 and 2009

	2010	2009
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 7,841,062	\$ 3,525,452
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,661,659	5,802,292
Bad debt expense	66,672	54,860
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	12,311	(16,564)
(Increase) decrease in prepaid expenses	(2,170)	603
Increase (decrease) in accounts payable and accrued liabilities	(2,644,567)	3,504,710
(Increase) decrease in accounts receivable	(1,033,339)	(145,804)
(Increase) decrease in inventories	76,020	143,430
Increase (decrease) in unearned revenues	2,365	442
Increase (decrease) in customer deposits	50,624	50,356
Total adjustments	4,189,575	9,394,325
Net cash provided by operating activities	\$ 12,030,637	\$ 12,919,777
Noncash investing, capital, and financing activities:		
Capital contributed by developers	\$ 799,642	\$ 1,997,949

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 8,047,772	\$ 7,770,514	\$ (277,258)	\$ 2,247,544
Water tap fees	-	90,105	90,105	801
Water facility fees	282,644	1,173,182	890,538	191,982
Water Meter Purchases	80,800	254,394	173,594	87,410
Water Plant Expansion	-	-	-	4,428,719
Sewer sales	11,664,881	11,995,916	331,035	1,448,785
Sewer tap fees	1,645	4,775	3,130	1,550
Sewer facility fees	870,720	2,594,468	1,723,748	576,107
Late penalty charges	216,000	224,105	8,105	167,089
New account service charges	57,065	179,430	122,365	57,530
Inflow and Infiltration Fee	-	822,125	822,125	776,029
Onslow County leachate	52,000	27,513	(24,487)	56,715
Land application user charge	-	-	-	4,096,207
Land application late fee	-	-	-	52,305
Land application expansion	-	-	-	5,110,056
Miscellaneous operating revenue	309,798	296,127	(13,671)	286,262
Total	<u>21,583,325</u>	<u>25,432,654</u>	<u>3,849,329</u>	<u>19,585,091</u>
Nonoperating revenues:				
Interest earned on investments	40,000	106,670	66,670	73,060
Assessments collected	-	-	-	1,294
Interest collected on assessments	-	1,901	1,901	1,507
Sale of capital assets	27,000	39,922	12,922	25,779
Developer contributions	-	799,642	799,642	1,997,949
Refunds	-	2,854	2,854	-
Total	<u>67,000</u>	<u>950,989</u>	<u>883,989</u>	<u>2,099,589</u>
Total revenues	<u>21,650,325</u>	<u>26,383,643</u>	<u>4,733,318</u>	<u>21,684,680</u>
Expenses:				
Water/Sewer operations				
Administration				
Salaries and employee benefits		230,922		194,644
Supplies		6,855		8,530
Insurance		11,069		755
Maintenance and Repair		55		16
Contracted services-info technology		46,582		36,013
Contracted services		132,785		136,396
Other departmental expenses		169,076		168,774
Overhead allocation from General Fund		1,148,906		1,303,973
Bad debt expense		66,672		54,860
Total		<u>1,812,922</u>		<u>1,903,961</u>

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Engineering				
Salaries and employee benefits	\$ -	\$ 630,665	\$ -	\$ 586,124
Supplies		4,189		3,604
Insurance		4,269		3,770
Contracted services		179,154		45,252
Contracted services-info technology		52,492		25,957
Other departmental expenses		62,430		50,225
Total		933,199		714,932
Metering distribution				
Salaries and employee benefits		252,057		257,210
Supplies		127,970		61,869
Insurance		3,861		3,143
Utilities		3,820		3,478
Maintenance and repair		5		49
Contracted services		20,256		38,810
Contracted services-info technology		19,045		11,798
Other departmental expenses		40,956		52,738
Total		467,970		429,095
Utilities maintenance				
Salaries and employee benefits		1,206,265		1,190,706
Supplies		99,722		95,447
Insurance		63,729		12,976
Utilities		264,667		226,738
Maintenance and repair		511,532		628,523
Contracted services		509,966		379,656
Contracted services-info technology		67,706		37,756
Other departmental expenses		191,892		220,159
Total		2,915,479		2,791,961
Total Water/Sewer operations	7,164,693	6,129,570	1,035,123	5,839,949
Water supply				
Salaries and employee benefits		700,653		515,558
Supplies		81,629		43,985
Insurance		44,282		21,480
Utilities		432,315		363,985
Maintenance and repair		50,298		51,437
Contracted services		45,482		19,288
Contracted services-info technology		53,853		28,317
Other departmental expenses		51,404		46,265
Total water supply	2,152,201	1,459,916	692,285	1,090,315

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Wastewater treatment				
Salaries and employee benefits	\$ -	\$ 736,385	\$ -	\$ 673,050
Supplies		132,718		158,973
Insurance		6,888		49,540
Utilities		493,671		475,172
Maintenance and repair		82,874		76,757
Contracted services		77,228		53,093
Contracted services-info technology		46,902		30,678
Other departmental expenses		164,581		183,227
Total wastewater treatment	1,791,463	1,741,247	50,216	1,700,490
Total	11,108,357	9,330,733	1,777,624	8,630,754
Budgetary appropriations:				
Interest paid	4,156,301	2,014,372	2,141,929	993,257
Debt principal	8,896,997	4,416,119	4,480,878	4,393,488
Increase (decrease) in inventory	-	76,020	(76,020)	(143,430)
(Increase) decrease in compensated absences payable	-	(12,311)	12,311	16,564
Increase (decrease) in prepaid expenses	-	(2,170)	2,170	(603)
Debt issued	(1,029,559)	(47,317,682)	46,288,123	(235,353)
Appropriated retained earnings	2,459,995	-	2,459,995	-
Transfers (in)--				
From Water/Sewer Capital Projects	(301,376)	(301,376)	-	(3,231,487)
From Non-Major Governmental Funds	(505,167)	(505,458)	291	(830,001)
Transfers out--				
To Water/Sewer Capital Projects	1,450,380	1,450,380	-	1,675,463
To Non-Major Internal Service Funds	200,000	200,000	-	-
Non-capitalized expenses - projects	-	599,200	(599,200)	1,626,593
Capital outlay	144,367	140,177	4,190	308,800
Total budgetary appropriations	15,471,938	(39,242,729)	54,714,667	4,573,291
Total expenses	\$ 26,580,295	\$ (29,911,996)	\$ 56,492,291	\$ 13,204,045

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 26,383,643	\$ 21,684,680
Total expenses		(29,911,996)	13,204,045
Revenues over expenses		<u>56,295,639</u>	<u>8,480,635</u>
Budgetary appropriations (above):			
Payment of debt principal		4,416,119	4,393,488
Debt issued		(47,317,682)	(235,353)
Increase (decrease) in inventory		76,020	(143,430)
(Increase) decrease in compensated absences payable		(12,311)	16,564
Increase (decrease) in prepaid expenses		(2,170)	(603)
Capital outlay		140,177	308,800
Transfers		<u>1,149,004</u>	<u>(1,556,024)</u>
Total budgetary appropriations		<u>(41,550,843)</u>	<u>2,783,442</u>
Depreciation (Statement 39)		<u>(7,661,659)</u>	<u>(5,802,292)</u>
Increase in net assets (Statement 39)		<u>\$ 7,083,137</u>	<u>\$ 5,461,785</u>

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

City of Jacksonville, North Carolina
Water Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 99,075	\$ 68,469	\$ -	\$ 68,469	\$ (30,606)
ONWASA	100,250	-	-	-	(100,250)
Water Plant DEH	39,995,263	18,552,977	13,335,777	31,888,754	(8,106,509)
ARRA Funds-DWQ	3,000,000	-	-	-	(3,000,000)
Total revenues	<u>43,194,588</u>	<u>18,621,446</u>	<u>13,335,777</u>	<u>31,957,223</u>	<u>(11,237,365)</u>
Expenses:					
Water Tank Painting	1,060,200	740,396	-	740,396	319,804
Water Line Replacements	3,232,579	1,720,393	345,132	2,065,525	1,167,054
Lejeune Boulevard water	-	-	-	-	-
Fire Protection Water Improvements	265,000	-	-	-	265,000
Well Rehabilitation	28,000	-	-	-	28,000
Water Treatment Plant	47,810,348	32,587,056	6,994,947	39,582,003	8,228,345
Water Interconnection ONWASA	200,500	-	85,476	85,476	115,024
Water Interconnection MCBCL	107,000	-	-	-	107,000
Water System Improvements Ph II	5,099,024	-	338,693	338,693	4,760,331
Piney Green & 17 Water Service Area	75,000	-	-	-	75,000
Total expenses	<u>57,877,651</u>	<u>35,047,845</u>	<u>7,764,248</u>	<u>42,812,093</u>	<u>15,065,558</u>
Revenues over (under) expenses	<u>(14,683,063)</u>	<u>(16,426,399)</u>	<u>5,571,529</u>	<u>(10,854,870)</u>	<u>3,828,193</u>
Other financing sources:					
Debt issued--					
Installment purchases	8,892,082	2,656,371	-	2,656,371	(6,235,711)
Revenue bonds	2,099,024	-	-	-	(2,099,024)
Transfers in--					
From Water/Sewer Fund	3,823,467	2,619,208	391,000	3,010,208	(813,259)
From Water/Sewer Capital Reserve	16,990	16,990	-	16,990	-
Transfers (out)--					
To Water/Sewer Fund	<u>(148,500)</u>	<u>-</u>	<u>(148,500)</u>	<u>(148,500)</u>	<u>-</u>
Total other financing sources	<u>14,683,063</u>	<u>5,292,569</u>	<u>242,500</u>	<u>5,535,069</u>	<u>(9,147,994)</u>
Excess of revenues and other sources over (under) expenses	<u>\$ -</u>	<u>\$ (11,133,830)</u>	<u>5,814,029</u>	<u>\$ (5,319,801)</u>	<u>\$ (5,319,801)</u>
Fund Balance					
Beginning of year, July 1			<u>(11,133,830)</u>		
End of year, June 30			<u>\$ (5,319,801)</u>		

City of Jacksonville, North Carolina
Sewer Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 76,529	\$ 68,758	\$ -	\$ 68,758	\$ (7,771)
Inflow and infiltration fee	2,606,282	1,978,387	822,125	2,800,512	194,230
LTS Expansion	17,500,000	7,765,950	8,886,762	16,652,712	(847,288)
Onslow County	15,575	-	-	-	(15,575)
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	20,267,386	9,882,095	9,708,887	19,590,982	(676,404)
Expenses:					
Sewer Line Replacements	7,257,744	4,049,647	97,578	4,147,225	3,110,519
Utilities Operation Center	4,792,979	4,793,245	(266)	4,792,979	-
DOT Construction Sewer Impact	2,503,818	1,829,630	599,200	2,428,830	74,988
Pump Station Rehabilitation	9,030,795	2,548,341	208,819	2,757,160	6,273,635
Inflow/infiltration	5,425,822	3,928,151	31,171	3,959,322	1,466,500
Relocate Utilities Bypass	271,557	25,476	-	25,476	246,081
Land Application Expansion	44,155,607	27,482,488	13,699,878	41,182,366	2,973,241
Public Service Complex Phase II	1,177,000	90,058	50,841	140,899	1,036,101
Piney Green Sewer Service	6,801,467	158,264	8,203	166,467	6,635,000
Northwest Interceptor	50,000	-	-	-	50,000
Collins Branch Trunk Ext.	132,000	-	20,395	20,395	111,605
W/S Station Repairs	655,575	99,267	507,220	606,487	49,088
Ellis Park Infrastructure	405,000	-	-	-	405,000
Barrus Lift Station Improvements	1,082,500	-	41,582	41,582	1,040,918
Western Pkwy Utilities Relocation	409,000	-	-	-	409,000
Total expenses	84,150,864	45,004,567	15,264,621	60,269,188	23,881,676
Revenues (under) expenses	(63,883,478)	(35,122,472)	(5,555,734)	(40,678,206)	23,205,272
Other financing sources (uses):					
Debt issued--					
Installment purchases	33,692,739	13,815,410	-	13,815,410	(19,877,329)
Revenue bonds	25,557,082	-	24,065,582	24,065,582	(1,491,500)
Transfers in--					
From Water/Sewer Fund	7,935,221	6,974,341	910,880	7,885,221	(50,000)
From W/S Capital Reserve Fund	314,283	314,283	-	314,283	-
From W/S Capital Projects	500,000	500,000	-	500,000	-
From General Capital Reserve	634,120	495,600	138,520	634,120	-
Transfers (out)--					
To Water/Sewer Fund	(4,749,967)	(4,448,591)	(301,376)	(4,749,967)	-
Total other financing sources	63,883,478	17,651,043	24,813,606	42,464,649	(21,418,829)
Excess of revenues and other sources over (under) expenses and other uses	\$ -	\$ (17,471,429)	19,257,872	\$ 1,786,443	\$ 1,786,443
Fund Balance					
Beginning of year, July 1			(17,471,429)		
End of year, June 30			\$ 1,786,443		

City of Jacksonville, North Carolina
Water/Sewer Capital Reserve Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Interest on investments	\$ 465,891	\$ 465,153	\$ 452	\$ 465,605	\$ (286)
Total revenues	465,891	465,153	452	465,605	(286)
Expenses:					
Water supply and distribution	291,235	-	-	-	291,235
Sewage collection and treatment	59,539	-	-	-	59,539
Total expenses	350,774	-	-	-	350,774
Revenues over expenses	115,117	465,153	452	465,605	350,488
Other financing sources (uses):					
Transfers in--					
From Water/Sewer Fund	881,931	881,931	-	881,931	-
From Water Capital Projects	590,435	441,935	148,500	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)	(115,117)	(263,617)	148,500	(115,117)	-
Excess of revenues and other sources over expenses and other uses	\$ -	\$ 201,536	148,952	\$ 350,488	\$ 350,488
Fund Balance					
Beginning of year, July 1			201,536		
End of year, June 30			\$ 350,488		

SOLID WASTE FUND

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

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Net Assets
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,554,162	\$ 146,463
Accounts receivable (net)	199,210	170,629
Interfund receivables	-	2,794,578
Total Current Assets	<u>2,753,372</u>	<u>3,111,670</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	6,259	280,444
Capital assets (net)	694,450	688,285
Total Noncurrent Assets	<u>700,709</u>	<u>968,729</u>
Total Assets	<u>3,454,081</u>	<u>4,080,399</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	288,075	257,317
Interfund payable	25,853	48,301
Installment purchases payable - current	270,786	380,271
Compensated absences payable - current	49,505	5,916
Total Current Liabilities	<u>634,219</u>	<u>691,805</u>
Noncurrent Liabilities:		
Installment purchases payable - noncurrent	286,516	565,843
Other postemployment benefits	12,727	4,388
Compensated absences payable - noncurrent	37,060	73,738
Total Noncurrent Liabilities	<u>336,303</u>	<u>643,969</u>
Total Liabilities	<u>970,522</u>	<u>1,335,774</u>
Net Assets		
Invested in capital assets, net of related debt	143,407	228,485
Unrestricted	2,340,152	2,516,140
Total Net Assets	<u>\$ 2,483,559</u>	<u>\$ 2,744,625</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 2,622,685	\$ 2,594,445
Total operating revenues	<u>2,622,685</u>	<u>2,594,445</u>
Operating expenses:		
Solid Waste Operations	4,669,573	4,519,978
Depreciation	240,344	203,616
Total operating expenses	<u>4,909,917</u>	<u>4,723,594</u>
Operating (loss)	<u>(2,287,232)</u>	<u>(2,129,149)</u>
Nonoperating revenues (expenses):		
Investment earnings	25,810	29,703
Gain on sale of fixed assets	5,125	20,278
Restricted revenue - State	70,095	23,295
Miscellaneous revenue	137	-
Interest on long-term debt	<u>(26,624)</u>	<u>(33,469)</u>
Total nonoperating revenues	<u>74,543</u>	<u>39,807</u>
Loss before transfers	<u>(2,212,689)</u>	<u>(2,089,342)</u>
Transfers:		
Transfers in	2,004,406	2,917,828
Transfers (out)	<u>(52,783)</u>	<u>-</u>
Total transfers	<u>1,951,623</u>	<u>2,917,828</u>
Change in Net Assets	(261,066)	828,486
Net Assets:		
Beginning of year, July 1	<u>2,744,625</u>	<u>1,916,139</u>
End of year, June 30	<u>\$ 2,483,559</u>	<u>\$ 2,744,625</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,591,535	\$ 2,606,895
Cash paid for goods and services	(3,078,354)	(2,726,508)
Cash paid to employees	(1,542,642)	(1,728,529)
Net cash (used) by operating activities	<u>(2,029,461)</u>	<u>(1,848,142)</u>
Cash flows from noncapital financing activities:		
Restricted Intergovernmental - State	70,095	23,295
Miscellaneous non-operating revenue	137	-
Transfers in	2,004,406	2,917,828
Transfers (out)	(52,783)	-
Advances from other funds	(22,448)	(22,289)
Advances (to) other funds	2,794,578	(2,793,461)
Net cash provided by noncapital financing activities	<u>4,793,985</u>	<u>125,373</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(415,598)	(355,053)
Interest paid on long-term debt	(26,624)	(33,469)
Debt issued	26,786	400,798
Proceeds from sale of assets	5,125	20,278
Purchase of capital assets	(246,509)	(363,886)
Net cash (used) by capital related financing activities	<u>(656,820)</u>	<u>(331,332)</u>
Cash flows from investing activities:		
Interest earned on investments	25,810	29,703
Net cash provided by investing activities	<u>25,810</u>	<u>29,703</u>
Net increase (decrease) in cash and cash equivalents	2,133,514	(2,024,398)
Cash and cash equivalents, July 1	<u>426,907</u>	<u>2,451,305</u>
Cash and cash equivalents, June 30	<u>\$ 2,560,421</u>	<u>\$ 426,907</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating (loss)	<u>\$ (2,287,232)</u>	<u>\$ (2,129,149)</u>
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	240,344	203,616
Bad debt expense	2,569	2,908
Change in assets and liabilities:		
Increase (decrease) in compensated absences payable	6,911	5,916
Increase (decrease) in accounts payable and accrued liabilities	39,097	56,117
(Increase) decrease in accounts receivable	<u>(31,150)</u>	<u>12,450</u>
Total adjustments	<u>257,771</u>	<u>281,007</u>
Net cash (used) by operating activities	<u><u>\$ (2,029,461)</u></u>	<u><u>\$ (1,848,142)</u></u>

