City of Jacksonville

North Carolina

Comprehensive Annual

Financial Report

For The Fiscal Year Ended June 30, 2011

Prepared by
FINANCE DEPARTMENT

Interim Finance Director
GAYLE MAIDES

INTRODUCTORY SECTION

* Letter of Transmittal
* Certificate of Achievement for Excellence in Financial Reporting
* City of Jacksonville - Organizational Chart
* City of Jacksonville - List of Principal Officials

City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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CITY OF JACKSONVILLE

City Manager

LETTER OF TRANSMITTAL

October 2011

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, 2011. 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 and component units. 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 77,343, making Jacksonville the 11th largest city in North Carolina. Jacksonville is the county seat and is home to Marine Corps Base Camp Lejeune and Marine Corps Air Station New River. The City 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.

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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 2011 unemployment rate was 9.6 percent (not seasonally adjusted-NSA), which was lower than the statewide rate of 9.9 percent (NSA) but was higher than the national rate of 9.3 percent (NSA).

Personal income amounted to $7.7 million for FY10, $0.80 of every dollar earned in non-farm personal income within the area comes from government sources, $0.68 of that same dollar comes from Military employment alone.[1]

Military awarded contracts amounted to $640,979,078 for 2010. This does not include amounts in the past four years which are still in effect, estimated to be worth four times as much by military leaders.[2] This accounts for the significant increase in construction employment within the community over the last four years, which is up from 5% in 2004 to more than 9% in 2009, the last year available.

Average earnings per job within the Metropolitan Statistical Area amounted to $58,794 for 2009 the latest year available, up 7.2% from 2008.[3]

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

More than 56,000 persons are assigned to Camp Lejeune and the New River Air Station.

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

The base and surrounding community is home to an active duty, dependent, retiree and civilian employee population of approximately 180,000 people. The base generates almost $3 billion in

1 US Department of Commerce, Bureau of Economic Analysis, AMSA05 Advance Metropolitan Statistical Area Personal Income and Earnings by Industry
2 State of the Community, February 9, 2011
3 CA30 Regional economic profiles, ibid

commerce each year, coming from payrolls and contracts to support the structure required to train and equip our modern Marines.

LONG-TERM FINANCIAL PLANNING

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 allows water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer, as mandated in the 2002 Capacity Use Regulations. Eight new production wells were completed as of November 2007, and 12 additional wells are currently underway with five of these wells scheduled for completion in September 2011. The plant has been producing an average of 1.0 MGD since August of 2010. The new plant will increase its production rate to 2.0 MGD in September 2011.

- **Land Treatment Facility –** A meeting between soil scientists, forestry managetd, Senior City Management and wastewater personnel was held in February 2011 at the Land Treatment Facility to discuss tree mortality in the spray irrigation areas. Forestry management or the lack thereof was a major portion of the problem. As a result the Forestry Management Plan was updated and a forester was given a contract to oversee the forestry operations at the LTS. The first control burn on the site was performed in February and clear-cut and thinning operations in the irrigation lanes was begun on July 1, 2011.

- **Continuing and Future Recreation and Parks Projects –** Ongoing projects approved in the City's Capital Improvement Program include the renovation of the boat ramp and bulkhead at Northeast Creek Park, the redesign and beginning the improvements to the park at Jack Amyette, the installation of a concession stand at the Jacksonville Commons, replacement of the outdoor basketball court at Wooten Park, the addition of another picnic shelter at Richard Ray All-American Park, replacement of the playground surfaces at Kerr Street and Northwoods Recreation Centers, and the continuation of the NC 24 Lejeune Boulevard Trail. Future projects include replacement of the boardwalk at Northeast Creek Park, the addition of more athletic fields, an outdoor basketball court, and restrooms at Northeast Creek Park, the redesign of Phillips Park to include a canoe and kayak launch, continuing the improvements to the park at Jack Amyette, the design and development of competition level football and lacrosse fields at the Jacksonville Commons, the rehabilitation of Riverwalk Park to include a splash pad and improved walkways, new surfaces for existing playgrounds, Jacksonville Commons skateboard park renovations, a trail head and trail amenities, expansion of Northwoods Recreation Center, renovation of the Kerr Street Recreation Center, a fully handicap accessible playground, new restrooms at Wooten Park, design and development of Williamsburg Plantation Park, and the installation of additional walkways in Richard Ray All American Park.

- **Jacksonville Transit System** – The City's transit division operates 365 days a year in the City over two routes in the city. Additionally, express services to the area Marine installations are provided all weekends as well as holiday periods. Utilizing a mix of federal, state and local funding for operations and capital needs, the transit system continues to

expand service and passengers, carrying 82,617 riders in Fiscal 2011. A fleet of eight buses is currently used to provide service. New maintenance bays and bus shelters are currently being built, adding to other amenities in the planning stages for the system.

- **New Public Safety Complex –** Demolition on the existing buildings for the site of the new Public Safety Complex started in May, 2010. Work on the new Public Safety Complex continues into 2012. 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. Ground breaking on the new complex is process of being scheduled.

- **Fire Safety for the Community** – Fire Station #2 is being replaced with a new modern facility in a more efficient location for community response. In addition, Fire Station #5 site selection is underway as part of an overall review of emergency response time analysis.

- **NPDES Stormwater Permit –** The City of Jacksonville's 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, third and fourth-year terms. The permit details 41 total Best Management Practices (BMPs) for the City to complete by 2012. As of March 2011, the City has completed all 41 BMP requirements.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. Since March of 2009, 237 plans have been reviewed and 33 stormwater permits have been issued. 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.

- **Buildings and Facilities –** The City has approximately 183 structures requiring on-going maintenance and periodic improvement. Building revitalization in Fiscal Year 2011 included renovations in the Northwoods Recreation Center interior, the Jack Amyette Center interior, and the Old Lines Maintenance Building, which repurposed this facility to house Parks Maintenance Personnel and Equipment, as well as restoration in City Hall and the Public Services Complex. Consistent with Jacksonville's Clean and Green initiative, ARRA – DOE grants were used to install Energy Management Systems in City Hall, the Jacksonville Commons Gym, Senior Center and Recreation Administration Buildings as well as installing occupancy sensors in City Hall and the Public Services Buildings and replacing 14 HVAC systems on City buildings with more efficient units.

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:

- **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 started mid-October 2010 and completion is expected 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, 33 million SAV's or submerged aquatic vegetation, mostly in the form of Ruppia seeds have been collected annually in the summers from Currituck Sound to be processed and planted in Wilson Bay. Five hundred thousand oysters were added to Wilson bay bringing the total added over the past 10 years to 6.1 million. Both are efforts to restore habitat but more importantly improve water quality.

- **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, through 2013. JFD is one of only nine accredited agencies in North Carolina and 138 accredited agencies in the world.

- **Phase II Road System Paved –** The Georgetown Training Ground had their road system paved.

- **New Public Safety Complex**: Work on the new public safety complex continues to progress in 2011. Schematic plans for the new complex have been drafted and are in the final revision phase. Demolition of the existing buildings located on the site has been completed. The construction bid will be release in latter part of 2011 and is expected to be awarded by February of 2012.