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, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,989,694	\$ 1,904,432	\$ (85,262)	\$ 1,885,669
Commercial pickups	2,500	1,052	(1,448)	1,636
Residential fees	696,780	671,194	(25,586)	662,509
Other operating revenues	45,000	46,007	1,007	44,631
Total operating revenues	<u>2,733,974</u>	<u>2,622,685</u>	<u>(111,289)</u>	<u>2,594,445</u>
Nonoperating revenues:				
Restricted revenue - State	48,000	70,095	22,095	23,295
Gain (loss) on sale of fixed assets	20,000	5,125	(14,875)	20,278
Miscellaneous revenue	-	137	137	-
Interest earned on investments	12,121	25,810	13,689	29,703
Total nonoperating revenues	<u>80,121</u>	<u>101,167</u>	<u>21,046</u>	<u>73,276</u>
Total revenues	<u>2,814,095</u>	<u>2,723,852</u>	<u>(90,243)</u>	<u>2,667,721</u>
Expenses:				
Salaries and employee benefits		1,557,892		1,500,520
Unleaded fuel		136,708		127,407
Maintenance and repair		189,399		224,056
Non-capital equipment		600		310
Contracted services - landfill		2,268,400		2,209,942
Contracted services - internal services		31,965		41,939
Bad debt expense		2,569		2,908
Overhead allocation from general fund		276,452		238,313
Other expenses		205,588		174,583
Total	<u>5,021,220</u>	<u>4,669,573</u>	<u>351,647</u>	<u>4,519,978</u>
Budgetary appropriations:				
Interest paid	27,554	26,624	930	33,469
Debt principal	384,455	415,598	(31,143)	355,053
(Increase) in compensated absences payable	-	(6,911)	6,911	(5,916)
Debt issued	(26,786)	(26,786)	-	(400,798)
Transfers (in)--				
From General Fund	(2,634,406)	(2,004,406)	(630,000)	(2,917,828)
Transfers out--				
To Special Revenue Fund	2,000	2,000	-	-
Internal Service Funds	50,783	50,783	-	-
Capital outlay	250,263	246,509	3,754	363,886
Appropriated retained earnings	(260,988)	-	(260,988)	-
Total budgetary appropriations	<u>(2,207,125)</u>	<u>(1,296,589)</u>	<u>(910,536)</u>	<u>(2,572,134)</u>
Total expenses	<u>\$ 2,814,095</u>	<u>\$ 3,372,984</u>	<u>\$ (558,889)</u>	<u>\$ 1,947,844</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, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

Schedule 48,
continued.

	<u>2010</u>		<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,723,852	\$ 2,667,721
Total expenses		<u>3,372,984</u>	<u>1,947,844</u>
Excess of revenues over expenses		<u>(649,132)</u>	<u>719,877</u>
Budgetary appropriations (above):			
Payment of debt principal		415,598	355,053
Debt issued		(26,786)	(400,798)
(Increase) in compensated absences payable		(6,911)	(5,916)
Capital outlay		<u>246,509</u>	<u>363,886</u>
Total budgetary appropriations		<u>628,410</u>	<u>312,225</u>
Depreciation (Statement 45)		<u>(240,344)</u>	<u>(203,616)</u>
Change in Net Assets (Statement 45)		<u>\$ (261,066)</u>	<u>\$ 828,486</u>

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



NON-MAJOR FUNDS

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



NON-MAJOR GOVERNMENTAL FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS

Community Development Fund:

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

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

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

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

ARRA – Community Development Block Grant – accounts for the revenues and expenditures of Community Development Block Grant programs funded by the American Recovery and Reinvestment Act (ARRA).

Building Reuse Rural Center Project – accounts for the revenues and expenditures related to the Building Reuse Rural Center Project.

Public-Private Partnerships – accounts for the revenues and expenditures related to partnerships between the City and various local non-profit organizations.

Land Redevelopment Project – accounts for the revenues and expenditures related to the Land Redevelopment 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.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Law Enforcement Grants Fund (continued):

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.

Gang Enforcement/Prevention Grant – accounts for the revenues and expenditures of the Gang Enforcement/Prevention Grant 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.

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.

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

E-911 Fund:

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

Public Safety Fund:

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

Transportation Fund:

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

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Transportation Fund (continued):

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:

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

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

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

Railroad Depot Repairs Project – accounts for the revenues and expenditures for repairs to the City's historic Railroad Depot.

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.

Red Oak Culvert Project – accounts for the revenues and expenditures of the Red Oak Culvert Project.

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.

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, 2010
With Comparative Totals for June 30, 2009

	Community Development Fund					
	CDBG	CREATE Project	Continuum of Care	Affordable Housing Construction	ARRA - CDBG	Public Private Partnerships
Assets						
Cash and cash equivalents	\$ 17,342	\$ 162,218	\$ 24,300	\$ 345,207	\$ -	\$ 30,612
Restricted cash and cash equivalents	-	-	-	-	766	-
Accounts receivable	34,464	-	-	-	20,361	-
Notes receivable	1,897,854	-	-	-	-	-
Interfund receivable	-	-	-	67	-	-
Total Assets	\$ 1,949,660	\$ 162,218	\$ 24,300	\$ 345,274	\$ 21,127	\$ 30,612
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 759,543	\$ 7,374	\$ -	\$ 116	\$ 21,127	\$ -
Interfund payable	67	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Liabilities	759,610	7,374	-	116	21,127	-
Fund Balance - Reserved:						
Reserved by grantor	1,174,102	-	-	-	-	-
Reserved for encumbrances	110,717	62,474	-	250	-	-
Reserved for Powell Bill	-	-	-	-	-	-
Reserved for drug enforcement	-	-	-	-	-	-
Reserved for US agencies	-	-	-	-	-	-
Total Reserved	1,284,819	62,474	-	250	-	-
Unreserved/Designated						
Designated for subsequent year's expenditures:						
Special Revenue Funds	-	92,370	24,300	344,908	-	30,612
Capital Reserve Fund	-	-	-	-	-	-
Unreserved/Undesignated						
Special Revenue Funds	(94,769)	-	-	-	-	-
Total Fund Balance	1,190,050	154,844	24,300	345,158	-	30,612
Total Liabilities and Fund Balances	\$ 1,949,660	\$ 162,218	\$ 24,300	\$ 345,274	\$ 21,127	\$ 30,612

Community Development Fund		Law Enforcement Grants Fund					Victim's Assistance Grant
Land Redevelopment	School Resource Officer	Bulletproof Vest	Governor's Highway Safety	Federal DEA	State DEA		
\$ 14,030	\$ 222,492	\$ 35,384	\$ -	\$ -	\$ -	\$ 10,384	
-	-	-	-	58,535	93,274	-	
-	-	3,791	23,381	-	-	5,636	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 14,030</u>	<u>\$ 222,492</u>	<u>\$ 39,175</u>	<u>\$ 23,381</u>	<u>\$ 58,535</u>	<u>\$ 93,274</u>	<u>\$ 16,020</u>	
\$ -	\$ 12,756	\$ 1,706	\$ 3,467	\$ -	\$ -	\$ 1,192	
-	-	-	41,075	-	-	-	
-	-	-	-	-	-	-	
-	12,756	1,706	44,542	-	-	1,192	
-	-	-	-	-	-	-	
-	2,796	11,158	440	-	1,000	-	
-	-	-	-	-	-	-	
-	-	-	-	58,535	92,274	-	
-	-	-	-	-	-	-	
-	2,796	11,158	440	58,535	93,274	-	
14,030	206,940	26,311	-	-	-	14,828	
-	-	-	-	-	-	-	
-	-	-	(21,601)	-	-	-	
<u>14,030</u>	<u>209,736</u>	<u>37,469</u>	<u>(21,161)</u>	<u>58,535</u>	<u>93,274</u>	<u>14,828</u>	
<u>\$ 14,030</u>	<u>\$ 222,492</u>	<u>\$ 39,175</u>	<u>\$ 23,381</u>	<u>\$ 58,535</u>	<u>\$ 93,274</u>	<u>\$ 16,020</u>	

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2010
With Comparative Totals for June 30, 2009

	Law Enforcement Grants Fund				E-911 Fund	Fire Grants Fund
	JAG Grant Non-ARRA	GCC Robbery Burglary Grant	Weed and Seed	Federal Treasury Seizures	Emergency Telephone System	SAFER Grant
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	26,782	-	8,511	826,088	1,880
Accounts receivable	5,472	-	32,555	-	35,271	37,444
Notes receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Total Assets	\$ 5,472	\$ 26,782	\$ 32,555	\$ 8,511	\$ 861,359	\$ 39,324
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 15,555	\$ -	\$ 25,659	\$ 5,681
Interfund payable	5,472	-	16,877	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Liabilities	5,472	-	32,432	-	25,659	5,681
Fund Balance - Reserved:						
Reserved by grantor	-	-	-	-	-	-
Reserved for encumbrances	-	-	1,000	-	2,100	-
Reserved for Powell Bill	-	-	-	-	-	-
Reserved for drug enforcement	-	-	-	8,511	-	-
Reserved for US agencies	-	-	-	-	-	-
Total Reserved	-	-	1,000	8,511	2,100	-
Unreserved/Designated						
Designated for subsequent year's expenditures:						
Special Revenue Funds	-	26,782	-	-	833,600	33,643
Capital Reserve Fund	-	-	-	-	-	-
Unreserved/Undesignated						
Special Revenue Funds	-	-	(877)	-	-	-
Total Fund Balance	-	26,782	123	8,511	835,700	33,643
Total Liabilities and Fund Balances	\$ 5,472	\$ 26,782	\$ 32,555	\$ 8,511	\$ 861,359	\$ 39,324

Transportation Fund		Non-Capitalized Projects Fund					
City Transportation Project	Transit Project - ARRA Fund	Jacksonville Business Park Certification	Northeast Creek Lagoons	Chaney Creek Restoration II	ARRA - EECBG	Streets Powell Bill	
\$ 324,709	\$ -	\$ 667	\$ 189,225	\$ 50,000	\$ -	\$ -	
-	-	-	-	-	-	1,974,872	
178,940	526,078	-	-	-	1,204	1,700	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 503,649</u>	<u>\$ 526,078</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 50,000</u>	<u>\$ 1,204</u>	<u>\$ 1,976,572</u>	
\$ 100,587	\$ 513,260	\$ -	\$ -	\$ -	\$ 1,190	\$ 27,119	
74,627	12,819	-	-	-	14	-	
-	-	-	-	-	-	1,020	
<u>175,214</u>	<u>526,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,204</u>	<u>28,139</u>	
-	-	-	-	-	-	-	
379,999	62,018	-	-	-	178,222	-	
-	-	-	-	-	-	1,948,433	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>379,999</u>	<u>62,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,222</u>	<u>1,948,433</u>	
-	-	667	189,225	50,000	-	-	
-	-	-	-	-	-	-	
<u>(51,564)</u>	<u>(62,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(178,222)</u>	<u>-</u>	
<u>328,435</u>	<u>(1)</u>	<u>667</u>	<u>189,225</u>	<u>50,000</u>	<u>-</u>	<u>1,948,433</u>	
<u>\$ 503,649</u>	<u>\$ 526,078</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 50,000</u>	<u>\$ 1,204</u>	<u>\$ 1,976,572</u>	

Continued on next page.

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

June 30, 2010

With Comparative Totals for June 30, 2009

	Street Improvements			General Capital Reserve Fund	Total	
	Fund				June 30, 2010	June 30, 2009
	Red Oak Culvert	Ellis Park Infrastructure	Developer Contributed Sidewalks			
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 323,514	\$ 1,750,084	\$ 2,497,222
Restricted cash and cash equivalents	-	505,000	6,438	3,492	3,505,638	3,981,991
Accounts receivable	-	-	-	-	906,297	271,357
Notes receivable	-	-	-	-	1,897,854	1,865,708
Interfund receivable	-	-	-	-	67	-
Total Assets	\$ -	\$ 505,000	\$ 6,438	\$ 327,006	\$ 8,059,940	\$ 8,616,278
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,496,332	\$ 1,434,027
Interfund payable	112,303	-	-	-	263,254	52,075
Deferred revenue	-	-	-	-	1,020	-
Total Liabilities	112,303	-	-	-	1,760,606	1,486,102
Fund Balance - Reserved:						
Reserved by grantor	-	-	-	-	1,174,102	1,179,187
Reserved for encumbrances	-	-	-	-	812,174	94,073
Reserved for Powell Bill	-	505,000	6,438	3,492	2,463,363	2,436,234
Reserved for drug enforcement	-	-	-	-	159,320	143,084
Reserved for US agencies	-	-	-	-	-	-
Total Reserved	-	505,000	6,438	3,492	4,608,959	3,852,578
Unreserved/Designated						
Designated for subsequent year's expenditures:						
Special Revenue Funds	-	-	-	-	1,888,216	2,027,749
Capital Reserve Fund	-	-	-	323,514	323,514	1,378,279
Unreserved/Undesignated						
Special Revenue Funds	(112,303)	-	-	-	(521,355)	(128,430)
Total Fund Balance	(112,303)	505,000	6,438	327,006	6,299,334	7,130,176
Total Liabilities and Fund Balances	\$ -	\$ 505,000	\$ 6,438	\$ 327,006	\$ 8,059,940	\$ 8,616,278



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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Community Development Fund					
	CDBG	CREATE Project	Continuum of Care	Affordable Housing Construction	ARRA - CDBG	Building Reuse Rural Center
Revenues:						
Restricted intergovernmental revenues	\$ 450,698	\$ -	\$ -	\$ -	\$ 75,924	\$ -
Investment earnings	4	22	-	15	-	-
Miscellaneous	123,990	116,758	-	90,545	-	103,808
Total revenues	<u>574,692</u>	<u>116,780</u>	<u>-</u>	<u>90,560</u>	<u>75,924</u>	<u>103,808</u>
Expenditures:						
General Government	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
Economic and Physical Development	504,922	73,800	450	60,390	18,000	103,808
Capital outlay	-	-	-	-	57,924	-
Total expenditures	<u>504,922</u>	<u>73,800</u>	<u>450</u>	<u>60,390</u>	<u>75,924</u>	<u>103,808</u>
Revenues over (under) expenditures	<u>69,770</u>	<u>42,980</u>	<u>(450)</u>	<u>30,170</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	69,770	42,980	(450)	30,170	-	-
Fund balances:						
Beginning of year, July 1	<u>1,120,280</u>	<u>111,864</u>	<u>24,750</u>	<u>314,988</u>	<u>-</u>	<u>-</u>
End of year, June 30	<u>\$ 1,190,050</u>	<u>\$ 154,844</u>	<u>\$ 24,300</u>	<u>\$ 345,158</u>	<u>\$ -</u>	<u>\$ -</u>

Community Development Fund		Law Enforcement Grants Fund				
Public-Private Partnerships	Land Redevelopment Project	School Resource Officer	Bulletproof Vest	Governor's Highway Safety	Federal DEA	State DEA
\$ -	\$ -	\$ 252,544	\$ 9,010	\$ 59,841	\$ 45,295	\$ 14,515
-	-	-	-	-	16	50
-	-	-	-	-	-	-
-	-	252,544	9,010	59,841	45,311	14,565
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	330,376	13,519	23,314	22,138	6,197
-	-	-	-	-	-	-
92,372	7,970	-	-	-	-	-
-	-	-	-	57,688	-	-
92,372	7,970	330,376	13,519	81,002	22,138	6,197
(92,372)	(7,970)	(77,832)	(4,509)	(21,161)	23,173	8,368
102,200	-	143,646	-	-	1,779	-
-	-	-	-	-	-	(16,084)
102,200	-	143,646	-	-	1,779	(16,084)
9,828	(7,970)	65,814	(4,509)	(21,161)	24,952	(7,716)
20,784	22,000	143,922	41,978	-	33,583	100,990
\$ 30,612	\$ 14,030	\$ 209,736	\$ 37,469	\$ (21,161)	\$ 58,535	\$ 93,274