- **Service to the Community:** During 2010, JPD Communications Division received 179,130 calls for service, with 911 emergency calls comprising 56% of this total. Citizens are discontinuing service to their home telephone line, relying on cellular telephones as their primary means of service. This trend is not expected to diminish. This is evident in that 72.8 % of the 911 calls received by the Communications Division in 2010 were from cell phone users**.** The Patrol and Field Operations Division is organized into six geographic zones of the City. Jacksonville Police answered 106,132 calls for service during 2010, a .5% increase from 2009. Officers assigned to the Jacksonville Police 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.

- **Increased Efficiency:** The Jacksonville Police Department (JPD) consistently reviews police procedures to support the agency's goal of improving the effectiveness, efficiency and quality of police services to the community, by making changes when appropriate. Some of these changes include: the 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. This strategy reduced the response time to ***Priority One*** calls for police service, resulting in a decrease of 1:19 minutes, from a high of 5:56 to 4:37 minutes. In FY 2011, the department maintained the Differential Response Program strategy. Through this program, the department was able to maintain a 22% reduction in response time to Priority One calls for service, with an average time of 4:37 minutes. This reduction provides a faster and more efficient response time to true emergencies.

  The integration of the Cry Wolf false alarm software into the police department's Computer Aided Dispatch system enhanced overall efficiency within the department. CryWolf allows staff to track alarms and alarm activity histories and to generate letters of notification to registered alarm holders. In February, the City of Jacksonville adopted an ordinance requiring all owners of robbery and burglary alarm systems to register their alarm system on an annual basis. There are 1,454 residential alarms and 716 non-residential alarm systems registered in the City of Jacksonville. In accordance with the ordinance, the city assesses alarm owners for excessive false alarms. To date, 1,232 false alarms have been processed with the Cry Wolf system. The implementation of the alarm system registration requirement in August of 2010 has resulted in a 12 % reduction in false alarm calls in the City of Jacksonville as well as 97% increase in the number of cancelled alarm calls.

- **National Night Out Event:** The Jacksonville Police Department continues to build upon each previous year's success to organize and participate in our community's local National Night Out event. This year's event was the 13th annual National Night Out in the City of Jacksonville, drawing over 10,000 people to enjoy the vendors, static displays, raffles, bands and fireworks. The National Night Out Community Project (Project 365) was implemented. This initiative involved working with the Disabled Veterans of America and other local agencies to locate homeless individuals and their encampments within the City of Jacksonville. The goal of this endeavor was to assist these individuals in securing permanent housing and to provide assistance with employment opportunities. The department received two (2) awards for National Night Out in 2011. The first was from the Association of National Town Watches. The City of Jacksonville's event received national recognition being rated seventh in the nation for communities with a population of 50,000 – 99,999. The department received local recognition from the Jacksonville Onslow Chamber of Commerce during that agency's annual Festival and Event Awards. National Night Out was selected for the President's Choice Award.

- **Weed and Seed Program:** Our Weed and Seed initiative is in its final year. The Jacksonville Police Department is beginning to experience the benefits of this program's efforts within the targeted area. The key component to the continued success of Weed and Seed has been the consistency of cooperation with federal, state, county and other local law enforcement agencies. During 2010, calls for service to the Jacksonville Police Department decreased by 49 in the areas targeted by Weed & Seed area. The total calls for service in the remaining areas of city decreased by 17% from 2009. In addition, during 2010, the total calls for service in the Weed and Seed area made up 32% of the total calls in the City of Jacksonville. This is a measurable decrease from 43% during the previous year (2009).

- **Police Development, Training, and Accreditation:** The organization continues to provide professional development opportunities to the supervisory staff. In 2010/2011 the department sponsored the fourth Leadership in Police Organizations (LPO) class, a program developed by the International Association of Chiefs of Police. Two (2) sergeants, two (2) sergeant selectees, one (1) telecommunicator III, one (1) administrative assistant and one (1) records clerk from the police department successfully completed the training. This class was the first to include civilian personnel from the agency. A total of sixteen (16) students from different agencies throughout the state attended the session. One other management course was completed this year. One (1) lieutenant from the police department completed the six (6) month Management Development Program sponsored by the North Carolina Justice Academy. Our agency remains committed to providing high quality training to first and second level supervisors in an effort to enhance their leadership knowledge, skills and abilities. The program is an investment in the future of the agency.

  The Jacksonville Police Department was awarded its 6th National Accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). In December of 2010, the agency was awarded Flagship Status at the annual Accreditation Commission hearing. The CALEA Flagship Agency Program is designed to acknowledge CALEA Accredited public safety agencies that have demonstrated success in the accreditation process. The program also serves to provide other agencies seeking accreditation with examples of "best practices" to address compliance, policy development, file maintenance, and other issues relating to the accreditation process.

- **Patriot Award:** In September of 2010, the Jacksonville Police Department was presented with the 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 Jacksonville Police Department was honored for supporting one of its officers that was activated by his National Guard Reserve unit to deploy to Iraq. The department was nominated and selected for this prestigious award in recognition of the support provided to the officer's family during the time he was deployed and for its continual contact to the officer with reports from home by the agency.

- **Officer Awards:** Two Jacksonville Police Department officers, Sergeant Mark Ketchum and Captain Patricia Driggers, were recognized for their individual service to the community and the law enforcement profession. These awards were presented by Mothers Against Drunk Driving (MADD) and the North Carolina Law Enforcement Women's Association.

- **Web-Based Services to the Public:** The Jacksonville Police Department continued to provide web-based services to the public through the agency's online portal for crime reporting, supported by the city's website. Citizens can report specific crimes or request selected services that do not require an officer to respond in person. A total of nineteen (19) traditional police reports were filed online during 2010. We anticipate an increase in the usage of this convenient, accessible and cost-saving method of reporting as citizens become more familiar with the portal. The Crime Reporting portal 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:

- ITS started implementation of a system to provide centralized management of citizen and customer requests to track complaints, requests for service, and information. This system has been implemented in Utility Billing, Sanitation, Streets, Public Services, and the City Manager's Office. This system will improve responsiveness by automatically assigning and notifying the appropriate staff as a call is entered, and adding reminders to ensure necessary follow-up is completed. This system will expand citizen access by providing citizens 24 hour, 7 day-a-week access to enter, review, or update requests over the Internet through the Click2Gov Citizen Request Tracking simple and intuitive user interface. It will also increase citizen and customer satisfaction by capturing all calls at point of contact. There is no need to transfer calls, take the chance of losing calls in the process, or have callers repeat their request or complaint multiple times. The system will expedite request resolution by automatically creating and assigning work requests to the appropriate department with immediate notification of the pending request.

- As part of our Network lifecycle program the City's network infrastructure was upgraded to allow 10 Gigabit bandwidth in the core switches. The existing core switches at the three main locations, (City Hall, Public Safety, and Fire 4), were all upgraded and additional Nexus switches were installed. This gave us 10 times the bandwidth between those three sites and 10 times the bandwidth to our servers than we had previously.

- As part of our Server lifecycle program ITS installed a Cisco Unified Computing System (UCS). The Cisco UCS platform provides the City enhanced scalability and performance. This system utilizes a 10 Gigabit Ethernet unified network fabric, which in combination with our Network upgrade provides the City with an upgraded path between the City's server and network equipment.