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Law Enforcement Grants Fund					
	Gang Enforcement/ Prevention	Victim's Assistance	JAG Grant	Robbery Burglary Grant	Weed and Seed	Federal Treasury Seizures
Revenues:						
Restricted intergovernmental revenues	\$ -	\$ 33,589	\$ 27,003	\$ -	\$ 113,187	\$ -
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>33,589</u>	<u>27,003</u>	<u>-</u>	<u>113,187</u>	<u>-</u>
Expenditures:						
General Government	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	1,792	44,945	20,023	-	114,455	-
Cultural and Recreational	-	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-	-
Capital outlay	-	-	6,980	-	-	-
Total expenditures	<u>1,792</u>	<u>44,945</u>	<u>27,003</u>	<u>-</u>	<u>114,455</u>	<u>-</u>
Revenues (under) expenditures	<u>(1,792)</u>	<u>(11,356)</u>	<u>-</u>	<u>-</u>	<u>(1,268)</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	24,785	-	26,782	2,192	-
Transfers (out)	<u>(1,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,928)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,779)</u>	<u>24,785</u>	<u>-</u>	<u>26,782</u>	<u>264</u>	<u>-</u>
Net change in fund balance	(3,571)	13,429	-	26,782	(1,004)	-
Fund balances:						
Beginning of year, July 1	<u>3,571</u>	<u>1,399</u>	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>8,511</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 14,828</u>	<u>\$ -</u>	<u>\$ 26,782</u>	<u>\$ 123</u>	<u>\$ 8,511</u>

E-911 Fund Emergency Telephone System	Fire Grants Fund	Transportation Fund		Non-Capitalized Projects Fund	
	SAFER Grant	City Transportation Project	Transit ARRA Project	Jacksonville Business Park Certification	Northeast Creek Lagoons
\$ 420,799	\$ 195,289	\$ 507,172	\$ 526,078	\$ -	\$ -
2,047	-	-	-	-	-
-	-	122,189	-	-	-
422,846	195,289	629,361	526,078	-	-
-	-	728,752	20,981	-	-
-	-	-	-	-	-
191,364	222,955	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
309,395	-	63,783	505,098	-	-
500,759	222,955	792,535	526,079	-	-
(77,913)	(27,666)	(163,174)	(1)	-	-
11,171	69,989	260,455	-	-	-
-	-	(37,394)	-	-	-
11,171	69,989	223,061	-	-	-
(66,742)	42,323	59,887	(1)	-	-
902,442	(8,680)	268,548	-	667	189,225
\$ 835,700	\$ 33,643	\$ 328,435	\$ (1)	\$ 667	\$ 189,225

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Non-Capitalized Projects Fund			Street Improvements Fund	
	Chaney Creek Restoration II	Railroad Depot Repairs	ARRA - EECBG	Streets Powell Bill	Red Oak Culvert
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ 101,112	\$ -	\$ -
Investment earnings	-	-	-	5,451	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>101,112</u>	<u>5,451</u>	<u>-</u>
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	101,112	303,152	157,303
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>101,112</u>	<u>303,152</u>	<u>157,303</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(297,701)</u>	<u>(157,303)</u>
Other financing sources (uses):					
Transfers in	50,000	-	-	(141,609)	-
Transfers (out)	<u>-</u>	<u>(13,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>(13,714)</u>	<u>-</u>	<u>(141,609)</u>	<u>-</u>
Net change in fund balance	50,000	(13,714)	-	(439,310)	(157,303)
Fund balances:					
Beginning of year, July 1	<u>-</u>	<u>13,714</u>	<u>-</u>	<u>2,387,743</u>	<u>45,000</u>
End of year, June 30	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,948,433</u>	<u>\$ (112,303)</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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Street Improvements Fund			Totals	
	Ellis Park Infrastructure	Developer Contributed Sidewalks	General Capital Reserve Fund	June 30, 2010	June 30, 2009
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 2,832,056	\$ 2,070,345
Investment earnings	-	-	6,338	13,943	99,782
Miscellaneous	-	6,438	119,972	683,700	583,789
Total revenues	-	6,438	126,310	3,529,699	2,753,916
Expenditures:					
General Government	-	-	-	749,733	676,354
Public Works	-	-	-	561,567	670,821
Public Safety	-	-	-	991,078	799,156
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	861,712	840,428
Capital outlay	-	-	-	1,000,868	342,621
Total expenditures	-	-	-	4,164,958	3,329,380
Revenues over (under) expenditures	-	6,438	126,310	(635,259)	(575,464)
Other financing sources (uses):					
Transfers in	505,000	-	1,071,314	2,127,704	2,602,286
Transfers (out)	-	-	(2,252,388)	(2,323,287)	(2,323,912)
Total other financing sources (uses)	505,000	-	(1,181,074)	(195,583)	278,374
Net change in fund balance	505,000	6,438	(1,054,764)	(830,842)	(297,090)
Fund balances:					
Beginning of year, July 1	-	-	1,381,770	7,130,176	7,427,266
End of year, June 30	\$ 505,000	\$ 6,438	\$ 327,006	\$ 6,299,334	\$ 7,130,176

Reconciliation to Exhibit D:

Transfers in	\$ 2,127,704	Transfers out	\$ 2,323,287
Transfers within Non-Major Governmental funds	(67,863)	Transfers within Non-Major Governmental funds	(67,863)
	<u>\$ 2,059,841</u>		<u>\$ 2,255,424</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Entitlement Grant 2007 CD0701					
Entitlement Grant 2007	\$ 513,745	\$ 900,209	\$ 152,279	\$ 1,052,488	\$ 538,743
Program income	209,256	1,429,994	91,681	1,521,675	1,312,419
Investment earnings	455	1,180	2	1,182	727
Total	723,456	2,331,383	243,962	2,575,345	1,851,889
Entitlement Grant 2008 CD0801					
Entitlement Grant 2008	509,412	-	298,419	298,419	(210,993)
Program income	180,531	-	32,309	32,309	(148,222)
Investment earnings	1,000	-	2	2	(998)
Total	690,943	-	330,730	330,730	(360,213)
Total revenues	1,414,399	2,331,383	574,692	2,906,075	1,491,676
Expenditures:					
Entitlement Grant 2007 CD0701					
Administration		215,035	41,792	256,827	
Housing rehabilitation		98,839	-	98,839	
Commercial rehabilitation		91	-	91	
Economic development		50,000	-	50,000	
Affordable housing		250,534	38	250,572	
Clearance		6,990	1,350	8,340	
Acquisition of property		11,564	-	11,564	
Rehabilitation planning		531,651	131,012	662,663	
Partnerships		46,399	-	46,399	
Total	723,456	1,211,103	174,192	1,385,295	(661,839)
Entitlement Grant 2008 CD0801					
Administration			75,437	75,437	
Housing rehabilitation			-	-	
Commercial rehabilitation			-	-	
Economic development			-	-	
Affordable housing			4,703	4,703	
Clearance			6,610	6,610	
Acquisition of property			-	-	
Rehabilitation planning			216,278	216,278	
Partnerships			27,702	27,702	
Total	690,943	-	330,730	330,730	360,213
Total expenditures	1,414,399	1,211,103	504,922	1,716,025	(301,626)
Net change in fund balance	\$ -	\$ 1,120,280	69,770	\$ 1,190,050	\$ 1,190,050
Fund balance:					
Beginning of year, July 1			1,120,280		
End of year, June 30			\$ 1,190,050		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Program income	\$ 590,434	\$ 473,675	\$ 116,758	\$ 590,433	\$ (1)
Investment earnings	-	-	22	22	22
Total revenues	590,434	473,675	116,780	590,455	21
Expenditures:					
Affordable Housing		440,311	73,800	514,111	
Total expenditures	668,934	440,311	73,800	514,111	154,823
Revenues over (under) expenditures	(78,500)	33,364	42,980	76,344	154,844
Other financing sources:					
Transfers in--					
From Community Development Grant	78,500	78,500	-	78,500	-
Total other financing sources	78,500	78,500	-	78,500	-
Net change in fund balance	\$ -	\$ 111,864	42,980	\$ 154,844	\$ 154,844
Fund balance:					
Beginning of year, July 1			111,864		
End of year, June 30			\$ 154,844		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Continuum of Care		350	450	800	
Total expenditures	25,100	350	450	800	24,300
Revenues (under) expenditures	(25,100)	(350)	(450)	(800)	24,300
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	<u>\$ -</u>	<u>\$ 24,750</u>	(450)	<u>\$ 24,300</u>	<u>\$ 24,300</u>
Fund balance:					
Beginning of year, July 1			<u>24,750</u>		
End of year, June 30			<u>\$ 24,300</u>		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Home CD0501					
Program income	\$ 767,699	\$ 561,163	\$ 90,545	\$ 651,708	\$ (115,991)
Investment earnings	12,698	8,249	15	8,264	(4,434)
Total revenues	780,397	569,412	90,560	659,972	(120,425)
Expenditures:					
Operating expenditures		338,777	60,390	399,167	
Total expenditures	864,768	338,777	60,390	399,167	465,601
Revenues over (under) expenditures	(84,371)	230,635	30,170	260,805	345,176
Other financing sources:					
Transfers in--					
From Affordable Home Ownership	84,371	84,353	-	84,353	(18)
Total other financing sources	84,371	84,353	-	84,353	(18)
Net change in fund balance	\$ -	\$ 314,988	30,170	\$ 345,158	\$ 345,158
Fund balance:					
Beginning of year, July 1			314,988		
End of year, June 30			\$ 345,158		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
American Recovery and Reinvestment Act - CDBG
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Program income	\$ 138,351	\$ -	\$ 75,924	\$ 75,924	\$ (62,427)
Expenditures:					
Operating expenditures		-	18,000	18,000	
Capital Outlay		-	57,924	57,924	
Total expenditures	138,351	-	75,924	75,924	62,427
Revenues over expenditures	-	-	-	-	-
Other financing sources:					
Transfers in--					
From General Fund	-	-	-	-	-
Transfers (out)--					
To General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
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
Building Reuse, Restore, Rural Center
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Program income	\$ 103,808	\$ -	\$ 103,808	\$ 103,808	\$ -
Expenditures:					
Operating expenditures		-	103,808	103,808	
Total expenditures	103,808	-	103,808	103,808	-
Revenues over expenditures	-	-	-	-	-
Other financing sources:					
Transfers in--					
From General Fund	-	-	-	-	-
Transfers (out)--					
To General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Public Private Partnerships
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		183,616	92,372	275,988	
Total expenditures	306,600	183,616	92,372	275,988	30,612
Revenues (under) expenditures	(306,600)	(183,616)	(92,372)	(275,988)	30,612
Other financing sources:					
Transfers in--					
From General Fund	306,600	204,400	102,200	306,600	-
Total other financing sources	306,600	204,400	102,200	306,600	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 20,784</u>	9,828	<u>\$ 30,612</u>	<u>\$ 30,612</u>
Fund balance:					
Beginning of year, July 1			20,784		
End of year, June 30			<u>\$ 30,612</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Land Redevelopment Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	7,970	7,970	
Total expenditures	22,000	-	7,970	7,970	14,030
Revenues (under) expenditures	(22,000)	-	(7,970)	(7,970)	14,030
Other financing sources:					
Transfers in--					
From Capital Reserve	22,000	22,000	-	22,000	-
Total other financing sources	22,000	22,000	-	22,000	-
Net change in fund balance	\$ -	\$ 22,000	(7,970)	\$ 14,030	\$ 14,030
Fund balance:					
Beginning of year, July 1			22,000		
End of year, June 30			\$ 14,030		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Onslow County Board of Education	\$ 2,483,041	\$ 2,230,496	\$ 252,544	\$ 2,483,040	\$ (1)
Investment earnings	8,469	7,376	-	7,376	(1,093)
Total revenues	<u>2,491,510</u>	<u>2,237,872</u>	<u>252,544</u>	<u>2,490,416</u>	<u>(1,094)</u>
Expenditures:					
Salaries and employee benefits		2,723,585	306,422	3,030,007	
Operating expenditures		288,806	23,954	312,760	
Capital outlay		18,125	-	18,125	
Total expenditures	<u>3,571,721</u>	<u>3,030,516</u>	<u>330,376</u>	<u>3,360,892</u>	<u>210,829</u>
Revenues (under) expenditures	<u>(1,080,211)</u>	<u>(792,644)</u>	<u>(77,832)</u>	<u>(870,476)</u>	<u>209,735</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	1,227,389	1,083,743	143,646	1,227,389	-
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>1,080,211</u>	<u>936,566</u>	<u>143,646</u>	<u>1,080,212</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 143,922</u>	<u>65,814</u>	<u>\$ 209,736</u>	<u>\$ 209,736</u>
Fund balance:					
Beginning of year, July 1			<u>143,922</u>		
End of year, June 30			<u>\$ 209,736</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Bureau of Justice Grant	\$ 95,831	\$ 82,938	\$ 6,760	\$ 89,698	\$ (6,133)
NCLM Bulletproof Grant	17,000	14,750	2,250	17,000	-
Total revenues	112,831	97,688	9,010	106,698	(6,133)
Expenditures:					
Operating expenditures		173,391	13,519	186,910	
Total expenditures	230,512	173,391	13,519	186,910	43,602
Revenues (under) expenditures	(117,681)	(75,703)	(4,509)	(80,212)	37,469
Other financing sources:					
Transfers in--					
From General Fund	117,681	117,681	-	117,681	-
Total other financing sources	117,681	117,681	-	117,681	-
Net change in fund balance	\$ -	\$ 41,978	(4,509)	\$ 37,469	\$ 37,469
Fund balance:					
Beginning of year, July 1			41,978		
End of year, June 30			\$ 37,469		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Governor's Highway Safety Grant	\$ 70,875	\$ -	\$ 59,841	\$ 59,841	\$ (11,034)
Total revenues	70,875	-	59,841	59,841	(11,034)
Expenditures:					
Operating expenditures		-	23,314	23,314	
Capital outlay		-	57,688	57,688	
Total expenditures	94,500	-	81,002	81,002	13,498
Revenues (under) expenditures	(23,625)	-	(21,161)	(21,161)	2,464
Other financing sources (uses):					
Debt issued	23,625	-	-	-	(23,625)
Total other financing sources (uses)	23,625	-	-	-	(23,625)
Net change in fund balance	\$ -	\$ -	(21,161)	\$ (21,161)	\$ (21,161)
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ (21,161)		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Drug enforcement	\$ 370,952	\$ 340,370	\$ 45,295	\$ 385,665	\$ 14,713
Investment earnings	42,100	31,850	16	31,866	(10,234)
Total revenues	413,052	372,220	45,311	417,531	4,479
Expenditures:					
Operating expenditures		362,012	22,138	384,150	
Capital outlay		205,925	-	205,925	
Total expenditures	644,133	567,937	22,138	590,075	54,058
Revenues over (under) expenditures	(231,081)	(195,717)	23,173	(172,544)	58,537
Other financing sources (uses):					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
From Special Revenue Fund	2,962	1,182	1,779	2,961	(1)
Transfers (out)--					
To Special Revenue Fund	(17,048)	(17,048)	-	(17,048)	-
Total other financing sources (uses)	231,081	229,300	1,779	231,079	(2)
Net change in fund balance	\$ -	\$ 33,583	24,952	\$ 58,535	\$ 58,535
Fund balance:					
Beginning of year, July 1			33,583		
End of year, June 30			\$ 58,535		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Drug enforcement	\$ 95,825	\$ 85,571	\$ 14,515	\$ 100,086	\$ 4,261
Investment earnings	25,000	22,605	50	22,655	(2,345)
Total revenues	120,825	108,176	14,565	122,741	1,916
Expenditures:					
Operating expenditures		84,747	6,197	90,944	
Capital outlay		78,111	-	78,111	
Total expenditures	260,413	162,858	6,197	169,055	91,358
Revenues over (under) expenditures	(139,588)	(54,682)	8,368	(46,314)	93,274
Other financing sources (uses):					
Transfers in--					
From General Fund	161,422	161,422	-	161,422	-
Transfers (out)--					
To Special Revenue Fund	(21,834)	(5,750)	(16,084)	(21,834)	-
Total other financing sources (uses)	139,588	155,672	(16,084)	139,588	-
Net change in fund balance	\$ -	\$ 100,990	(7,716)	\$ 93,274	\$ 93,274
Fund balance:					
Beginning of year, July 1			100,990		
End of year, June 30			\$ 93,274		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Gang Enforcement Prevention Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Gang Enforcement Grant	\$ 43,652	\$ 32,941	\$ -	\$ 32,941	\$ (10,711)
Total revenues	43,652	32,941	-	32,941	(10,711)
Expenditures:					
Salaries and employee benefits		7,034	-	7,034	
Operating expenditures		11,407	1,792	13,199	
Capital outlay		25,480	-	25,480	
Total expenditures	56,424	43,921	1,792	45,713	10,711
Revenues (under) expenditures	(12,772)	(10,980)	(1,792)	(12,772)	-
Other financing sources:					
Transfers in--					
From Special Revenue Fund	14,551	14,551	-	14,551	-
Transfers (out)--					
To Special Revenue Fund	(1,779)	-	(1,779)	(1,779)	-
Total other financing sources	12,772	14,551	(1,779)	12,772	-
Net change in fund balance	\$ -	\$ 3,571	(3,571)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			3,571		
End of year, June 30			\$ -		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Victim's Assistance Grant	\$ 62,697	\$ 19,260	\$ 33,589	\$ 52,849	\$ (9,848)
Total revenues	62,697	19,260	33,589	52,849	(9,848)
Expenditures:					
Salaries and employee benefits		26,611	43,648	70,259	
Operating expenditures		-	1,297	1,297	
Total expenditures	96,232	26,611	44,945	71,556	24,676
Revenues (under) expenditures	(33,535)	(7,351)	(11,356)	(18,707)	14,828
Other financing sources:					
Transfers in--					
From General Fund	11,701	3,000	8,701	11,701	-
From Special Revenue Fund	21,834	5,750	16,084	21,834	-
Total other financing sources	33,535	8,750	24,785	33,535	-
Net change in fund balance	\$ -	\$ 1,399	13,429	\$ 14,828	\$ 14,828
Fund balance:					
Beginning of year, July 1			1,399		
End of year, June 30			\$ 14,828		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
JAG Grant - Non ARRA	\$ 27,003	\$ -	\$ 27,003	\$ 27,003	\$ -
Total revenues	27,003	-	27,003	27,003	-
Expenditures:					
Operating expenditures		-	20,023	20,023	
Capital outlay		-	6,980	6,980	
Total expenditures	27,003	-	27,003	27,003	-
Revenues (under) expenditures	-	-	-	-	-
Other financing sources (uses):					
Transfers in--					
From Special Revenue Fund	-	-	-	-	-
Transfers (out)--					
To Special Revenue Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
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 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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Robbery Burglary Grant	\$ 80,347	\$ -	\$ -	\$ -	\$ (80,347)
Total revenues	80,347	-	-	-	(80,347)
Expenditures:					
Salaries and employee benefits		-	-	-	
Operating expenditures		-	-	-	
Capital outlay		-	-	-	
Total expenditures	107,129	-	-	-	107,129
Revenues (under) expenditures	(26,782)	-	-	-	26,782
Other financing sources:					
Transfers in--					
From General Fund	26,782	-	26,782	26,782	-
Total other financing sources	26,782	-	26,782	26,782	-
Net change in fund balance	\$ -	\$ -	26,782	\$ 26,782	\$ 26,782
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 26,782		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
FY09 Weed and Seed Grant PD0901					
Weed and Seed Grant	\$ 150,000	\$ 89,609	\$ 46,053	\$ 135,662	\$ (14,338)
Total	150,000	89,609	46,053	135,662	(14,338)
FY10 Weed and Seed Grant PD1001					
Weed and Seed Grant	142,000	-	67,134	67,134	(74,866)
Total	142,000	-	67,134	67,134	(74,866)
Total revenues	292,000	89,609	113,187	202,796	(89,204)
Expenditures:					
FY09 Weed and Seed Grant PD0901					
Salaries and employee benefits		59,780	24,277	84,057	
Operating expenditures		31,469	21,021	52,490	
Total	150,838	91,249	45,298	136,547	14,291
FY10 Weed and Seed Grant PD1001					
Salaries and employee benefits		-	43,761	43,761	
Operating expenditures		-	25,396	25,396	
Total	144,192	-	69,157	69,157	75,035
Total expenditures	295,030	91,249	114,455	205,704	89,326
Revenues (under) expenditures	(3,030)	(1,640)	(1,268)	(2,908)	122
Other financing sources:					
Transfers in--					
From General Fund	4,959	2,767	2,192	4,959	-
Transfers (out)--					
To General Fund	(1,929)	-	(1,928)	(1,928)	1
Total other financing sources	3,030	2,767	264	3,031	1
Net change in fund balance	\$ -	\$ 1,127	(1,004)	\$ 123	\$ 123
Fund balance:					
Beginning of year, July 1			1,127		
End of year, June 30			\$ 123		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Drug Enforcement	\$ 8,521	\$ 8,511	\$ -	\$ 8,511	\$ (10)
Total revenues	8,521	8,511	-	8,511	(10)
Expenditures:					
Operating expenditures		-	-	-	
Total expenditures	8,521	-	-	-	8,521
Revenues over expenditures	-	8,511	-	8,511	8,511
Net change in fund balance	\$ -	\$ 8,511	-	\$ 8,511	\$ 8,511
Fund balance:					
Beginning of year, July 1			8,511		
End of year, June 30			\$ 8,511		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Phone surcharge fee	\$ 996,645	\$ 633,742	\$ 420,799	\$ 1,054,541	\$ 57,896
Investment earnings	20,000	17,223	2,047	19,270	(730)
Total revenues	<u>1,016,645</u>	<u>650,965</u>	<u>422,846</u>	<u>1,073,811</u>	<u>57,166</u>
Expenditures:					
Other departmental expenditures		179,344	191,364	370,708	
Capital outlay		11,642	309,395	321,037	
Total expenditures	<u>1,470,281</u>	<u>190,986</u>	<u>500,759</u>	<u>691,745</u>	<u>778,536</u>
Revenues over (under) expenditures	<u>(453,636)</u>	<u>459,979</u>	<u>(77,913)</u>	<u>382,066</u>	<u>835,702</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	(2,925)	(2,925)	-	(2,925)	-
Total other financing sources (uses)	<u>453,636</u>	<u>442,463</u>	<u>11,171</u>	<u>453,634</u>	<u>(2)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 902,442</u>	<u>(66,742)</u>	<u>\$ 835,700</u>	<u>\$ 835,700</u>
Fund balance:					
Beginning of year, July 1			<u>902,442</u>		
End of year, June 30			<u>\$ 835,700</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
SAFER Grant	\$ 368,998	\$ 36,393	\$ 195,289	\$ 231,682	\$ (137,316)
Total revenues	368,998	36,393	195,289	231,682	(137,316)
Expenditures:					
Salaries and employee benefits		69,610	222,955	292,565	
Other department expenditures		16,154	-	16,154	
Total expenditures	479,678	85,764	222,955	308,719	170,959
Revenues (under) expenditures	(110,680)	(49,371)	(27,666)	(77,037)	33,643
Other financing sources:					
Transfers in--					
From General Fund	110,680	40,691	69,989	110,680	-
Total other financing sources	110,680	40,691	69,989	110,680	-
Net change in fund balance	\$ -	\$ (8,680)	42,323	\$ 33,643	\$ 33,643
Fund balance:					
Beginning of year, July 1			(8,680)		
End of year, June 30			\$ 33,643		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
FY 2006-2007 Jacksonville Transit	TR0602				
NCDOT SMAP FY 2006-2007	\$ 136,677	\$ 136,676	\$ -	\$ 136,676	\$ (1)
NCDOT State match	47,217	26,632	7,931	34,563	(12,654)
FTA Section 5307	650,468	483,205	63,446	546,651	(103,817)
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>679,836</u>	<u>71,377</u>	<u>751,213</u>	<u>(137,368)</u>
FY 2008-2009 Jacksonville Transit	TR0802				
NCDOT SMAP FY 2008-2009	152,709	152,708	-	152,708	(1)
NCDOT State match	180,460	25,361	-	25,361	(155,099)
FTA Section 5307	1,917,492	528,126	-	528,126	(1,389,366)
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>805,205</u>	<u>-</u>	<u>805,205</u>	<u>(1,544,467)</u>
FY 2009-2010 Jacksonville Transit	TR01001				
NCDOT SMAP FY 2009-2010	119,311	-	135,955	135,955	16,644
NCDOT State match	72,999	-	-	-	(72,999)
FTA Section 5307	1,159,598	-	299,840	299,840	(859,758)
Jacksonville Transit fares	78,000	-	110,214	110,214	32,214
ADA fares	3,000	-	5,718	5,718	2,718
Miscellaneous	6,217	-	6,257	6,257	40
Total	<u>1,439,125</u>	<u>-</u>	<u>557,984</u>	<u>557,984</u>	<u>(881,141)</u>
Total revenues	<u>4,677,378</u>	<u>1,485,041</u>	<u>629,361</u>	<u>2,114,402</u>	<u>(2,562,976)</u>
Expenditures:					
FY 2006-2007 Jacksonville Transit	TR0602				
NCDOT SMAP FY 2006-2007					
Salaries and employee benefits		55,045	-	55,045	
Operating expenditures		398,658	30,708	429,366	
Capital outlay		337,170	48,600	385,770	
Refund to grantor		32,697	-	32,697	
Total	<u>1,024,214</u>	<u>823,570</u>	<u>79,308</u>	<u>902,878</u>	<u>121,336</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transportation Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
FY 2008-2009 Jacksonville Transit	TR0802				
NCDOT SMAP FY 2008-2009	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and employee benefits		84,062	-	84,062	
Operating expenditures		589,208	-	589,208	
Capital outlay		287,916	-	287,916	
Refund to grantor		-	16,644	16,644	
Total	<u>2,716,908</u>	<u>961,186</u>	<u>16,644</u>	<u>977,830</u>	<u>1,739,078</u>
FY 2009-2010 Jacksonville Transit	TR1001				
NCDOT SMAP FY 2009-2010					
Salaries and employee benefits		-	51,688	51,688	
Operating expenditures		-	617,172	617,172	
Capital outlay		-	15,183	15,183	
Refund to grantor		-	12,540	12,540	
Total	<u>1,699,580</u>	<u>-</u>	<u>696,583</u>	<u>696,583</u>	<u>1,002,997</u>
Total expenditures	<u>5,440,702</u>	<u>1,784,756</u>	<u>792,535</u>	<u>2,577,291</u>	<u>2,863,411</u>
Revenues (under) expenditures	<u>(763,324)</u>	<u>(299,715)</u>	<u>(163,174)</u>	<u>(462,889)</u>	<u>300,435</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	890,468	630,013	260,455	890,468	-
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	(127,144)	(61,750)	(37,394)	(99,144)	28,000
Total other financing sources:	<u>763,324</u>	<u>568,263</u>	<u>223,061</u>	<u>791,324</u>	<u>28,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 268,548</u>	<u>59,887</u>	<u>\$ 328,435</u>	<u>\$ 328,435</u>
Fund balance:					
Beginning of year, July 1			268,548		
End of year, June 30			<u>\$ 328,435</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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
ARRA Funding	\$ 1,527,492	\$ -	\$ 526,078	\$ 526,078	\$ (1,001,414)
Total revenues	1,527,492	-	526,078	526,078	(1,001,414)
Expenditures:					
Operating expenditures		-	20,981	20,981	20,981
Capital outlay		-	505,098	505,098	505,098
Total expenditures	1,527,492	-	526,079	526,079	1,001,413
Revenues (under) expenditures	-	-	(1)	(1)	(1)
Other financing sources:					
Transfers in--					
From General Fund	-	-	-	-	-
Transfers (out)--					
To General Fund	-	-	-	0	-
Total other financing sources (uses)					-
Net change in fund balance	\$ -	\$ -	(1)	\$ (1)	\$ (1)
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ (1)		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Jacksonville Business Park Certification Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

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

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Northeast Creek Lagoons Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

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

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, 2010

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

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Railroad Depot Repairs Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		11,286		11,286	
Total expenditures	11,286	11,286	-	11,286	-
Revenues (under) expenditures	(11,286)	(11,286)	-	(11,286)	-
Other financing sources:					
Transfers in--					
From General Fund	25,000	25,000	-	25,000	-
Transfers (out)--					
To General Fund	(13,714)	-	(13,714)	(13,714)	-
Total other financing sources	11,286	25,000	(13,714)	11,286	-
Net change in fund balance	\$ -	\$ 13,714	(13,714)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			13,714		
End of year, June 30			\$ -		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
ARRA - EECBG	\$ 781,600	\$ -	\$ 101,112	\$ 101,112	\$ (680,488)
Total revenues	781,600	-	101,112	101,112	(680,488)
Expenditures:					
Operating expenditures		-	101,112	101,112	
Capital Outlay		-	-	-	
Total expenditures	781,600	-	101,112	101,112	680,488
Revenues (under) expenditures	-	-	-	-	-
Other financing sources (uses):					
Transfers in--					
Transfers (out)--	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Streets Powell Bill Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project		Actual		Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 1,150,860	\$ 1,101,393	\$ 5,451	\$ 1,106,844	\$ (44,016)
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	66,767	66,767	-	66,767	-
Total revenues	<u>1,538,627</u>	<u>1,489,160</u>	<u>5,451</u>	<u>1,494,611</u>	<u>(44,016)</u>
Expenditures:					
Capital outlay:					
Other improvements		15,246,808	303,152	15,549,960	
Total expenditures	<u>17,689,685</u>	<u>15,246,808</u>	<u>303,152</u>	<u>15,549,960</u>	<u>2,139,725</u>
Revenues (under) expenditures	<u>(16,151,058)</u>	<u>(13,757,648)</u>	<u>(297,701)</u>	<u>(14,055,349)</u>	<u>2,095,709</u>
Other financing sources (uses):					
Appropriated fund balance	-	-	-	-	-
Transfers in--					
From General Fund	10,378,475	10,378,475	-	10,378,475	-
From General Fund - Powell Bill	5,881,223	5,875,556	(141,609)	5,733,947	(147,276)
From Capital Reserve Fund	352,208	352,208	-	352,208	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	<u>(463,344)</u>	<u>(463,344)</u>	<u>-</u>	<u>(463,344)</u>	<u>-</u>
Total other financing sources	<u>16,151,058</u>	<u>16,145,391</u>	<u>(141,609)</u>	<u>16,003,782</u>	<u>(147,276)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,387,743</u>	<u>(439,310)</u>	<u>\$ 1,948,433</u>	<u>\$ 1,948,433</u>
Fund balance:					
Beginning of year, July 1			<u>2,387,743</u>		
End of year, June 30			<u>\$ 1,948,433</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Red Oak Culvert Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Installment purchase	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Total revenues	200,000	-	-	-	(200,000)
Expenditures:					
Operating expenditures		-	-	-	
Capital Outlay		-	157,303	157,303	
Total expenditures	245,000	-	157,303	157,303	87,697
Revenues (under) expenditures	(45,000)	-	(157,303)	(157,303)	(112,303)
Other financing sources:					
Transfers in--					
From General Fund	45,000	45,000	-	45,000	-
Total other financing sources	45,000	45,000	-	45,000	-
Net change in fund balance	\$ -	\$ 45,000	(157,303)	\$ (112,303)	\$ (112,303)
Fund balance:					
Beginning of year, July 1			45,000		
End of year, June 30			\$ (112,303)		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	-	-	
Capital Outlay		-	-	-	
Total expenditures	505,000	-	-	-	505,000
Revenues (under) expenditures	(505,000)	-	-	-	505,000
Other financing sources:					
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	\$ -	\$ -	505,000	\$ 505,000	\$ 505,000
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 505,000		

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, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Sidewalks	\$ 6,438	\$ -	\$ 6,438	\$ 6,438	\$ -
Total revenues	6,438	-	6,438	6,438	-
Expenditures:					
Reserve for sidewalk		-	-	-	
Total expenditures	6,438	-	-	-	6,438
Revenues over expenditures	-	-	6,438	6,438	6,438
Other financing sources:					
Transfers in--					
From General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	6,438	\$ 6,438	\$ 6,438
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 6,438		

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 2,165,514	\$ 2,159,227	\$ 6,336	\$ 2,165,563	\$ 49
Investment earnings-Powell Bill	28,736	28,636	2	28,638	(98)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	280,365	198,182	82,183	280,365	-
Miscellaneous	38,000	-	37,789	37,789	(211)
Total revenues	<u>2,565,615</u>	<u>2,439,045</u>	<u>126,310</u>	<u>2,565,355</u>	<u>(260)</u>
Expenditures:					
Initiatives FY '99		-	-	-	
Reserve for debt retirement		-	-	-	
Reserve for recreation		-	-	-	
Total expenditures	<u>234,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,163</u>
Revenues over expenditures	<u>2,331,452</u>	<u>2,439,045</u>	<u>126,310</u>	<u>2,565,355</u>	<u>233,903</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	16,336,563	15,265,249	1,071,314	16,336,563	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	429,643	429,215	-	429,215	(428)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,040,000	1,040,000	-	1,040,000	-
Transfers (out)--					
To General Fund	(6,915,902)	(6,324,482)	(497,600)	(6,822,082)	93,820
To Capital Project Fund	(15,204,125)	(13,954,794)	(1,249,330)	(15,204,124)	1
To Proprietary Fund	(3,324,549)	(2,819,381)	(505,458)	(3,324,839)	(290)
To Special Revenue Fund	(22,000)	(22,000)	-	(22,000)	-
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
Total other financing (uses)	<u>(2,331,452)</u>	<u>(1,057,275)</u>	<u>(1,181,074)</u>	<u>(2,238,349)</u>	<u>93,103</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,381,770</u>	<u>(1,054,764)</u>	<u>\$ 327,006</u>	<u>\$ 327,006</u>
Fund balance:					
Beginning of year, July 1			1,381,770		
End of year, June 30			<u>\$ 327,006</u>		



NON-MAJOR ENTERPRISE FUNDS

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

Individual Fund Description:

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

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

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Net Assets
June 30, 2010
With Comparative Totals for June 30, 2009