- Redistricting Assistance - The Redistricting of our Voting Wards is based on Census data. In order to even start analyzing our Wards, we first had to download the census data and then join the census data with the census block groups. After creating this shapefile, you then do the analysis necessary to divide the City into Voting Wards. Because of the large base population and the way certain blocks encompassed more than one neighborhood, it was necessary to split some of the blocks. Once we completed the split and broke out the population based on our knowledge of the neighborhoods and the base housing, it was possible to complete the analysis. This data was used to come up with several scenarios for the Voting Wards. Once the Voting Wards were accepted by the Council, the shapefiles had to be reviewed and sent to the state. During this time, it was also necessary to do a review of the addresses in each Voting Ward in order to provide this information to the County for voter registration.

- Citrix Implementation – Approximately 300 of our users have been converted to the Citrix Environment. The Citrix environment has been migrated to the Cisco UCS platform which has provided better performance and scalability for the environment.

- ITS installed a Fiber link to the New Water Plant. This is now the primary network link with the existing wireless link becoming the redundant backup link.

- As part of the City's Energy Conservation Project ITS installed new server rack In-Row cooling systems. In-Row cooling offers capacity and efficiency gains by moving the air conditioner from the perimeter of the room closer to the actual load. In-row cooling units provide local, focused cooling at the server cabinet level.

- ITS upgraded the City's Interactive Voice Response (IVR) system. This system provides voice response capability to our Utility Billing and Building Permits applications.

- ITS installed and implemented a new Police Department Evidence Barcode System.

    - ITS upgraded the Sungard software on the Financial and Public Safety As400s to Version 7.0.

- **Recreation and Parks Services –** 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 Community Services program offered eight weeks of Summer Day Camp for children ages 4-5, 6-11, and 12-15. Activities included games, crafts, a Sturgeon City visit, swimming, skating, local farms, and the DARE Program offered through the Jacksonville Police Department. Approximately 890 participants were enrolled in camps offered from June-Aug, 2011 at the various Recreation Centers. The before and afterschool program for the school year served a total of 1,137 children in Recreation Centers and School sites.

    - The Athletic Services program operated youth baseball/softball leagues and adult softball and Kickball leagues with over 2900 participants which is an increase of 35% over 2010. In addition, youth basketball leagues were operated with more than 360 players participating which is a 30% increase from 2010. During the summer, Athletics offered several camps including baseball, soccer, wrestling, basketball, volleyball, softball, cheerleading, and football to area youth between the ages of 5 and 15 years. 238 participants were enrolled in these camps.

    - The Seniors Services program had 514 participants enrolled in the many activities offered throughout the year. The Senior Services offered on site activities such as Line Dancing, Card/Board Games, Special Interest programs such as trips and themed events, and multi-level activities. Additionally, numerous community and civic groups utilize the facility to conduct various programs and meetings.

    - The City Wide Services program offered seven special events throughout the city limits, including outdoor movies, Family Fun Days, Egg Hunts and Campout Carolina with approximately 2,500 adults and children attending. Summer programs included four adventure camps for ages 7-15 with 60 youth focusing on outdoor skill development, team building, and visits to sites with historical and educational interest. The Arts & Crafts Program offered four camps for ages 5-13 with a total of 42 children participating. Fitness classes offered include Zumba, Boot Camp, Dance, Self Defense, Yoga, Kickboxing and Stroller Strides. A total of 1200 people participated in these classes throughout the year.

    - Clean and Green – The Parks Division was responsible for the cleaning and edging of Hwy 17, Hargett Street, Gum Branch Road, Bell Fork Road and Henderson Drive and Henderson Extension, Weekly trash pick-up throughout the City, Trimming of trees on Western Blvd, Hwy 17 and 24.

    - The Parks Division led the process of updating some of the amenities at the Jacksonville Commons. These included installing a new lighting system at the Outdoor Basketball Court, skinning sections of the infields on youth fields #3 and #4, and installing warning tracks on all youth fields.

- Northeast Creek Softball Fields were also upgraded through the installation of a better grade of infield clay to make fields safer, more drought and rain resistant, and improve playability.

- Richard Ray All American Park underwent a redesign thanks to a generous donation by the Richard Ray family, including the regional landscaping, flowers, and informational signage.

- The Parks Division hired the City's first Horticulturalist, who has already improved the landscaping throughout the City and parks. The gateways on 17 N and S have been maintained to a higher level, the Chaney Creek islands have better maintained, and more than 14,000 flower bulbs have been planted throughout the City.

- The Parks Division took over responsibility for the weekly trash pick up along Western Blvd and Gum Branch Road, and for the mowing along Hwy 17 & 24 and the Rails to Trails.

- **Solid Waste Program –** The City continues to move towards automation of all of its refuse collection routes. Three automated collection vehicles have been purchased and are in use, servicing approximately 5,900 households and small businesses. Some routing exceptions for small businesses and apartment complexes had to be made using only the rear loading refuse trucks.

  The fourth automated refuse collection vehicle has been budgeted for and will be purchased in the next fiscal year.

- **Recycling Program – Residential –** For Fiscal Year 2011, residential recycling tonnage increased by 8.5% to 1,947 tons collected. This effort has saved the City $91,509 in disposal costs to the Onslow County Landfill.

  Based on our contract with Coastal Enterprises, the recycling processing company, we have received $11,182 in revenues from them for the sale of our recyclables.

  The next fiscal year, we will begin recycling computers, televisions and microwave ovens in accordance with bans placed in effect by the State of North Carolina.

- **Recycling Program – Commercial –** In August 2010, the City started commercial recycling for 77 businesses within the city limits. For the year ending June 2011, 176 tons of commercial recycling had been collected, saving the City $8,272 in disposal costs to the Onslow County Landfill.

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, 2011. 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, 2011, 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 0.12 percent for US Treasury bills in 2011. For the year ended June 30, 2011, the City realized investment earnings of $325,092, for an average yield of 0.49 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, 2010. This was the twentieth 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

Gayle Maides
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

President

Executive Director

City of Jacksonville Organizational Chart

Citizens of Jacksonville

- City Council (1)
  - Attorney
- City Manager
  - Assistant City Manager
  - City Clerk
  - Elections
  - Community Programs
  - Video/Media Services (2)
  - Public Safety
    - Police
      - E-911
    - Fire
  - Public Services
    - Streets
    - Facilities Maintenance
    - Solid Waste (3)
    - Engineering
    - Environmental Protection
    - City Hall Maintenance (2)
    - Water Operations (3)
    - Sewer Operations (3)
    - Stormwater/Water Quality (3)
  - Planning & Development Services
    - Planning Administration
    - Transportation Planning
    - Building Inspections
    - Community Development
  - Finance
    - Fleet Maintenance (2)
    - Metering (3)
  - Human Resources
    - Self Insurance (2)
  - Recreation & Parks
  - Information Technology Services (ITS) (2)

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

City of Jacksonville
List of Principal Officials
June 30, 2011

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
Interim Finance Director	Gayle Maides
Fire Chief	Rick McIntyre
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Public Services Director	Grant Sparks
Recreation Director	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

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Certified Public Accountants

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Morehead City, NC 28557
O 252.726.0551 F 252.726.2740
www.mcgladrey.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2011, 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. The financial statements of Jacksonville Tourism Development Authority were not audited in accordance with *Government Auditing Standards.* An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Jacksonville, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 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.

McGladrey is the brand under which RSM McGladrey, Inc. and McGladrey & Pullen, LLP serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure.

Member of RSM International network, network of independent accounting, tax and consulting firms.

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 92 through 95 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
October 28, 2011

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, 2011. 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 2011 as evidenced by an increase in total net assets of $13.7 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 $164.4 million (net assets). Of this amount, $55.3 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 significant increases in grants and contributions. (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 $33.1 million, an increase of $4.1 million in comparison with the prior year. Approximately 11.5 percent of this total amount or $3.8 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5.4 million, or 11.5 percent of the budget for fiscal year 2012. This slightly exceeds the City Council's goal of 10 percent.
- The City's total long-term debt increased by $20.8 million (20.3%) during the current fiscal year. This was due to revenue bonds issued for the continuing improvements to the water and sewer systems.

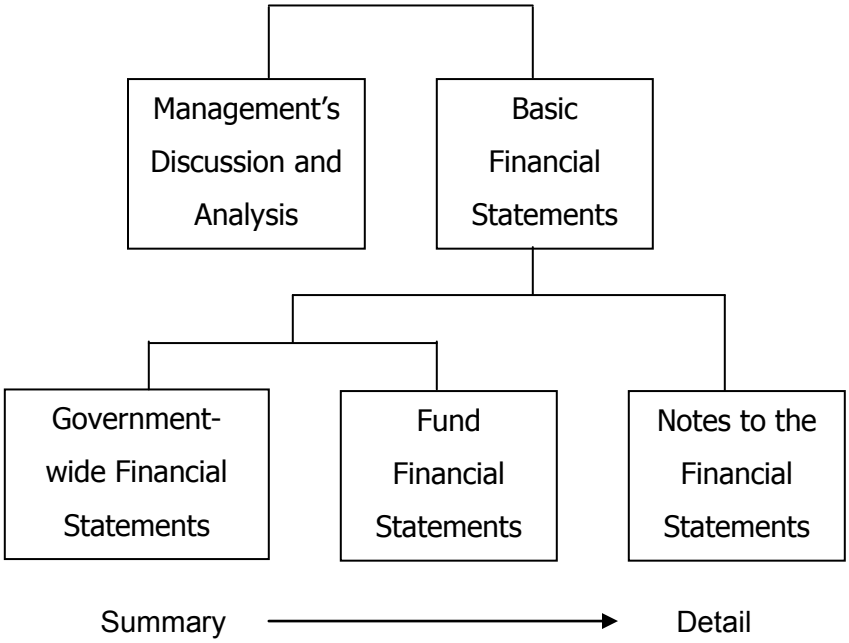
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

Required Components of Annual Financial Report



Basic Financial Statements

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

- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.

- Proprietary funds statements offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.

- The Fiduciary fund statements reflect the financial relationship with the Special Separation Allowance Pension Trust Fund, which provides benefits exclusively for City law enforcement employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data, and are followed by the required supplemental financial data on the Law Enforcement Officers' Special Separation Allowance. In addition to

these required elements, a section is included with combining statements that provide details about non-major governmental funds, non-major proprietary funds and internal service funds, each of which are totaled and presented in a single column in the basic financial statements. This section also includes detailed budgetary information required by North Carolina General Statutes. The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

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

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

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

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property, sales, and other taxes, and grants and contributions finance most of these activities.

- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, solid waste system, and stormwater/water quality system are included here.

- Component unit – Although the Jacksonville Tourism Development Authority (Authority) is a legally separate entity, it is important to the City. The City Council of Jacksonville appoints all of the members of the Board for the Authority.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the City's individual funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Statutes. Other funds are established to control and manage resources that are restricted or designated for specific purposes.

The City has three kinds of funds:

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 50 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 $164.38 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2011 and 2010 is presented below:

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 41.87	$ 36.95	$ 55.75	$ 31.78	$ 97.62	$ 68.73
Capital assets	60.39	56.23	142.03	139.78	202.42	196.01
Total assets	102.26	93.18	197.78	171.56	300.04	264.74
Current and other liabilities	4.74	4.54	5.44	5.07	10.18	9.61
Noncurrent liabilities	7.83	8.50	117.65	95.94	125.48	104.44
Total liabilities	12.57	13.04	123.09	101.01	135.66	114.05
Net assets:						
Invested in capital assets, net of related debt	54.51	49.81	41.90	46.53	96.41	96.34
Restricted	12.72	3.51	-	-	12.72	3.51
Unrestricted	22.46	26.82	32.79	24.02	55.25	50.84
Total net assets	$ 89.69	$ 80.14	$ 74.69	$ 70.55	$ 164.38	$ 150.69

Government-wide net assets increased by $13.7 million for the fiscal year ended June 30, 2011. The largest portion (58.8%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (7.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $55.3 million (33.3%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the 2011 fiscal year, the City was able to report positive balances for the government as a whole. The governmental activities increased due to completion of building projects, increased grant funding and slightly increased tax collections. The business-type activities continue to show an increase in the net assets as charges for services remain steady and there was an increase in grant funding.

Net assets of the Governmental Activities increased $9.6 million, or 11.9%, to $89.7 million. You will find $67.2 million of these net assets are either restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of $22.5 million decreased $4.7 million from the previous year. The decrease was mainly due to an increase in restricted assets resulting from the creation of a "Stabilization by State Statute" classification requirement by the State of North Carolina.

The net assets of the Business-Type activities had an increase of $4.1 million, or 5.6%, to $74.7 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 $32.8 million increased $8.8 million from the previous year. The increase was mainly due to the operating margin in the Water/Sewer Fund of $5.4 million and the increase in capital projects being delayed and therefore funds were not expended. Developers donated infrastructure assets totaling $0.9 million in fiscal Year 2011.

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, 2011 and 2010.