	Stormwater/Water Quality Fund Totals	
	June 30, 2010	June 30, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,338,977	\$ 66,872
Accounts receivable (net)	110,119	108,836
Prepaid Expenses	599	-
Interfund receivable	-	976,658
Total Current Assets	<u>1,449,695</u>	<u>1,152,366</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	3,810	161,351
Capital assets (net)	1,698,097	816,409
Total Noncurrent Assets	<u>1,701,907</u>	<u>977,760</u>
Total Assets	<u>3,151,602</u>	<u>2,130,126</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	42,047	27,292
Installment purchases payable-current	112,806	104,645
Interfund payable	11,533	13,157
Compensated absences - current	28,554	3,786
Total Current Liabilities	<u>194,940</u>	<u>148,880</u>
Noncurrent Liabilities:		
Compensated absences payable	12,220	39,759
Installment purchases payable-noncurrent	147,759	240,086
Total Noncurrent Liabilities	<u>159,979</u>	<u>279,845</u>
Total Liabilities	<u>354,919</u>	<u>428,725</u>
Net Assets		
Invested in capital assets, net of related debt	1,441,342	633,029
Unrestricted	<u>1,355,341</u>	<u>1,068,372</u>
Total Net Assets	<u>\$ 2,796,683</u>	<u>\$ 1,701,401</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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Stormwater/Water Quality Fund Totals	
	June 30, 2010	June 30, 2009
Operating revenues:		
Total operating revenues	\$ 2,077,406	\$ 2,041,550
Operating expenses:		
Public Works	1,560,749	1,521,753
Depreciation	135,581	120,141
Total operating expenses	1,696,330	1,641,894
Operating income	381,076	399,656
Nonoperating revenues (expenses):		
Restricted state	6,536	-
Investment earnings	4,897	8,403
Gain on sale of fixed assets	3,104	8,206
Miscellaneous	373	-
Interest on long-term debt	(10,574)	(11,579)
Total nonoperating revenues	4,336	5,030
Income before contributions and transfers	385,412	404,686
Capital Contributions		
Developer contributions	788,055	-
Total contributions	788,055	-
Income before transfers	1,173,467	404,686
Operating transfers		
Transfers (out)	(78,185)	(75,085)
Total transfers	(78,185)	(75,085)
Change in Net Assets	1,095,282	329,601
Net assets:		
Beginning of year, July 1	1,701,401	1,371,800
End of year, June 30	\$ 2,796,683	\$ 1,701,401

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Stormwater/Water Quality Totals	
	June 30, 2010	June 30, 2009
Cash flows from operating activities:		
Cash received from customers	\$ 2,065,308	\$ 2,052,959
Cash paid for goods and services	(376,219)	(487,021)
Cash paid to employees	(1,162,331)	(1,039,837)
Net cash provided by operating activities	<u>526,758</u>	<u>526,101</u>
Cash flows from noncapital financing activities:		
Transfers (out)	(78,185)	(75,085)
Advances from other funds	(1,624)	(300,495)
Advances to other funds	976,658	(687,064)
Miscellaneous	373	-
Restricted State Revenue	6,536	
Net cash (used) by noncapital financing activities	<u>903,758</u>	<u>(1,062,644)</u>
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(109,921)	(89,123)
Interest paid on long term debt	(10,574)	(11,579)
Debt issued	25,756	161,005
Purchase of capital assets	(229,214)	(195,020)
Sale of fixed assets	3,104	8,206
Net cash (used) by capital and related financing activities	<u>(320,849)</u>	<u>(126,511)</u>
Cash flows from investing activities:		
Interest earned on investments	4,897	8,403
Net cash provided by investing activities	<u>4,897</u>	<u>8,403</u>
Net increase (decrease) in cash and cash equivalents	1,114,564	(654,651)
Cash and cash equivalents, July 1	228,223	882,874
Cash and cash equivalents, June 30	<u>\$ 1,342,787</u>	<u>\$ 228,223</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 381,076	\$ 399,656
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	135,581	120,141
Bad debt expense	10,815	2,593
Change in assets and liabilities:		
Increase (decrease) in compensated absences payable	(2,772)	3,786
(Increase) decrease in accounts receivable	(12,098)	11,409
Increase (decrease) in accounts payable	14,755	(11,484)
(Increase) decrease in prepaid expenses	(599)	-
Total adjustments	<u>145,682</u>	<u>126,445</u>
Net cash provided by operating activities	<u>\$ 526,758</u>	<u>\$ 526,101</u>
Noncash investing, capital, and financing activities:		
Capital contributed by developers	<u>\$ 788,055</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Commercial fees	\$ 1,377,037	\$ 1,402,386	\$ 25,349	\$ 1,356,822
Residential fees	686,042	652,870	(33,172)	671,528
Permits and fees	48,950	22,150	(26,800)	13,200
Total operating revenues	<u>2,112,029</u>	<u>2,077,406</u>	<u>(34,623)</u>	<u>2,041,550</u>
Nonoperating revenues:				
Restricted - State	6,760	6,536	(224)	-
Interest earned on investments	3,740	4,897	1,157	8,403
Gain on sale of fixed assets	1,000	3,104	2,104	8,206
Miscellaneous revenue	-	373	373	-
Developer contributions	-	788,055	788,055	-
Total nonoperating revenues	<u>11,500</u>	<u>802,965</u>	<u>791,465</u>	<u>16,609</u>
Total revenues	<u>2,123,529</u>	<u>2,880,371</u>	<u>756,842</u>	<u>2,058,159</u>
Expenses:				
Stormwater/Water Quality				
Salaries and employee benefits		858,420		783,064
Supplies		37,789		50,451
Insurance		16,227		14,267
Maintenance and repair		25,312		23,733
Contracted services		11,614		168,931
Contracted services-internal service		77,691		37,324
Bad debt expense		10,815		2,593
Other expenses		221,742		180,831
Overhead allocation from General Fund		301,139		260,559
Total	<u>1,786,693</u>	<u>1,560,749</u>	<u>225,944</u>	<u>1,521,753</u>
Budgetary appropriations:				
Interest paid	216,690	10,574	206,116	11,579
Debt principal	344,823	109,921	234,902	89,123
(Increase) in compensated absences payable	-	(2,772)	2,772	(3,786)
Debt issued	(25,756)	(25,756)	-	(161,005)
Transfers out--				
To General Fund	78,185	78,185	-	75,085
Capital outlay	191,968	188,049	3,919	14,904
Appropriated retained earnings	(469,074)	-	(469,074)	-
Total budgetary appropriations	<u>336,836</u>	<u>358,201</u>	<u>(21,365)</u>	<u>25,900</u>
Total expenses	<u>\$ 2,123,529</u>	<u>\$ 1,918,950</u>	<u>\$ 204,579</u>	<u>\$ 1,547,653</u>

Continued on next page.

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

Schedule 87,
continued.

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 2,880,371		\$ 2,058,159
Total expenses		1,918,950		1,547,653
Excess of revenues over expenses		<u>961,421</u>		<u>510,506</u>
Budgetary appropriations (above):				
Payment of debt principal		109,921		89,123
Debt issued		(25,756)		(161,005)
(Increase) in compensated absences payable		(2,772)		(3,786)
Capital outlay		<u>188,049</u>		<u>14,904</u>
Total budgetary appropriations		<u>269,442</u>		<u>(60,764)</u>
Depreciation (Statement 84)		<u>(135,581)</u>		<u>(120,141)</u>
Change in Net Assets (Statement 84)		<u><u>\$ 1,095,282</u></u>		<u><u>\$ 329,601</u></u>

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

City of Jacksonville, North Carolina
Stormwater/Water Quality Capital Project Fund
Schedule of Revenues, Expenses and
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:					
Capital outlay:					
Brynn Marr Area	1,617,136	97,215	811	98,026	1,519,110
Parkwood Area	4,056,467	450,941	34,854	485,795	3,570,672
Heritage Square	40,000	-	5,500	5,500	34,500
Total expenses	5,713,603	548,156	41,165	589,321	5,124,282
Revenues (under) expenses	(5,713,603)	(548,156)	(41,165)	(589,321)	5,124,282
Other financing sources:					
Debt Issued	5,607,603	-	-	-	(5,607,603)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
From Proprietary Fund	40,000	40,000	-	40,000	-
Total other financing sources	5,713,603	106,000	-	106,000	(5,607,603)
Net change in fund balance	\$ -	\$ (442,156)	(41,165)	\$ (483,321)	\$ (483,321)
Fund Balance:					
Beginning of year, July 1			(442,156)		
End of year, June 30			\$ (483,321)		



INTERNAL SERVICE FUNDS

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

Individual Fund Descriptions:

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

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

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

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

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

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, 2010
With Comparative Totals for June 30, 2009

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Self Insurance	Totals	
						June 30, 2010	June 30, 2009
Assets							
Current Assets:							
Cash and cash equivalents	\$ 283,621	\$ 260,769	\$ 317,496	\$ 500,022	\$ 360,076	\$ 1,721,984	\$ 1,319,792
Accounts receivable (net)	91	801	1,278	349	9,540	12,059	22,845
Interfund receivables	-	-	-	-	286,495	286,495	224,757
Inventories	48,825	-	-	-	-	48,825	59,019
Prepaid items	-	-	309	-	131,257	131,566	300
Total Current Assets	332,537	261,570	319,083	500,371	787,368	2,200,929	1,626,713
Noncurrent Assets:							
Restricted cash and cash equivalents	2,508	-	-	-	-	2,508	-
Capital Assets:							
Capital assets (net)	29,714	-	204,408	45,336	-	279,458	304,980
Total Assets	364,759	261,570	523,491	545,707	787,368	2,482,895	1,931,693
Liabilities							
Current Liabilities:							
Accounts payable and accrued liabilities	31,719	10,137	39,770	10,933	787,368	879,927	136,366
Interfund payable	5,463	1,214	7,466	1,821	-	15,964	721
Current portion of long-term debt	4,815	-	8,352	-	-	13,167	113,349
Total Current Liabilities	41,997	11,351	55,588	12,754	787,368	909,058	250,436
Noncurrent Liabilities:							
Compensated absences payable	21,208	4,613	63,578	24,637	-	114,036	111,617
Noncurrent portion of long-term debt	13,501	-	-	-	-	13,501	9,328
Total Noncurrent Liabilities	34,709	4,613	63,578	24,637	-	127,537	120,945
Total Liabilities	76,706	15,964	119,166	37,391	787,368	1,036,595	371,381
Net Assets							
Invested in capital assets, net of related debt	11,398	-	196,056	45,336	-	252,790	182,303
Unrestricted	276,655	245,606	208,269	462,980	-	1,193,510	1,378,009
Total Net Assets	\$ 288,053	\$ 245,606	\$ 404,325	\$ 508,316	\$ -	\$ 1,446,300	\$ 1,560,312

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

Interfund Receivable	\$ 286,495	Interfund Payable	\$ 15,964
Less interfund receivable within the Internal Service Funds	(15,964)	Less interfund payable within the Internal Service Funds	(15,964)
Exhibit F	<u>\$ 270,531</u>	Exhibit F	<u>\$ -</u>

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, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals	
						June 30, 2010	June 30, 2009
Operating revenues:							
Charges to other funds	\$ 1,776,086	\$ 248,673	\$ 2,098,184	\$ 243,507	\$ 2,834,422	\$ 7,200,872	\$ 3,719,623
Miscellaneous revenue	3,400	2,079	8,056	75,621	1,373,045	1,462,201	94,653
Total operating revenues	<u>1,779,486</u>	<u>250,752</u>	<u>2,106,240</u>	<u>319,128</u>	<u>4,207,467</u>	<u>8,663,073</u>	<u>3,814,276</u>
Operating expenses:							
Operations	1,779,090	217,740	2,073,192	314,069	4,663,311	9,047,402	4,266,330
Depreciation	11,248	-	170,282	15,391	-	196,921	281,038
Total operating expenses	<u>1,790,338</u>	<u>217,740</u>	<u>2,243,474</u>	<u>329,460</u>	<u>4,663,311</u>	<u>9,244,323</u>	<u>4,547,368</u>
Operating income (loss)	<u>(10,852)</u>	<u>33,012</u>	<u>(137,234)</u>	<u>(10,332)</u>	<u>(455,844)</u>	<u>(581,250)</u>	<u>(733,092)</u>
Nonoperating revenues (expenses):							
Investment earnings	313	626	960	1,189	20	3,108	24,816
Gain (loss) on sale of capital assets	2,860	-	8,428	-	-	11,288	2,926
Interest on long-term debt	(350)	-	(2,436)	(115)	-	(2,901)	(6,286)
Total nonoperating revenues	<u>2,823</u>	<u>626</u>	<u>6,952</u>	<u>1,074</u>	<u>20</u>	<u>11,495</u>	<u>21,456</u>
Income (loss) before transfers	<u>(8,029)</u>	<u>33,638</u>	<u>(130,282)</u>	<u>(9,258)</u>	<u>(455,824)</u>	<u>(569,755)</u>	<u>(711,636)</u>
Operating transfers:							
Transfers in	-	-	-	-	455,824	455,824	-
Transfers (out)	-	-	(81)	-	-	(81)	(16,076)
Total transfers	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>455,824</u>	<u>455,743</u>	<u>(16,076)</u>
Net income (loss)	<u>(8,029)</u>	<u>33,638</u>	<u>(130,363)</u>	<u>(9,258)</u>	<u>-</u>	<u>(114,012)</u>	<u>(727,712)</u>
Net assets:							
Beginning of year, July 1	<u>296,082</u>	<u>211,968</u>	<u>534,688</u>	<u>517,574</u>	<u>-</u>	<u>1,560,312</u>	<u>2,288,024</u>
End of year, June 30	<u>\$ 288,053</u>	<u>\$ 245,606</u>	<u>\$ 404,325</u>	<u>\$ 508,316</u>	<u>\$ -</u>	<u>\$ 1,446,300</u>	<u>\$ 1,560,312</u>

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals	
						June 30, 2010	June 30, 2009
Cash flows from operating activities:							
Cash receipts from interfund services provided	\$ 1,779,625	\$ 251,055	\$ 2,106,664	\$ 338,588	\$ 4,197,927	\$ 8,673,859	\$ 3,836,611
Cash payments for interfund services (used)	(1,771,574)	(217,929)	(2,105,214)	(320,578)	(4,007,200)	(8,422,495)	(4,207,491)
Net cash provided (used) by operating activities	8,051	33,126	1,450	18,010	190,727	251,364	(370,880)
Cash flows from noncapital financing activities:							
Transfers in / (out)	-	-	(81)	-	455,824	455,743	(16,076)
Advances from other funds	5,463	1,214	6,873	1,693	-	15,243	(81,084)
Advances (to) other funds	224,011	88	570	88	(286,495)	(61,738)	64,987
Net cash provided (used) by noncapital financing activities	229,474	1,302	7,362	1,781	169,329	409,248	(32,173)
Cash flows from capital and related financing activities:							
Principal paid on long-term debt	(8,481)	-	(98,115)	(8,989)	-	(115,585)	(179,070)
Interest paid on long-term debt	(350)	-	(2,436)	(115)	-	(2,901)	(6,286)
Debt issued	19,576	-	-	-	-	19,576	-
Purchase of capital assets	(17,072)	-	(147,592)	-	-	(164,664)	(134,665)
Proceeds from sale of assets	2,860	-	1,694	-	-	4,554	10,781
Net cash (used) for capital and related financing activities	(3,467)	-	(246,449)	(9,104)	-	(259,020)	(309,240)
Cash flows from investing activities:							
Interest earned on investments	313	626	960	1,189	20	3,108	24,816
Net cash provided by investing activities	313	626	960	1,189	20	3,108	24,816
Net increase (decrease) in cash and cash equivalents	234,371	35,054	(236,677)	11,876	360,076	404,700	(687,477)
Cash and cash equivalents, July 1	51,758	225,715	554,173	488,146	-	1,319,792	2,007,269
Cash and cash equivalents, June 30	\$ 286,129	\$ 260,769	\$ 317,496	\$ 500,022	\$ 360,076	\$ 1,724,492	\$ 1,319,792
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (10,852)	\$ 33,012	\$ (137,234)	\$ (10,332)	\$ (455,844)	\$ (581,250)	\$ (733,092)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	11,248	-	170,282	15,391	-	196,921	281,038
Change in assets and liabilities:							
Increase (decrease) in compensated absences payable	3,216	1,583	760	(3,140)	-	2,419	7,579
(Increase) decrease in prepaid expenses	-	-	(9)	-	(131,257)	(131,266)	779
Increase (decrease) in accounts payable	(5,894)	(1,772)	(32,773)	(3,369)	787,368	743,560	34,240
(Increase) decrease in inventories	10,194	-	-	-	-	10,194	16,241
(Increase) decrease accounts receivable	139	303	424	19,460	(9,540)	10,786	22,335
Total adjustments	18,903	114	138,684	28,342	646,571	832,614	362,212
Net cash provided (used) by operating activities	\$ 8,051	\$ 33,126	\$ 1,450	\$ 18,010	\$ 190,727	\$ 251,364	\$ (370,880)