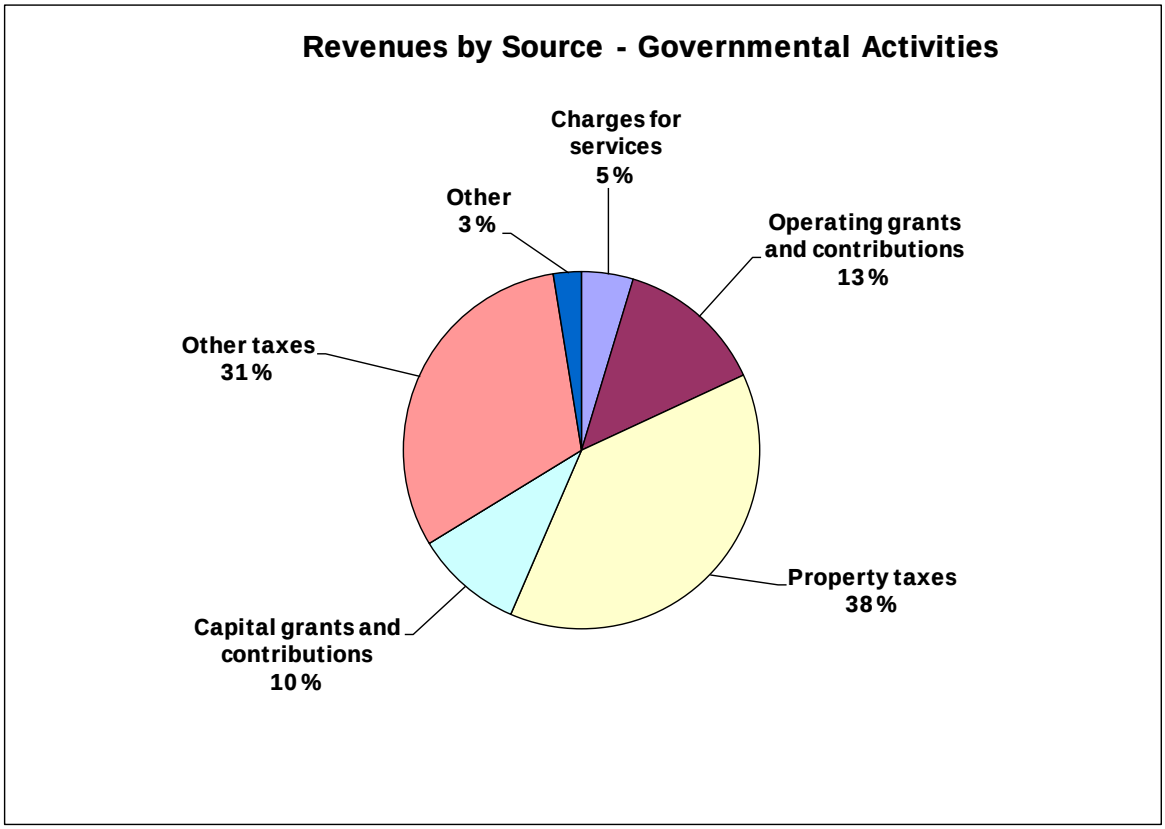
City of Jacksonville's Changes in Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 2.26	$ 2.86	$ 29.88	$ 30.13	$ 32.14	$ 32.99
Operating grants and contributions	6.46	4.55	-	-	6.46	4.55
Capital grants and contributions	4.72	4.11	3.14	1.59	7.86	5.70
General revenues:						
Property taxes	18.51	17.89	-	-	18.51	17.89
Other taxes	15.14	14.43	-	-	15.14	14.43
Other	1.24	1.23	0.32	0.27	1.56	1.50
Total revenues	48.33	45.07	33.34	31.99	81.67	77.06
Expenses:						
General government	6.79	5.60	-	-	6.79	5.60
Public works	6.53	3.88	-	-	6.53	3.88
Public safety	19.20	20.98	-	-	19.20	20.98
Economic and physical development	1.16	0.81	-	-	1.16	0.81
Culture and recreation	5.02	4.92	-	-	5.02	4.92
Interest on long-term debt	0.22	0.26	-	-	0.22	0.26
Water and sewer	-	-	22.04	19.61	22.04	19.61
Solid waste	-	-	5.02	4.94	5.02	4.94
Stormwater/Water Quality	-	-	2.00	1.71	2.00	1.71
Total expenses	38.92	36.45	29.06	26.26	67.98	62.71
Increase (decrease) in net assets before transfers	9.41	8.62	4.28	5.74	13.69	14.36
Transfers	0.14	(2.18)	(0.14)	2.18	-	-
Change in net assets	9.55	6.44	4.14	7.92	13.69	14.36
Net assets, July 1	80.14	73.70	70.55	62.63	150.69	136.33
Net assets, June 30	$ 89.69	$ 80.14	$ 74.69	$ 70.55	$ 164.38	$ 150.69

Total government-wide revenues of $81.7 million were primarily derived from charges for services (39.4%), property taxes (22.7%) and other taxes (18.4%). Property tax revenues increased slightly at 3.5 percent from the prior year because of the growth in this region, in spite of the national recession. Other taxes increased slightly at $15.1 million. Grants and contributions also showed slight increases from FY 2010 of $4.1 million to $14.3 million, an increase of 39.7%.

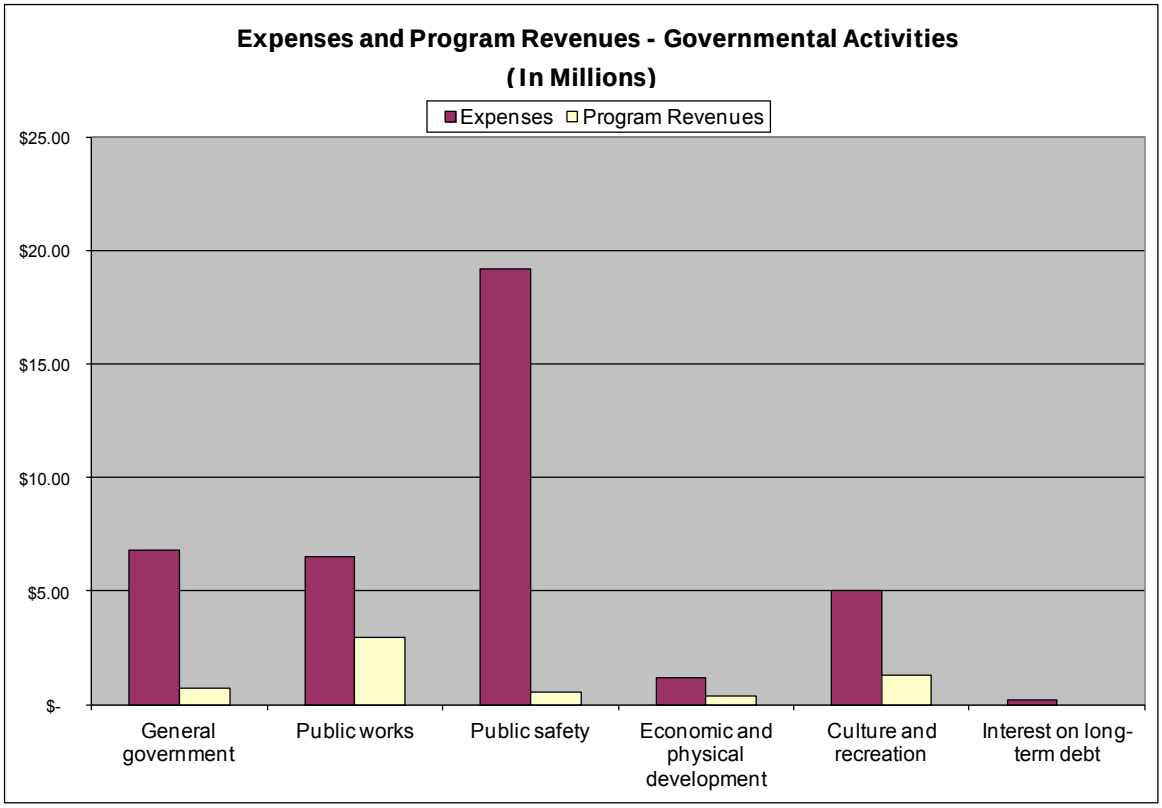
The total expenses of all programs were $68.0 million. The expenses cover a range of services with the two largest being Public Safety (fire and police) and Water and Sewer, which account for 28.2 percent and 32.4 percent of total expenses, respectively. Water and Sewer expenses increased by $2.4 million due to increased depreciation on the large assets that were added last year and overall general increases in expenses, while Public Safety decreased by $1.8 million.

Governmental Activities



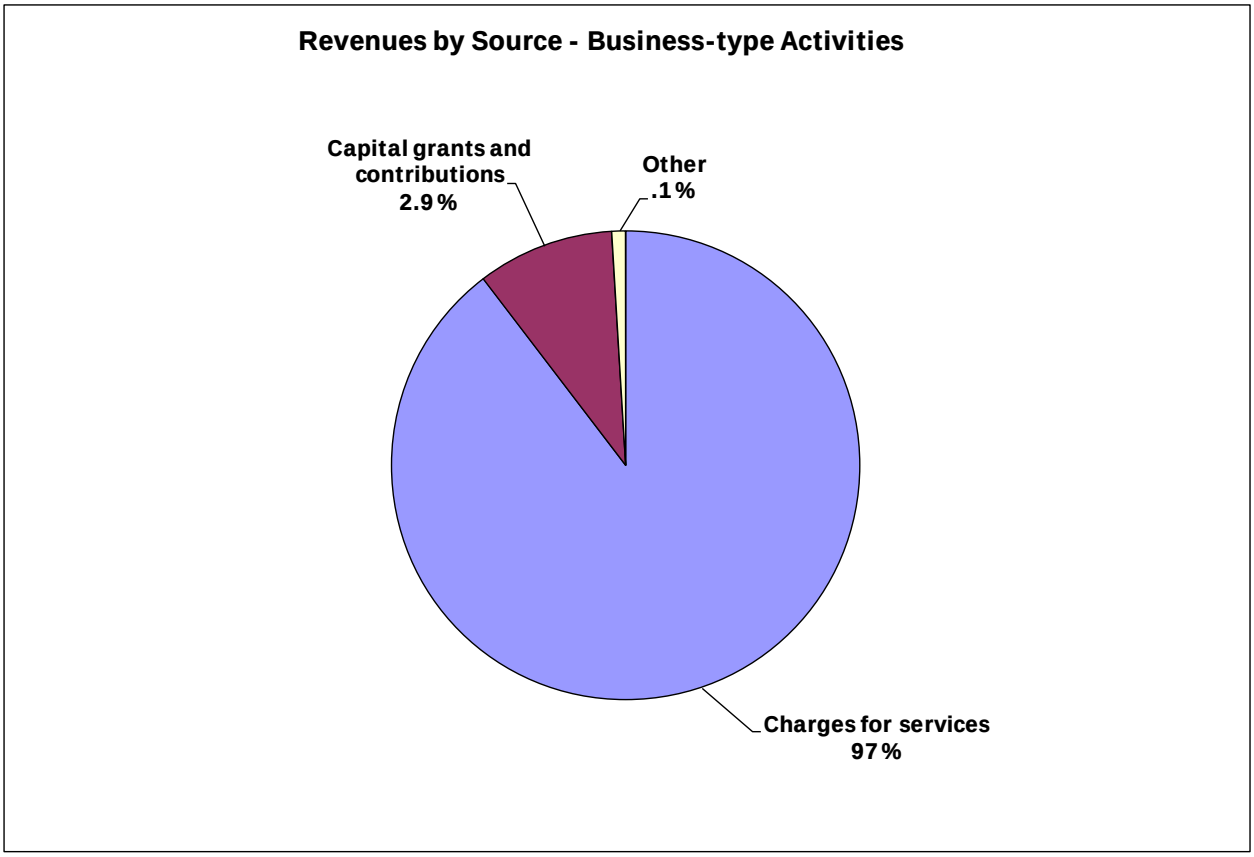
Public Safety accounts for 49.3 percent of the total Governmental Activities expenses of $38.9 million. Public Safety expenses decreased 8.5 percent from the prior year. Within the Business-type Activities, the Water and Sewer expenses account for 75.8 percent of the $29.1 million of total Business-type 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.



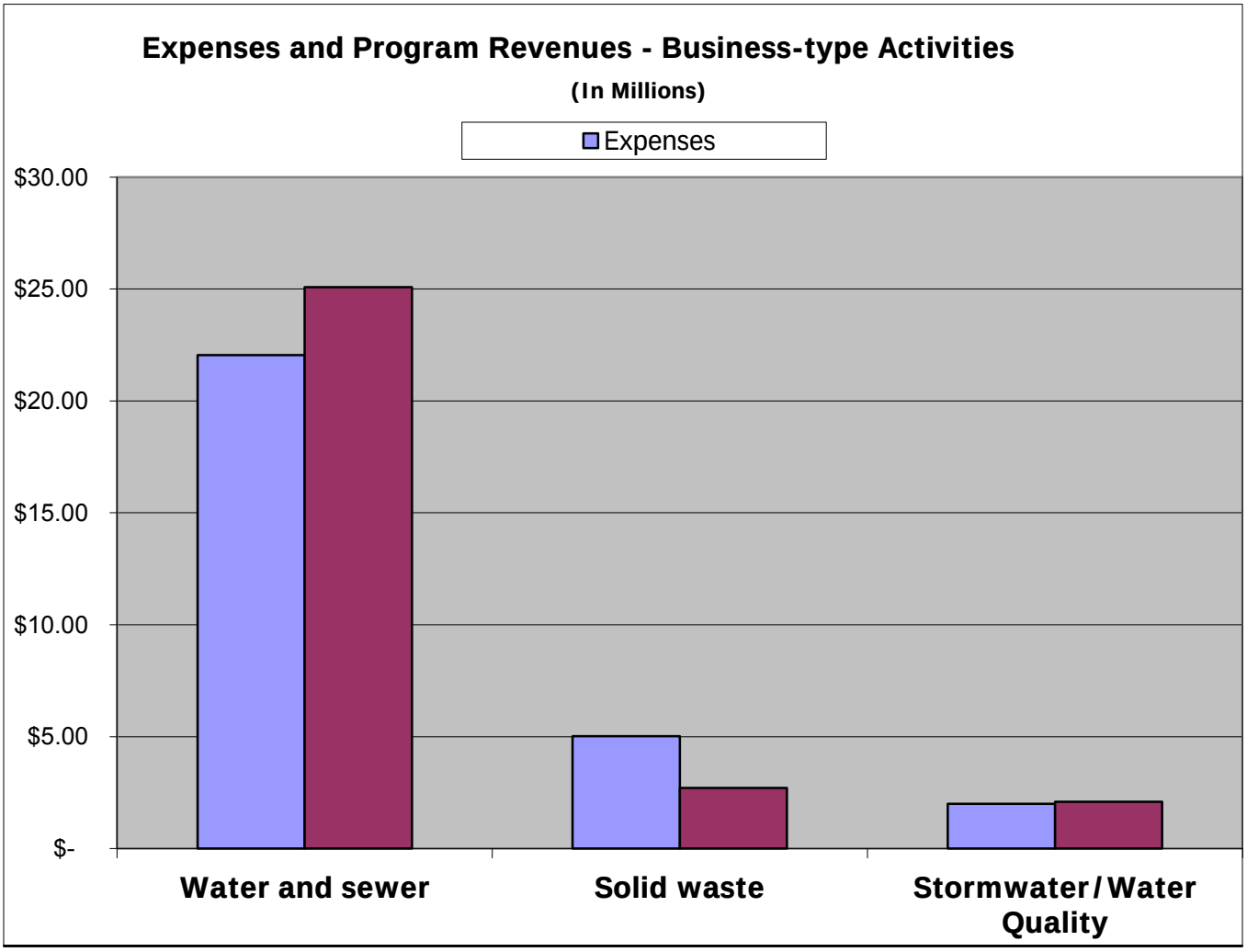
The total cost of governmental services of $38.92 million was supported by $2.3 million in fees, fines and charges from those who directly benefited from the programs. Another $6.5 million was provided by other governments and organizations for specific programs. This increased 42.4 percent due to increases in various grants for to support public safety activities, transportation grant reimbursements and an increase in Community Development spending which translates to larger reimbursements.