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 313	\$ 313	\$ 7
Charges for services	2,134,716	1,776,086	(358,630)	1,762,212
Sales of capital assets	7,000	2,860	(4,140)	-
Other operating revenues	-	3,400	3,400	280
	<u>2,141,716</u>	<u>1,782,659</u>	<u>(359,057)</u>	<u>1,762,499</u>
Expenses:				
Salaries and employee benefits		490,911		460,244
Fuel		4,938		3,598
Utilities		24,693		23,740
Maintenance and repair		1,142,898		1,121,025
Other departmental expenses		115,650		132,822
	<u>2,112,158</u>	<u>1,779,090</u>	<u>333,068</u>	<u>1,741,429</u>
Budgetary appropriations:				
Interest paid	790	350	440	420
Debt principal	9,302	8,481	821	13,794
Debt issued	(19,576)	(19,576)	-	-
Increase (decrease) in inventory	-	(10,194)	10,194	16,241
(Increase) decrease in compensated absences payable	-	(3,216)	3,216	(3,442)
Capital outlay	19,576	17,072	2,504	-
Appropriated retained earnings	19,466	-	19,466	-
	<u>29,558</u>	<u>(7,083)</u>	<u>36,641</u>	<u>27,013</u>
Total expenses	<u>\$ 2,141,716</u>	<u>\$ 1,772,007</u>	<u>\$ 369,709</u>	<u>\$ 1,768,442</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 1,782,659		\$ 1,762,499
Total expenses		<u>1,772,007</u>		<u>1,768,442</u>
Excess of revenues over (under) expenses		<u>10,652</u>		<u>(5,943)</u>
Budgetary appropriations (above):				
Payment of debt principal		8,481		13,794
Debt issued		(19,576)		-
Increase (decrease) in inventory		(10,194)		16,241
(Increase) decrease in compensated absences payable		(3,216)		(3,442)
Capital outlay		17,072		-
		<u>(7,433)</u>		<u>26,593</u>
Total budgetary appropriations		<u>(7,433)</u>		<u>26,593</u>
Depreciation (Statement 90)		<u>(11,248)</u>		<u>(13,417)</u>
Net income (loss) (Statement 90)		<u>\$ (8,029)</u>		<u>\$ 7,233</u>

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

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 1,703	\$ 626	\$ (1,077)	\$ 3,204
Charges for services	248,673	248,673	-	224,199
Other operating revenues	1,974	2,079	105	-
Total revenues	<u>252,350</u>	<u>251,378</u>	<u>(972)</u>	<u>227,403</u>
Expenses:				
Salaries and employee benefits		75,098		66,763
Utilities		85,495		86,165
Maintenance and repair		8,482		10,776
Other departmental expenses		48,665		48,317
Total	<u>255,789</u>	<u>217,740</u>	<u>38,049</u>	<u>212,021</u>
Budgetary appropriations:				
(Increase) decrease in compensated absences payable		(1,583)	1,583	(1,095)
Appropriated retained earnings	(3,439)	-	(3,439)	-
Total budgetary appropriations	<u>(3,439)</u>	<u>(1,583)</u>	<u>(1,856)</u>	<u>(1,095)</u>
Total expenses	<u>\$ 252,350</u>	<u>\$ 216,157</u>	<u>\$ 36,193</u>	<u>\$ 210,926</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 251,378		\$ 227,403
Total expenses		<u>216,157</u>		<u>210,926</u>
Excess of revenues over expenses		<u>35,221</u>		<u>16,477</u>
Budgetary appropriations (above):				
(Increase) decrease in compensated absences payable		<u>(1,583)</u>		<u>(1,095)</u>
Total budgetary appropriations		<u>(1,583)</u>		<u>(1,095)</u>
Net income (Statement 90)		<u>\$ 33,638</u>		<u>\$ 15,382</u>

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

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

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 10,422	\$ 960	\$ (9,462)	\$ 16,582
Charges for services	2,643,349	2,098,184	(545,165)	1,439,438
Sales of capital assets	7,000	8,428	1,428	10,781
Other operating revenues	7,037	8,056	1,019	75
Total revenues	<u>2,667,808</u>	<u>2,115,628</u>	<u>(552,180)</u>	<u>1,466,876</u>
Expenses:				
Salaries and employee benefits		875,448		869,136
Fuel		886		539
Maintenance and repair		5,984		13,817
Contracted services		42,027		116,534
Other departmental expenses		1,148,847		1,056,066
Total	<u>2,368,445</u>	<u>2,073,192</u>	<u>295,253</u>	<u>2,056,092</u>
Budgetary appropriations:				
Interest paid	2,436	2,436	-	5,258
Debt principal	98,115	98,115	-	152,223
Debt issued	-	-	-	-
Transfers				
(In) from Capital Project Fund	-	-	-	(70)
Out to Capital Project Fund	40,000	40,000	-	40,000
Out to General Fund	-	81	(81)	16,076
(Increase) decrease in compensated absences payable	-	(760)	760	(78)
Increase (decrease) in prepaid expense	-	9	(9)	(600)
Capital outlay	147,675	147,592	83	84,925
Appropriated retained earnings	11,137	-	11,137	-
Total budgetary appropriations	<u>299,363</u>	<u>287,473</u>	<u>11,890</u>	<u>297,734</u>
Total expenses	<u>\$ 2,667,808</u>	<u>\$ 2,360,665</u>	<u>\$ 307,143</u>	<u>\$ 2,353,826</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 2,115,628		\$ 1,466,876
Total expenses		2,360,665		2,353,826
Excess of revenues over (under) expenses		<u>(245,037)</u>		<u>(886,950)</u>
Budgetary appropriations (above):				
Payment of debt principal		98,115		152,223
Debt issued		-		-
Transfer to Capital Project (Schedule 95)		40,000		39,930
(Increase) decrease in compensated absences payable		(760)		(78)
Increase (decrease) in prepaid expense		9		(600)
Capital outlay		147,592		84,925
Total budgetary appropriations		<u>284,956</u>		<u>276,400</u>
Depreciation (Statement 90)		<u>(170,282)</u>		<u>(242,291)</u>
Net income (Statement 90)		<u>\$ (130,363)</u>		<u>\$ (852,841)</u>

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

City of Jacksonville, North Carolina
Information Technology Services Capital Project Fund
Schedule of Revenues, Expenses and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 12,507	\$ 3,991	\$ -	\$ 3,991	\$ (8,516)
Total revenues	12,507	3,991	-	3,991	(8,516)
Expenses:					
Capital outlay:					
AS400 Life Cycle DP0601	300,787	167,613	-	167,613	133,174
Interactive Voice Response DP0701	139,292	130,777	-	130,777	8,515
Total expenses	440,079	298,390	-	298,390	141,689
Revenues over (under) expenses	(427,572)	(294,399)	-	(294,399)	133,173
Other financing sources (uses):					
Debt issued	180,000	180,000	-	180,000	-
Transfers in--					
From ITS Fund	120,000	80,000	40,000	120,000	-
From General Fund	143,730	143,730	-	143,730	-
Transfer (out)--					
To ITS Fund	-	-	-	-	-
To General Fund	(16,158)	(16,076)	(81)	(16,157)	1
Total other financing sources	427,572	387,654	39,919	427,573	1
Excess of revenues and other sources over expenses	\$ -	\$ 93,255	\$ 39,919	\$ 133,174	\$ 133,174

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

For the Fiscal Year Ended June 30, 2010
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 2,920	\$ 1,189	\$ (1,731)	\$ 5,023
Charges for services	365,261	243,507	(121,754)	293,774
Sales of capital assets	-	-	-	(7,855)
Other operating revenues	96,796	75,621	(21,175)	94,298
Total revenues	<u>464,977</u>	<u>320,317</u>	<u>(144,660)</u>	<u>385,240</u>
Expenses:				
Salaries and employee benefits		167,407		141,516
Maintenance and repair		-		427
Contracted services		-		3,888
Other departmental expenses		146,662		110,957
Total	<u>481,390</u>	<u>314,069</u>	<u>167,321</u>	<u>256,788</u>
Budgetary appropriations:				
Interest paid	132	115	17	608
Debt principal	8,989	8,989	-	13,053
(Increase) decrease in compensated absences payable	-	3,140	(3,140)	(2,964)
Increase (decrease) in prepaid expense	-	-	-	(179)
Capital outlay	50,000	-	50,000	49,740
Appropriated retained earnings	(75,534)	-	(75,534)	-
Total budgetary appropriations	<u>(16,413)</u>	<u>12,244</u>	<u>(28,657)</u>	<u>60,258</u>
Total expenses	<u>\$ 464,977</u>	<u>\$ 326,313</u>	<u>\$ 138,664</u>	<u>\$ 317,046</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 320,317		\$ 385,240
Total expenses		326,313		317,046
Excess of revenues over expenses		<u>(5,996)</u>		<u>68,194</u>
Budgetary appropriations (above):				
Payment of debt principal		8,989		13,053
Debt issued		-		-
(Increase) decrease in compensated absences payable		3,140		(2,964)
Increase (decrease) in prepaid expense		-		(179)
Capital outlay		-		49,740
Total budgetary appropriations		<u>12,129</u>		<u>59,650</u>
Depreciation (Statement 90)		<u>(15,391)</u>		<u>(25,330)</u>
Net income (Statement 90)		<u>\$ (9,258)</u>		<u>\$ 102,514</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 Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<u>2010</u>		Variance Positive (Negative)	<u>2009</u>
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ 20	\$ 20	\$ -
Charges for services	3,014,907	2,834,422	(180,485)	-
Other operating revenues	754,778	1,373,045	618,267	-
Total revenues	<u>3,769,685</u>	<u>4,207,487</u>	<u>437,802</u>	<u>-</u>
Expenses:				
Salaries and employee benefits		4,663,311		-
Other departmental expenses		-		-
Total	<u>4,225,509</u>	<u>4,663,311</u>	<u>(437,802)</u>	<u>-</u>
Budgetary appropriations:				
Transfers				
(In) from General Fund	(205,041)	(205,041)	-	-
(In) from Proprietary Fund	(250,783)	(250,783)	-	-
Total budgetary appropriations	<u>(455,824)</u>	<u>(455,824)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 3,769,685</u>	<u>\$ 4,207,487</u>	<u>\$ (437,802)</u>	<u>\$ -</u>
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 4,207,487		\$ -
Total expenses		<u>4,207,487</u>		<u>-</u>
Excess of revenues over expenses		<u>\$ -</u>		<u>\$ -</u>

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

GOVERNMENTAL FUNDS CAPITAL ASSETS

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



City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 1,989,884	\$ 1,989,884
Land Rights	757,082	-
Buildings	20,419,552	20,272,773
Equipment	5,268,046	5,029,412
Software	691,813	682,813
Heavy equipment	470,316	502,424
Vehicles	8,314,278	7,874,808
Infrastructure	39,689,839	36,221,966
Improvements other than buildings	9,345,208	9,037,788
Construction in progress	<u>7,174,619</u>	<u>4,737,627</u>
Total governmental funds capital assets	<u>\$ 94,120,637</u>	<u>\$ 86,349,495</u>
Investment in governmental funds capital assets		
General Fund	\$ 41,734,708	\$ 40,763,523
Major Capital Project Fund	41,234,698	35,329,832
Non-Major Governmental Funds	4,136,802	3,241,711
Donations, court awards, etc.	<u>7,014,429</u>	<u>7,014,429</u>
Total investment in governmental funds capital assets	<u>\$ 94,120,637</u>	<u>\$ 86,349,495</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, 2010

	<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	11,825
Planning	-	-	-	-	-
Other-Unclassified	1,244,888	-	8,726,501	125,769	22,470
Total General Government	<u>1,244,888</u>	<u>-</u>	<u>8,726,501</u>	<u>157,761</u>	<u>40,550</u>
Public Works:					
Inspections	-	-	-	9,054	15,835
Code Enforcement	-	-	-	-	-
Public Works	-	-	-	-	-
Engineering	-	-	-	17,344	18,277
Maintenance	-	-	10,689	79,589	-
Steets Powell Bill	67,500	757,082	100,209	7,457	-
Street Non-Powell Bill	-	-	-	281,380	-
Total Public Works	<u>67,500</u>	<u>757,082</u>	<u>110,898</u>	<u>394,824</u>	<u>34,112</u>
Public Safety:					
Police	2,757	-	838,850	3,755,621	478,087
Animal Control	-	-	22,173	-	-
Fire	27,000	-	2,134,776	601,911	103,764
Total Public Safety	<u>29,757</u>	<u>-</u>	<u>2,995,799</u>	<u>4,357,532</u>	<u>581,851</u>
Cultural and Recreational:					
Recreation	647,739	-	8,446,387	357,929	35,300
Economic Development:					
Economic Development	-	-	139,967	-	-
Construction in progress					
Total governmental funds capital assets	<u>\$ 1,989,884</u>	<u>\$ 757,082</u>	<u>\$ 20,419,552</u>	<u>\$ 5,268,046</u>	<u>\$ 691,813</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
-	-	-	-	-	43,817
-	21,543	-	-	-	21,543
-	-	-	197,678	-	10,317,306
-	21,543	-	197,678	-	10,388,921
-	161,144	-	-	-	186,033
-	42,234	-	-	-	42,234
-	19,929	12,433,608	-	-	12,453,537
-	12,456	-	-	-	48,077
-	249,047	-	-	-	339,325
170,051	58,674	24,915,995	-	-	26,076,968
197,883	517,860	397,460	-	-	1,394,583
367,934	1,061,344	37,747,063	-	-	40,540,757
5,995	2,713,879	-	86,805	-	7,881,994
-	-	-	-	-	22,173
18,111	3,033,471	-	-	-	5,919,033
24,106	5,747,350	-	86,805	-	13,823,200
78,276	305,371	1,942,776	9,012,125	-	20,825,903
-	1,178,670	-	48,600	-	1,367,237
-	-	-	-	7,174,619	7,174,619
\$ 470,316	\$ 8,314,278	\$ 39,689,839	\$ 9,345,208	\$ 7,174,619	\$ 94,120,637

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, 2010

	Capital Assets 2009	Additions	Deductions	Transfers	Capital Assets 2010
General Government:					
Human Resources	\$ 6,255	\$ -	\$ -	\$ -	\$ 6,255
Finance	43,817	-	-	-	43,817
Planning	94,650	-	73,107	-	21,543
Other-unclassified	10,246,205	71,101	-	-	10,317,306
Total General Government	10,390,927	71,101	73,107	-	10,388,921
Public Works:					
Inspections	179,475	34,571	12,456	(15,557)	186,033
Code Enforcement	42,234	-	-	-	42,234
Public Works	12,453,537	-	-	-	12,453,537
Engineering	48,077	-	-	-	48,077
Maintenance	329,990	-	-	9,335	339,325
Streets	21,925,612	4,224,956	73,600	-	26,076,968
Streets Non-Powell Bill	1,390,008	20,429	14,848	(1,006)	1,394,583
Total Public Works	36,368,933	4,279,956	100,904	(7,228)	40,540,757
Public Safety:					
Police	8,033,055	825,044	976,105	-	7,881,994
Animal Control	22,173	-	-	-	22,173
Fire	5,465,776	514,230	60,973	-	5,919,033
Total Public Safety	13,521,004	1,339,274	1,037,078	-	13,823,200
Cultural and Recreational:					
Recreation	20,590,572	245,992	35,746	25,085	20,825,903
Economic Development:					
Economic Development	740,432	626,805	-	-	1,367,237
Construction in progress	4,737,627	2,463,737	26,745	-	7,174,619
Total governmental funds capital assets	\$ 86,349,495	\$ 9,026,865	\$ 1,273,580	\$ 17,857	\$ 94,120,637

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

ADDITIONAL FINANCIAL DATA

This section contains the following:

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

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

City of Jacksonville, North Carolina
Schedule of Cash and Investment Balances
 June 30, 2010

	Amounts Presented on Statements	Cost Value	Fair Value
Cash:			
On hand	\$ 7,699	\$ 7,699	\$ 7,699
In time deposits			
Certificates of deposit	6,639,750	6,639,750	6,639,750 (a)
NOW, SuperNOW, and money market	<u>5,769,035</u>	<u>5,769,035</u>	<u>5,769,035</u>
Total cash	<u>12,416,484</u>	<u>12,416,484</u>	<u>12,416,484</u>
Investments:			
North Carolina Capital Management Trust	16,582,157	16,582,157	16,582,157
US Government Agencies (FHLMC & FNMA)	4,468,419	4,450,000	4,468,419
[Registered in the City's name and held by the City's agent in the City's name]			
Commercial Paper	19,028,599	19,028,599	19,028,599
[Held by the City's agent in the City's name]			
Other Investments - Loan Proceeds	2,716,295	2,716,295	2,716,295
[Held by escrow agent in the City's name]			
Total investments	<u>42,795,470</u>	<u>42,777,051</u>	<u>42,795,470</u>
Total cash and investments	<u>\$ 55,211,954</u>	<u>\$ 55,193,535</u>	<u>\$ 55,211,954</u>
Distribution by Classification:			
Major General:			
Unrestricted		\$ 13,051,100	
Restricted		<u>1,511,035</u>	\$ 14,562,135
Major Capital Projects			
Unrestricted		5,354,109	
Restricted		<u>-</u>	5,354,109
Major Water and Sewer:			
Unrestricted		21,754,774	
Restricted		<u>2,337,676</u>	24,092,450
Major Solid Waste:			
Unrestricted		2,554,162	
Restricted		<u>6,259</u>	2,560,421
Non-Major Governmental:			
Unrestricted		1,750,084	
Restricted		<u>3,505,638</u>	5,255,722
Non-Major Enterprise			
Unrestricted		1,338,977	
Restricted		<u>3,810</u>	1,342,787
Internal Service:			
Unrestricted		1,721,984	
Restricted		<u>2,508</u>	1,724,492
Trust			<u>319,838</u>
Total			<u>\$ 55,211,954</u>

(a) Includes a \$625,000 Certificate of Deposit as a compensating balance requirement and is non-interest bearing, and \$14,750 Certificate of Deposit is a surety deposit held in the City's name on a developer's behalf.