Business-type Activities



Revenues from the business-type activities were $33.3 million, an increase of 4.2% from the prior year. This was primarily due to an increase of $1.6 million in capital grants and resulted mainly an increase in the utility assets donated to the City.

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



Total expenses for Business-type Activities were $29.1 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 $2.4 million (12.2%). This was mainly due to higher expenses for utilities in the expanded facilities, increased maintenance and repairs on aging facilities, professional services and increased expenses for interest on long-term debt.

The Solid Waste Fund ended 2011 with a decrease in net assets of $2.2 million due to the elimination of 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 $0.9 million. Revenues remained almost unchanged from one year ago, while the expenses increased by 12.5%, with the increases spread over all categories of spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2011 the governmental funds reported a combined fund balance of $33.1 million, an increase of $4.1 million, up 14.2 percent from last year. The $33.1 million amount is comprised of the following:

(a)	$0.6 million in non-spendable:		
	Inventories	$	23,954
	Compensating Balance		625,000
	Prepaid items		2,437
		$	651,391
(b)	$17.1 million restricted for specific purpose:		
	Stabilization by State Statute	$	6,822,476
	Restriction for Streets		2,924,748
	Restriction for Public Safety		3,135,912
	Restricted for Capital Projects		1,097,414
	Restriction for Community Development		3,108,485
		$	17,089,035
(c)	$11.5 million committed by City Council for specific purposes:		
	Assigned for Capital Projects	$	6,685,268
	Assigned for Subsequent year's Expenditures		4,842,273
		$	11,527,541
(d)	$3.8 million unassigned	$	3,799,052

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $5.4 million, while total fund balance reached $18.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to budgeted total fund expenditures for the next fiscal year. Unassigned fund balance represents 11.5 percent of fiscal year 2012 budgeted total General Fund expenditures, while total fund balance represents 39.8 percent of that same amount.

The fund balance in the General Fund increased by $0.9 million or 5.3 percent during the current fiscal year. The key factor in this increase is growth in property tax and other permits and fees.

The major Capital Projects Fund has a total fund balance of $6.6 million, which is assigned for future capital projects. The net increase this year comes from transfers from General fund to several Capital Projects.

The non-major funds have a total fund balance of $7.8 million, all of which is assigned for specific programs and streets-related capital projects. The net change was an increase of $1.6 million, due primarily to an increase in transfers in.

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 $31.3 million in the Water and Sewer fund, just $39 thousand in the Solid Waste fund and almost $1.5 million in the non-major enterprise fund (Stormwater/Water Quality fund). The changes in total net assets for the funds were $5.4 million, $(2.3) million and $.9million, 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. The changes in the fiscal year 2011 were insignificant in total, with the largest adjustments made to the transfer to projects.

General Fund revenues fell short of budget amounts by 2.3% while the City's total expenditures in the General fund for the year were 13.1% less than the final budget. General Fund revenues and other sources were more than expenditures and other uses by $0.9 million, contributing to an increase in fund balance. The Appropriated Fund Balance in the final budget was $3.8

million, however, it should be noted none was used, due to the diligence in spending by the departments and debt payments that were less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the City had $202.42 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 $6.41 million, or 3.3% over last year. The summary of capital assets at June 30, 2011 and 2010 is presented below:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	$ 2.02	$ 1.99	$ 4.01	$ 3.92	$ 6.03	$ 5.91
Land Rights	1.79	0.76	1.68	0.79	3.47	1.55
Buildings	10.65	10.35	62.84	66.50	73.49	76.85
Improvements other than buildings	6.69	6.81	61.84	61.87	68.53	68.68
Equipment	1.31	0.86	0.54	0.78	1.85	1.64
Software	0.09	0.06	0.03	0.06	0.12	0.12
Heavy equipment	0.09	0.13	0.23	0.23	0.32	0.36
Vehicles	2.34	2.69	1.62	1.06	3.96	3.75
Infrastructure	27.29	25.41	0.93	0.52	28.22	25.93
Construction in progress	8.12	7.17	8.31	4.05	16.43	11.22
Total	$ 60.39	$ 56.23	$ 142.03	$ 139.78	$ 202.42	$ 196.01

This year's major capital asset additions included:

- Donated water and sewer systems $ 0.90 million
- Donated Streets and Land Rights $ 4.47 million
- Construction in progress – Water Distribution $ 4.26 million

At June 30, 2011 authorized and unexpended capital projects totaled $93.3 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 $ 56.62 million
- Water and Sewer $ 30.24 million
- Stormwater $ 6.24 million
- Internal Service (ITS) $ 0.17 million

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

Long-term Debt

At June 30, 2011, the City had $123.2 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was an increase of $20.79 million, or 20.3 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	
	2011	2010	2011	2010	2011	2010
Installment Purchases	$ 5.90	$ 6.79	$ 14.95	$ 12.51	$ 20.85	$ 19.30
Loans	-	-	61.60	56.98	61.60	56.98
Bonds	-	-	40.72	26.10	40.72	26.10
Total	$ 5.90	$ 6.79	$ 117.27	$ 95.59	$ 123.17	$ 102.38

New debt for 2011 resulted from installment purchases and loans for:

Storm Water Improvements	$ 4,100,000
Water/Sewer Improvements	21,764,194
Vehicles & Equip:	
General Fund	943,200
Solid Waste	388,600
Water/Sewer	535,100
Stormwater	100,100
Computer Equipment	167,000
	$ 27,998,194

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, 2011 was $269.4 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 2011, 132 nonresidential and 533 residential units were constructed with a value of $486.4 million compared to $60.3 million for 2010.
- The sales and use tax collections in the County during 2011 were $40 million compared to $37.7 million in 2010. This increase was entirely attributable to the County enacting an additional local sales tax that is not shared with the municipalities. When the additional tax is removed from the calculation, the County as a whole lost $0.4 million in sales tax, with the City losing $0.2 million.
- The June 2011 unemployment rate for Onslow County was 9.6 percent compared to 9.9 percent for the state and 9.3 percent for the nation.

The City continues a conservative attitude for budgeting in light of these uncertain times. Property taxes remain a stable revenue source for the City. The modest growth continues and even though the City had to refund nearly $1 million to entities located on the Marine Corp bases this year due a court ruling that personal property used on the base, even in a for profit capacity, was not taxable by the County and the City.

The City appropriated $3.8 million of General Fund unassigned fund balance for spending in the 2011 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 2012 $4.8 million has been assigned from the 2011 General Fund unassigned fund balance to balance revenues and expenditures anticipated for the budget year.

The following are highlights for the 2012 budgets for the business-type activities:

- The City's budget included no fee increases in the business-type activities for fiscal year 2012, even though a Water/Sewer rate increase was anticipated in the rate study that was completed in the fall of 2009.
- The Water/Sewer fund was authorized to continue with the upgrade of the electronic monitoring system (SCADA) and added a full-time SCADA Instrumentation Specialist position to mange this upgraded technology.
- Council also included in the Water/Sewer budget, amounts to address ongoing items related to the Land Application Site.
- The fiscal year 2012 budget also included moving the remainder of the drainage employees from Streets to the Stormwater Fund, so that all drainage issues are now addressed in the Stormwater Fund.