City of Jacksonville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2010

Fiscal Year	Uncollected Balance June 30, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-10	\$ -	\$ 17,957,339	\$ 17,254,271	\$ 703,068
2008-09	744,033		421,808	322,225
2007-08	232,435		49,955	182,480
2006-07	111,662		2,024	109,638
2005-06	298,780		1,051	297,729
2004-05	192,949		813	192,136
2003-04	70,799		292	70,507
2002-03	77,516		478	77,038
2001-02	71,246		275	70,971
2000-01	61,685		125	61,560
1999-00	64,967		64,967	-
	<u>\$ 1,926,072</u>	<u>\$ 17,957,339</u>	<u>\$ 17,796,059</u>	<u>2,087,352</u>
Less allowance for uncollected ad valorem taxes receivable				<u>349,733</u>
Ad valorem taxes receivable - net				<u>\$ 1,737,619</u>
Reconcilement with revenues:				
Taxes - ad valorem - general fund		\$ 17,549,578		
Penalties and interest		<u>177,156</u>	\$ 17,726,734	
Reconciling items:				
Discoveries and abatements - net			66,984	
Taxes written off			64,706	
Refunds			22,552	
Interest collected			<u>(84,917)</u>	
Total collections and credits per above			<u>\$ 17,796,059</u>	

City of Jacksonville, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2010

	<u>City-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at					
current year's rate	\$ 2,663,909,137	0.626	\$ 16,676,071	\$ 15,468,249	\$ 1,207,822
Registered motor vehicles					
taxed at prior year's rate	110,084,375	0.626	689,129	-	689,129
Penalties	-		95,025	95,025	-
	<u>2,773,993,512</u>		<u>17,460,225</u>	<u>15,563,274</u>	<u>1,896,951</u>
Discoveries:					
Current year taxes and	135,106,297	0.626	845,765	820,496	25,269
prior year taxes					
Total	<u>135,106,297</u>		<u>845,765</u>	<u>820,496</u>	<u>25,269</u>
Abatements	<u>(55,933,756)</u>		<u>(348,651)</u>	<u>(80,196)</u>	<u>(268,455)</u>
Total Property Valuation	<u>\$ 2,853,166,053</u>				
Net Levy			17,957,339	16,303,574	1,653,765
Less uncollected tax at June 30, 2010 (Schedule 96)			<u>(703,068)</u>	<u>(302,738)</u>	<u>(400,330)</u>
Current year's taxes collected			<u>\$ 17,254,271</u>	<u>\$ 16,000,836</u>	<u>\$ 1,253,435</u>
Percent current year collected			<u>96.08%</u>	<u>98.14%</u>	<u>75.79%</u>

STATISTICAL SECTION

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

Contents

Financial Trends (Tables 1-4)

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

Revenue Capacity (Tables 5-9)

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

Debt Capacity (Tables 10-12)

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

Demographic and Economic Information (Tables 13-14)

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

Operating Information (Tables 15-17)

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

City of Jacksonville, North Carolina
Net Assets by Component
 Last Eight 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	\$ 55,603,576	\$ 65,117,352	\$ 74,075,231
Restricted	4,573,546	2,502,145	2,273,770	2,197,646
Unrestricted	29,675,331	35,440,727	31,848,247	27,125,910
Total primary government net assets	<u>\$ 88,842,685</u>	<u>\$ 93,546,448</u>	<u>\$ 99,239,369</u>	<u>\$ 103,398,787</u>

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

Table 1

Fiscal Year			
2007	2008	2009	2010
\$ 36,483,370	\$ 40,051,639	\$ 44,298,070	\$ 49,811,519
2,439,679	3,112,204	3,679,410	3,505,638
25,048,407	23,079,617	25,723,916	26,825,278
<u>\$ 63,971,456</u>	<u>\$ 66,243,460</u>	<u>\$ 73,701,396</u>	<u>\$ 80,142,435</u>
\$ 48,250,136	\$ 53,959,462	\$ 70,678,265	\$ 46,532,620
4,797,748	2,054,402	(8,044,529)	24,018,469
<u>\$ 53,047,884</u>	<u>\$ 56,013,864</u>	<u>\$ 62,633,736</u>	<u>\$ 70,551,089</u>
\$ 84,733,506	\$ 94,011,101	\$ 114,976,335	\$ 96,344,139
2,439,679	3,112,204	3,679,410	3,505,638
29,846,155	25,134,019	17,679,387	50,843,747
<u>\$ 117,019,340</u>	<u>\$ 122,257,324</u>	<u>\$ 136,335,132</u>	<u>\$ 150,693,524</u>

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

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

Table 2

Fiscal Year			
2007	2008	2009	2010
\$ 6,347,845	\$ 5,366,793	\$ 5,517,241	\$ 5,596,384
5,197,251	5,284,092	5,786,244	3,882,329
14,843,992	16,607,850	18,040,904	20,979,364
309,052	746,743	851,295	814,390
5,200	-	-	-
3,080,676	3,570,991	4,129,539	4,915,686
252,897	361,140	311,838	258,864
<u>30,036,913</u>	<u>31,937,609</u>	<u>34,637,061</u>	<u>36,447,017</u>
705,226	779,463	901,203	898,699
795,696	741,442	724,790	1,294,058
85,997	117,753	137,236	211,289
-	-	-	-
328,895	401,834	440,391	456,832
2,763,818	3,824,357	3,692,813	4,553,143
1,386,287	1,266,935	6,677,474	4,108,039
<u>6,065,919</u>	<u>7,131,784</u>	<u>12,573,907</u>	<u>11,522,060</u>
<u>(23,970,994)</u>	<u>(24,805,825)</u>	<u>(22,063,154)</u>	<u>(24,924,957)</u>
13,541,986	16,556,839	17,395,985	17,887,016
13,185,671	8,507,654	10,707,904	10,643,840
420,799	423,724	420,799	420,799
310,819	2,623,543	3,188,160	3,213,168
104,109	114,395	114,171	154,786
2,621,639	420,995	-	-
1,264,390	1,139,000	435,342	115,235
6,124,021	672,649	931,473	1,110,048
<u>(2,747,247)</u>	<u>(3,380,970)</u>	<u>(3,672,744)</u>	<u>(2,178,896)</u>
<u>34,826,187</u>	<u>27,077,829</u>	<u>29,521,090</u>	<u>31,365,996</u>
<u>\$ 10,855,193</u>	<u>\$ 2,272,004</u>	<u>\$ 7,457,936</u>	<u>\$ 6,441,039</u>

Continued on next page.

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

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

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

Table 2, continued.

Fiscal Year			
2007	2008	2009	2010
\$ 13,643,327	\$ 15,624,868	\$ 17,052,896	\$ 19,605,964
4,255,197	4,639,604	4,757,063	4,936,541
1,286,133	1,535,692	1,653,473	1,706,904
<u>19,184,657</u>	<u>21,800,164</u>	<u>23,463,432</u>	<u>26,249,409</u>
13,331,854	16,090,217	19,585,091	25,432,654
2,338,256	2,574,942	2,594,445	2,622,685
-	-	2,041,550	2,077,406
1,990,356	2,017,348	1,997,949	1,587,697
<u>17,660,466</u>	<u>20,682,507</u>	<u>26,219,035</u>	<u>31,720,442</u>
<u>(1,524,191)</u>	<u>(1,117,657)</u>	<u>2,755,603</u>	<u>5,471,033</u>
-	-	-	-
360,044	293,797	111,166	137,377
1,183,217	408,870	80,359	130,047
<u>2,747,247</u>	<u>3,380,970</u>	<u>3,672,744</u>	<u>2,178,896</u>
<u>\$ 2,766,317</u>	<u>\$ 2,965,980</u>	<u>\$ 6,619,872</u>	<u>\$ 7,917,353</u>
<u>\$ 13,621,510</u>	<u>\$ 5,237,984</u>	<u>\$ 14,077,808</u>	<u>\$ 14,358,392</u>

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

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

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

Table 3

Fiscal Year			
2007	2008	2009	2010
\$ 4,812,557	\$ 7,740,620	\$ 8,668,338	\$ 7,129,465
9,965,961	7,513,927	7,323,331	10,530,710
<u>\$ 14,778,518</u>	<u>\$ 15,254,547</u>	<u>\$ 15,991,669</u>	<u>\$ 17,660,175</u>
\$ 5,129,315	\$ 4,836,876	\$ 4,355,700	\$ 6,673,462
3,058,622	2,139,779	1,378,279	323,514
4,169,992	3,912,698	4,547,887	2,929,440
1,173,947	1,026,118	1,899,319	1,366,861
<u>\$ 13,531,876</u>	<u>\$ 11,915,471</u>	<u>\$ 12,181,185</u>	<u>\$ 11,293,277</u>

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

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

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

^a 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.

Table 4

Fiscal Year			
2007	2008	2009	2010
\$ 13,454,300	\$ 16,375,725	\$ 17,099,462	\$ 17,726,734
310,820	32,253	74,583	78,886
620,597	649,834	732,655	688,685
13,185,671	8,507,654	10,707,904	10,643,840
104,109	114,395	114,171	154,786
2,620,232	3,041,423	3,324,395	3,267,272
4,554,837	4,747,278	4,486,987	5,237,889
842,646	814,318	880,573	1,450,667
398,611	516,940	529,362	587,603
1,266,126	1,192,808	434,083	89,604
804,395	608,948	797,917	861,933
<u>38,162,344</u>	<u>36,601,576</u>	<u>39,182,092</u>	<u>40,787,899</u>
5,680,777	5,167,232	5,000,463	5,191,549
5,217,787	4,769,094	4,850,655	4,757,113
13,934,643	15,605,593	17,288,492	19,148,628
-	-	-	-
2,430,589	5,525,106	3,895,349	4,128,184
515,734	742,766	840,428	861,712
7,695,294	908,510	1,313,951	2,005,026
9,312	28,475	446,984	371,482
2,061,532	2,066,522	2,019,770	2,129,525
283,915	361,140	311,838	258,864
<u>37,829,583</u>	<u>35,174,438</u>	<u>35,967,930</u>	<u>38,852,083</u>
332,761	1,427,138	3,214,162	1,935,816
3,626,081	775,282	1,389,995	1,278,432
187,970	39,133	55,347	200,990
9,872,164	5,484,935	6,363,348	5,741,235
<u>(12,788,140)</u>	<u>(8,865,905)</u>	<u>(10,020,016)</u>	<u>(8,375,875)</u>
<u>898,075</u>	<u>(2,566,555)</u>	<u>(2,211,326)</u>	<u>(1,155,218)</u>
<u>\$ 1,230,836</u>	<u>\$ (1,139,417)</u>	<u>\$ 1,002,836</u>	<u>\$ 780,598</u>
8.4%	7.6%	7.2%	6.9%

Table 5

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

Fiscal Year	Real Property		Personal Property		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate Per \$100
	Residential Property	Commercial Property	Motor Vehicles	Other			
2001	\$ 818,802,311	\$ 523,496,560	\$ 181,669,464	\$ 168,114,632	\$ 3,956,410	\$ 1,688,126,557	0.5900
2002	863,378,134	529,167,243	195,018,122	180,078,672	4,115,883	1,763,526,288	0.5900
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	201,547,959	21,598,335	2,780,178,053	0.6260

Source: Onslow County Tax Administrator/Collector

Notes: Property in Onslow County is reassessed every five to eight years; the most recent revaluation in 2006 was conducted five years after the previous one. The county assesses property at 100 percent of actual value. Tax rates are per \$100 of assessed value.

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
2001	0.5500	0.0400	0.5900	0.630	1.220
2002	0.5500	0.0400	0.5900	0.690	1.280
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

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.

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

Taxpayer	2010			2001		
	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	\$ 37,343,994	1	1.31 %	\$ -		0.00 %
Carolina Telephone & Telegraph	25,920,701	2	0.91	16,281,977	2	0.96
Jones-Onslow EMC	22,430,510	3	0.79	14,496,683	4	0.86
Progress Energy Carolinas	18,425,283	4	0.65	9,837,198	8	0.58
Bailey & Associates, Inc.	15,826,491	5	0.55	15,430,760	3	0.91
Puller Place, LLC	15,453,737	6	0.54			
Jacksonville Commons, LLC	13,832,318	7	0.48			
Electronic Data Systems	12,715,622	8	0.45			
Marine Federal Credit Union	12,629,018	9	0.44			
New River Associates, LLC	12,347,078	10	0.43	8,409,871	9	0.50
Crown America Acquisition LP				29,829,262	1	1.77
BNE Restaurant Group II, LLC				13,189,233	5	0.78
United Dominion Realty Trust				12,122,782	6	0.72
Lowe's Investment Corp.				10,822,760	7	0.64
John T. Eagan, Jr.				7,619,632	10	0.45
Total	\$ 186,924,752		6.55 %	\$ 138,040,158		8.16 %

Source: Onslow County Tax Administrator/Collector

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
2001	\$ 10,148,926	\$ 9,847,945	97.03 %	\$ 239,421	\$ 10,087,366	99.39 %
2002	10,448,606	10,087,516	96.54	290,119	10,377,635	99.32
2003	10,615,036	10,256,566	96.62	281,432	10,537,998	99.27
2004	11,066,894	10,664,781	96.37	331,606	10,996,387	99.36
2005	11,599,071	11,100,980	95.71	305,955	11,406,935	98.34
2006	12,283,606	11,702,137	95.27	283,740	11,985,877	97.57
2007	13,527,026	13,142,197	97.16	275,191	13,417,388	99.19
2008	16,625,906	16,077,078	96.70	366,348	16,443,426	98.90
2009	17,426,095	16,682,062	95.73	421,808	17,103,870	98.14
2010	17,957,339	17,254,271	96.08	-	17,254,271	96.08

Source: Onslow County Tax Administrator/Collector

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

<u>Fiscal Year</u>	<u>Onslow County ^a</u>
2001	2.00
2002	2.00
2003	2.00
2004	2.50 ^b
2005	2.50
2006	2.50
2007	2.50
2008	2.50
2009	2.25 ^c
2010	2.00 ^d

Sources: City Finance Office and Onslow County Finance Office

Notes: The County sales tax rate may be changed only with the approval of the state legislature.

^a The City does not levy a separate sales tax from the County.

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

^c The County sales tax rate decreased to 2.25% effective October 1, 2008.

^d The County sales tax rate decreased to 2.00% effective October 1, 2009.

City of Jacksonville, North Carolina
Ratios of Outstanding Debt by Type
 Last Eight Fiscal Years ^a

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ -	0%	\$ -
2004	-	0%	-
2005	-	0%	-
2006	-	0%	-
2007	-	0%	-
2008	-	0%	-
2009	-	0%	-
2010	-	0%	-

Fiscal Year	Other Governmental Activities Debt		Business-type Activities			Total Primary Government	Percentage of Personal Income ^b	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

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).

^a Data is not available prior to FY2003.

^b 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.

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

City of Jacksonville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Onslow County General Obligation Debt	\$ 104,137,260	24.0%	\$ 24,992,942
Other Debt			
Onslow County Certificates of Participation	70,175,000	24.0%	16,842,000
Onslow County Installment Purchase Loans	15,787,000	24.0%	3,788,880
Onslow County Special Obligation Bonds	10,418,000	24.0%	2,500,320
Onslow County Bonds Authorized but Not Issued	3,780,000	24.0%	<u>907,200</u>
Subtotal, overlapping debt			49,031,342
City direct debt			<u>7,342,987</u>
Total direct and overlapping debt			<u><u>\$ 56,374,329</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/Assessor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jacksonville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Onslow County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Onslow County's installment purchase, loan, and other debt. The percentage of overlapping debt is based on the June 30, 2009, assessed valuation of the County of Onslow (\$11,516,307,000) as compared to the June 30, 2009, assessed valuation of the City of Jacksonville (\$2,853,166,053).



City of Jacksonville, North Carolina
Legal Debt Margin Information
Last Eight Fiscal Years ^a

	Fiscal Year			
	2003	2004	2005	2006
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.

^a Data for previous years is not available.

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 2,853,166,053
Debt limit (8% of assessed value)	228,253,284
Debt applicable to limit:	
Installment purchase	<u>7,342,988</u>
Total net debt applicable to limit	<u>7,342,988</u>
Legal debt margin	<u><u>\$ 220,910,296</u></u>

Fiscal Year			
2007	2008	2009	2010
\$ 201,645,680	\$ 212,391,193	\$ 221,148,026	\$ 228,253,284
<u>11,003,772</u>	<u>9,714,850</u>	<u>8,678,903</u>	<u>7,342,988</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>
5.5%	4.6%	3.9%	3.2%

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

Fiscal Year	(1) Population^a	(2) Personal Income^a (in thousands)	(2) Per Capita Personal Income^a	(1) Median Age^a	(3) School Enrollment^b	(4) Unemployment Rate Percentage^c
2001	66,715 (5)	3,607,640	24,362	22.40 (5)	24,867	5.4
2002	66,176	3,580,321	23,910	24.70	25,656	7.0
2003	68,357	3,874,134	25,579	23.96	26,236	7.4
2004	72,873	4,344,447	28,104	23.75	26,529	6.1
2005	73,531	4,881,345	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	NA	39,932	NA	23,361 (7)	8.8
2010	81,612	NA	44,664	25.5	23,493 (7)	8.0

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)

NA - Data not available

Notes:

^a Population, personal income, and median age information is based on surveys conducted during the last quarter of the calendar year. Population includes portions of Marine Corps Base Camp Lejeune that were annexed in 1990. Personal income and per capita personal income figures are for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

^b 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.

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

City of Jacksonville, North Carolina
Principal Employers, Current and Prior Year

Employer	2010			2009		
	Employees ^a	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense (civilian employees)	1,000+	1	See %	1,000+	2	See %
Onslow County Board of Education	1,000+	2	below	1,000+	1	below
Camp Lejeune Marine Corps Community Services ^b	1,000+	3		1,000+	3	
Onslow Memorial Hospital	1,000+	4		1,000+	4	
Onslow County Government	1,000+	5		1,000+	6	
Wal-Mart Associates, Inc.	1,000+	6		1,000+	5	
Coastal Carolina Community College	500-999	7		500-999	7	
Convergys Customer Management Group	500-999	8		500-999	8	
City of Jacksonville	500-999	9		500-999	9	
Coastal Enterprises of Jacksonville	250-499	10		250-499	12	
Food Lion, LLC	250-499	11		250-499	10	
McDonald Restaurants of NC, Inc.	250-499	12		250-499	11	
Lowes Home Centers, Inc.	250-499	13		250-499	14	
PRC	250-499	14		250-499	13	
Marine Federal Credit Union	250-499	15		250-499	15	

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

Notes:

^a Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used.

^b Includes civilian employees at the Marine Corps Base Camp Lejeune, New River Air Station, and Camp Johnson.

Employment by Industry Category

Because only ranges are available, the percentage of total City employment cannot be calculated for each employer. To give an idea of the impact the Marine Corps installations and other government agencies have on the local economy, the following table from the NC Employment Security Commission is provided. The high percentage (30.17%) 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	33	6,165	13.39 %	\$ 815.00
Total State Government	19	1,075	2.33	560.00
Total Local Government	19	6,652	14.45	702.00
Total Private Industry	2,803	32,151	69.83	478.00
Total All Industries	2,874	46,043	100.00 %	\$ 638.75



Table 15

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6	6	6	5	5	5	5	5	5	6
Community Programs	-	-	-	-	-	-	1	2	2	2
Legal	-	-	1	1	1	1	1	1	1	1
Human Resources	5	3	3	5	5	5	5	5	5	5
City Clerk	2	1	1	2	2	3	3	3	3	3
Finance	17	20	20	19	19	20	22	22	23	24
Planning	7	5	5	6.3	6.5	6.5	8.3	10	8	8
Transportation	2	2	2	1.5	1.5	2.5	2.6	2.1	2.1	2.1
Public Safety:										
Police (Note 1)	130	130	128	130	130	131	132	-	-	-
Sworn								113	115	115
Non-sworn								26	26	27
Fire (Note 1)	72	72	72	75	75	75	75	-	-	-
Firefighters								73	79	83
Administrative Support								2	2	3
Building Inspections	10	11	11	11.2	12	12	12.1	12	11	11
Code Enforcement									3.8	3.8
Public Works:										
Administration	2	1.5	1.1	1.1	1.1	1.1	1.6	1.4	0.4	0.4
Engineering	3	4	4	4.5	4.5	4.5	3.6	4	4.5	4
Facilities Maintenance	20	13	13	13	13	13	13	13	15	10
Streets	31	31	31	31	30	30	22	22	22	23
Recreation and Parks	12	20	19	19	20	20	22	23	25	37
Water/Sewer Operations:										
Administration	2	2.5	2.9	2.9	2.9	2.9	3.4	3.6	2.6	3.6
Engineering	6	4	4	4.5	4.5	7.5	8.2	8.6	10.1	10.6
Metering	7	7	7	7	7	7	7	7	7	7
Utilities Maintenance	12	20	20	20	21	22	22	22	25	25
Water Supply	8	6	6	6	6	6	6	6	12	13.85
Wastewater	18	12	12	12	12	12	12	12	15	15.15
Stormwater/Water Quality	-	-	-	2	2	2	3	3	4	4
Streets/Stormwater Drainage	-	-	-	-	-	-	15	15	15	15
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41	41	41	41
Fleet Maintenance	7	7	7	8	8	8	8	9	9	9
City Hall Maintenance	1	1	1	1	1	1	1	1	2	2
Info Technology Services	6	8	9	9	10	10	10.1	11.1	12.1	12.3
Video/Media Services	-	-	-	-	1	2	2	2	2	3
Community Development	4	4	4	4	4	4	4	4	3.2	3.2
E-911 (Note 2)	-	-	-	-	-	-	0.1	0.2	0.2	-
TOTAL	438	439	438	449	453	462	479	492	520	540

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

Function/Program	2001	2002	2003	2004	2005	2006
General government						
Building permits issued (Note 1)	609	774	615	865	810	996
Number of residential units (Note 2)	508	363	275	369	404	385
Number of commercial units (Note 2)	15	24	29	50	25	25
Building inspections conducted (Note 1)	12,325	14,816	16,358	18,345	21,110	21,297
Business privilege licenses issued	3,324	3,319	3,344	3,523	3,694	4,321
Business privilege license collections (Note 3)	383,584	411,789	426,563	444,496	476,033	539,458
Zoning inspections conducted (Note 4)	NA	1,693	1,097	1,910	2,139	2,122
Police						
Physical arrests (Note 5)	2,013	2,170	2,076	2,211	2,320	2,409
Traffic citations	11,373	8,175	4,993	10,356	10,074	12,399
Calls for service	70,482	70,020	69,536	78,215	78,874	85,414
Priority 1 response time (minutes/seconds)	6:25	6:49	6:30	6:42	6:40	7:31
Fire						
Emergency responses	1,934	1,854	2,097	2,375	2,319	2,260
Fires extinguished	195	205	205	195	178	184
Fire inspections conducted	668	995	843	1,081	1,227	1,093
Calls for service	NA	NA	NA	NA	NA	NA
Public Works						
Potholes repaired	1,467	1,778	2,064	2,269	1,148	3,154
Total street miles swept	4,250.8	4,669.9	3,553.7	8,189.4	5,450.0	2,301.5
Recreation and Parks						
Youth baseball/softball registrations	NA	NA	NA	741	858	923
Senior citizen program registrations	NA	NA	NA	454	593	457
Water						
Avg daily consumption (thousands of gallons)	3,805	3,854	3,956	4,027	4,484	4,825
Number of utility accounts	12,683	12,683	14,085	14,456	14,709	14,813
Wastewater						
Avg daily sewer treatment (thousands of gallons)	4,942	4,488	5,141	5,411	5,044	5,242
Solid Waste Disposal						
Refuse collected (residential/commercial tons/wk)	621.99	596.96	629.31	661.61	664.16	675.62
Yard waste collected (tons per week)	40.58	65.16	76.53	88.56	112.11	111.21
Recyclables collected (tons per fiscal year)	696.65	712.95	749.24	763.04	821.75	887.59
Stormwater						
Drainage ditches maintained (miles)	25.6	60.2	NA	NA	NA	41.1
Transportation						
Jacksonville Transit System ridership (monthly average) (Note 6)	NA	120	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

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

2007	2008	2009	2010
924	867	675	1,533
318	240	225	674
29	49	58	51
17,947	14,680	12,371	15,470
4,049	3,863	4,356	3,891
607,299	649,834	704,057	710,282
2,749	1,993	2,677	2,533
2,461	2,902	2,622	2,802
14,114	18,746	18,637	22,838
96,214	99,658	98,458	106,279
6:47	6:28	6:32	5:52
2,283	2,407	2,541	2,727
229	180	181	201
1,361	1,179	1,164	1,951
NA	5,089	6,425	15,500
2,243	2,438	2,509	1,056
2,729.6	2,813	3,147	2,500.0
934	853	869	1,254
540	615	488	456
4,810	3,952	3,991	4,081
15,478	15,715	16,066	16,716
5,498	4,549	3,990	5,895
669.20	650.37	622.0	603.61
95.89	92.42	94.51	93.77
1,124.0	1,427.0	1,557.0	1,793
59.0	47.7	71.0	80.0
1,306	1,937	3,936	4,943

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.

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

Function/Program	2001	2002	2003	2004	2005	2006
General government						
Area (square miles)	NA	NA	43.19	43.62	43.71	44.62
Land/Buildings (dollars)	12,154,286	12,144,272	12,268,323	12,360,798	17,435,277	18,355,699
Police						
Stations	1	1	1	1	1	1
Police vehicles (Note 1)	122	141	145	121	137	123
Fire						
Stations	4	4	4	4	4	4
Fire Engines	9	9	9	9	9	9
Public Works						
Streets (miles) (Note 2)	165.64	166.37	166.37	167.16	168.99	170.41
Sidewalks (miles) (Note 3)	30.56	31.57	31.57	33.21	35.91	41.01
Recreation and Parks						
Parks (Note 4)	16	16	20	20	20	23
Acreage	228.0	228.0	262.4	262.4	262.4	294.23
Playgrounds	13	13	15	15	15	15
Athletic fields	16	18	20	20	25	25
Recreation centers	4	4	4	4	4	4
Water						
Water mains (miles)	201.00	202.63	204.50	205.45	207.80	209.48
Pump stations	38	38	38	38	39	39
Fire hydrants	1,697	1,818	1,857	1,917	1,967	1,989
Storage capacity (mil gallons)	2.8	2.8	2.8	2.8	2.8	3.9
Wastewater						
Sanitary sewers (miles)	198.42	200.48	201.83	202.56	204.57	206.5
Storm drainage ditches (miles)	NA	NA	NA	NA	NA	100.0
Treatment capacity (mgd)	6.0	6.0	6.0	6.0	6.0	6.0
Solid Waste Disposal						
Sanitation trucks	12	12	12	12	12	12
Other sanitation vehicles (Note 5)	7	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 Department of Transportation (32.03 miles).
- (3) In prior years, sidewalks were measured using the street's center line measurement. This has been corrected for FY2008 to reflect actual mileage of sidewalks on both sides of the streets.
- (4) Recreation parks and acreage for FY 2006 included 3 proposed parks totaling 31.85 acres. The then-existing 20 parks comprised 262.4 acres. Adjustment in FY2007 is due to obtaining more accurate GIS data.
- (5) Other sanitation vehicles include two boom trucks, three dial-a-trucks, and two pickup trucks.

Table 17

2007	2008	2009	2010
45.15	45.30	46.38	54.85
19,370,518	19,760,511	22,262,655	22,409,435
1	1	1	1
118	143	128	140
4	4	4	4
9	9	9	
173.73	174.87	179.16	148.34
43.65	159.84	153.09	135.00
23	23	23	19
292.57	292.57	292.57	267.40
15	15	15	19
25	25	25	21
4	4	4	4
273.59	275.00	278.00	280.00
39	39	40	42
2,057	2,133	2,181	2,156
3.9	3.9	3.9	3.4
247.13	245.00	248.00	248.60
100.0	129.00	85.00	80.00
6.3	6.6	6.6	9.0
11	11	12	19
7	7	7	2



COMPLIANCE SECTION

The Compliance Section contains various schedules and Auditor opinions reflecting Federal, State and Local matching participation in various projects and programs of the City. The Single Audit Amendments Act of 1996 established audit requirements for State and Local governments that receive Federal assistance. The audit requirements were established to 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, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated November 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jacksonville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not 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 would not necessarily 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 & Pullen, LLP

Morehead City, North Carolina
November 1, 2010



McGladrey & Pullen, LLP
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**Independent Auditor's Report on Compliance
With Requirements That Could Have a Direct and
Material Effect on Each Major Federal Program
and 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 U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Jacksonville's major federal programs for the year ended June 30, 2010. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

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

In our opinion, City of Jacksonville complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 would not necessarily 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 & Pullen, LLP

Morehead City, North Carolina
November 1, 2010

**Independent Auditor's Report on Compliance
With Requirements That Could Have a Direct and
Material Effect on Each Major State Program
and 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 *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 its major State programs for the year ended June 30, 2010. City of Jacksonville's major State programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

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

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance 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 would not necessarily identify all deficiencies in the internal control 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 & Pullen, LLP

Morehead City, North Carolina
November 1, 2010

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

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, 2010

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
14.218	Community Development Entitlement
14.253	ARRA-Community Development Entitlement
20.507	ARRA-Federal Transit Formula Grants (Urbanized Area Formula Program)
20.507	Federal Transit Formula Grants (Urbanized Area Formula Program)
81.128	Energy Efficiency and Conservation Block 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

Identification of major State programs

Program Name

Nonstate System Street Aid Allocation (Powell Bill)

The other major State programs for the City are the Capitalization Grants for Drinking Water State Revolving Fund and the Federal Transit Formula Grant, which are both State matches on federal programs. Therefore, these programs have been included in the list of major federal programs above.

(Continued)

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010

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, 2010**

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.

City of Jacksonville, North Carolina

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010**

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, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number		Expenditures		
				Federal Direct and Pass-Through	State	Local
FEDERAL AWARDS						
US Department of Housing & Urban Development						
Direct Program:						
Community Development Entitlement Cluster						
ARRA-Community Development Entitlement	14.253	B-09-MY-37-0014	M	\$ 75,924	-	-
Community Development Entitlement	14.218	B-07-MC-37-0014	M	450,698	-	32,311
Total US Department of HUD				<u>526,622</u>	-	<u>32,311</u>
US Department of Justice						
Direct Programs:						
Bulletproof Vest Partnership Grant	16.607			6,760	-	6,760
Weed and Seed	16.595			113,187	-	-
Justice Assistance Grant	16.738			27,003		
Pass through: Onslow County Board of Education						
School Resource Officer	16.592			208,137	-	122,239
Total US Department of Justice				<u>355,087</u>	-	<u>128,999</u>
US Department of Transportation						
Direct Programs:						
Federal Transit Formula Grants (Urbanized Area						
Formula Program)	20.507		M	363,286	7,931	146,529
ARRA-Federal Transit Formula Grants (Urbanized Area						
Formula Program)	20.507		M	526,079	-	-
Total Federal Transit Formula Grants				<u>889,365</u>	<u>7,931</u>	<u>146,529</u>
Pass through: NC Department of Transportation						
104-F Transportation Grant	20.205			307,133	-	76,783
Governor's Highway Safety Grant	20.600			59,841		19,947
Total US Department of Transportation				<u>1,256,339</u>	<u>7,931</u>	<u>243,259</u>
US Department of Homeland Security						
Direct Program:						
SAFER Grant	97.083			195,289	-	27,666
US Department of Energy						
Energy Efficiency Block Grant-ARRA	81.128		M	101,112	-	-
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	5,595,958	1,398,989	-
ARRA-Drinking Water State Revolving Loan	66.468		M	140,711	-	28,636.00
ARRA- Drinking Water State Grant	66.468		M	140,711	-	28,635.00
Total Drinking Water State Revolving Loan				<u>5,877,380</u>	<u>1,398,989</u>	<u>57,271</u>
Water Quality division						
Clean Water Loan	66.458			6,688,243	1,672,061	-
Total US Environmental Proection Agency				<u>12,565,623</u>	<u>3,071,050</u>	<u>57,271</u>

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CITY OF JACKSONVILLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2010**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
STATE GRANTS (all direct):					
NC Department of Crime Control and Public Safety Division of Governor's Crime Control Victim's Assistance		N/A	-	33,589	11,196
NC Department of Juvenile Justice and Delinquency Prevention Juvenile Transportation Grant		N/A	-	200	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	200	-
NC Department of Transportation Nonstate System Street Aid Allocation		N/A	-	1,586,569	-
State Maintenance Assistance Program		N/A	-	135,955	135,955
Section 5305 Grant		N/A	-	27,648	3,072
Total NC Department of Transportation			-	1,750,172	139,027
NC Department of Environment and Natural Resources NC Coastal Management Program Public Beach and Coastal Access Grant PARTF		N/A N/A	-	29,748 203,069	- 77,606
Division of Environmental Health State Aid for Mosquito Control		N/A	-	14,630	21,228
Total NC Department of Environment and Natural Resources			-	247,447	98,834
NC Department of Cultural resources NC Arts Council-Grass Roots Arts Program		N/A	-	1,223	21,011
NC Community Conservation Assistance Program Onslow Co. Soil and Water Conservation/Cistem Grant		N/A	-	6,216	-
NC Rural Economic Development		N/A	-	103,808	-
Total federal expenditures			\$ 15,000,072		
Total State expenditures				\$ 5,221,636	
Total local expenditures					\$ 759,574

M Indicates major federal program
See Notes to the Schedule of Expenditures of Federal and State Awards.

City of Jacksonville, North Carolina

**Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2010**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Jacksonville, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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 2. Outstanding Loans

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