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.

Exhibit A

City of Jacksonville, North Carolina
Statement of Net Assets
June 30, 2011

	Primary Government			Jacksonville Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	$ 25,395,474	$ 34,480,101	$ 59,875,575	$ 665,848
Restricted cash and cash equivalents	5,956,650	17,137,843	23,094,493	-
Receivables:				
Taxes (net)	1,683,613	-	1,683,613	124,510
Accrued interest on taxes (net)	324,498	-	324,498	-
Accounts receivable (net)	5,778,351	3,821,624	9,599,975	-
Notes receivable	2,487,396	-	2,487,396	-
Inventories	116,637	347,224	463,861	-
Prepaid items	80,689	1,330	82,019	-
Internal balances	45,000	(45,000)	-	-
Capital assets:				
Land	2,015,240	4,010,968	6,026,208	-
Land Rights	1,791,964	1,683,065	3,475,029	-
Buildings and other structures	21,555,862	111,789,643	133,345,505	-
Improvements other than buildings	9,691,147	98,863,698	108,554,845	-
Equipment	9,441,342	4,853,818	14,295,160	-
Software	1,190,492	121,144	1,311,636	-
Heavy equipment	488,483	1,038,705	1,527,188	-
Vehicles	8,991,029	4,957,659	13,948,688	-
Infrastructure	43,406,851	1,037,193	44,444,044	-
Construction in progress	8,118,886	8,313,612	16,432,498	-
Less accumulated depreciation	(46,296,233)	(94,636,924)	(140,933,157)	-
Total Assets	102,263,371	197,775,703	300,039,074	790,358
Liabilities				
Accounts payable and accrued liabilities	4,055,296	4,479,996	8,535,292	8,832
Customer deposits	310,664	813,272	1,123,936	-
Unearned revenue	378,818	151,523	530,341	-
Noncurrent liabilities:				
Due within one year	1,858,414	8,373,343	10,231,757	-
Due in more than one year	5,969,832	109,276,332	115,246,164	-
Total Liabilities	12,573,024	123,094,466	135,667,490	8,832
Net Assets				
Invested in capital assets, net of related debt	54,511,124	41,894,354	96,405,478	-
Restricted:				
Stabilization by State statute	6,822,476		6,822,476	
Streets	2,924,748	-	2,924,748	-
Public Safety	1,267,067	-	1,267,067	-
Economic Development	1,704,539	-	1,704,539	781,526
Unrestricted	22,460,393	32,786,883	55,247,276	-
Total Net Assets	$ 89,690,347	$ 74,681,237	$ 164,371,584	781,526

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, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 5,893,156	$ 250,468	$ 28,422	$ 255,750
Transportation	899,296	111,655	622,072	449,435
Public works	6,533,211	1,177,612	3,314,992	4,017,042
Public safety	19,198,958	240,263	1,419,631	-
Economic and physical development	1,163,709	-	1,060,213	-
Cultural and recreational	5,021,989	480,852	13,587	1,087
Interest on long-term debt	221,531	-	-	-
Total governmental activities	38,931,850	2,260,850	6,458,917	4,723,314
Business-type Activities:				
Water and sewer	22,039,600	25,077,038	-	2,248,043
Solid waste	5,030,182	2,710,478	-	-
Stormwater/Water Quality	1,999,166	2,086,443	-	895,011
Total business-type activities	29,068,948	29,873,959	-	3,143,054
Total primary government	$ 68,000,798	$ 32,134,809	$ 6,458,917	$ 7,866,368
Component unit:				
Jacksonville Tourism Development Authority	$ 289,134	$ -	$ -	$ -
Total component unit	$ 289,134	$ -	$ -	$ -

General revenues:
Taxes:
Property taxes, levied for general purpose
Other taxes:
Sales tax
E-911 surcharge
Utility Franchise tax
Beer and Wine tax
Gross receipts tax on short term vehicle leases
Occupancy Tax
Unrestricted investment earnings
Miscellaneous
Total general revenues
Transfers
Total general revenues and transfers
Change in net assets
Net assets-beginning
Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets			Jacksonville
Primary Government			Tourism
Governmental Activities	Business-type Activities	Total	Development Authority
$ (5,358,516)	$ -	$ (5,358,516)	$ -
283,866	-	283,866	-
1,976,435	-	1,976,435	-
(17,539,064)	-	(17,539,064)	-
(103,496)	-	(103,496)	-
(4,526,463)	-	(4,526,463)	-
(221,531)	-	(221,531)	-
(25,488,769)	-	(25,488,769)	-
-	5,285,481	5,285,481	-
-	(2,319,704)	(2,319,704)	-
-	982,288	982,288	-
-	3,948,065	3,948,065	-
(25,488,769)	3,948,065	(21,540,704)	
-	-	-	(289,134)
-	-	-	(289,134)
18,512,342	-	18,512,342	-
11,037,388	-	11,037,388	-
420,799	-	420,799	-
3,030,253	-	3,030,253	-
359,696	-	359,696	-
174,971	-	174,971	-
			1,069,998
118,629	205,659	324,288	662
1,242,944	116,083	1,359,027	-
34,897,022	321,742	35,218,764	1,070,660
139,659	(139,659)	-	-
35,036,681	182,083	35,218,764	1,070,660
9,547,912	4,130,148	13,678,060	781,526
80,142,435	70,551,089	150,693,524	-
$ 89,690,347	$ 74,681,237	$ 164,371,584	$ 781,526

City of Jacksonville, North Carolina
Balance Sheet - Governmental Funds
June 30, 2011

	Major			
	General	Capital Projects	Total Non-Major Funds	Total
Assets				
Cash and cash equivalents	$ 13,561,146	$ 7,001,287	$ 2,176,742	$ 22,739,175
Restricted cash and cash equivalents	1,840,521	-	4,116,127	5,956,648
Taxes receivable (net)	1,683,613	-	-	1,683,613
Accounts receivable (net)	4,673,580	79	1,101,786	5,775,445
Interfund receivable	633,659	-	-	633,659
Inventories	23,954	-	-	23,954
Prepaid items	2,437	-	-	2,437
Notes receivable	-	-	2,487,396	2,487,396
Total assets	$ 22,418,910	$ 7,001,366	$ 9,882,051	$ 39,302,327
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,398,155	$ 368,317	$ 1,456,347	$ 3,222,819
Interfund payable	-	-	588,659	588,659
Customer deposits	310,664	-	-	310,664
Deferred revenues	1,734,269	79	-	1,734,348
Unearned revenues	378,818	-	-	378,818
Total liabilities	3,821,906	368,396	2,045,006	6,235,308
Fund balances:				
Non Spendable:				
Inventories	23,954			23,954
Compensating Balance	625,000			625,000
Prepaid items	2,437			2,437
Restricted:				
Stabilization by State Statute	6,822,476			6,822,476
Streets	579,793		2,344,955	2,924,748
Public Safety	341,726		2,794,186	3,135,912
Community Development			3,108,485	3,108,485
Capital Projects		79	1,097,335	1,097,414
Assigned:				
Capital Projects	-	6,685,268		6,685,268
Subsequent year's expenditures	4,842,273	-	-	4,842,273
Unassigned:	5,359,345	(52,377)	(1,507,916)	3,799,052
Total fund balances	18,597,004	6,632,970	7,837,045	33,067,019
Total liabilities and fund balances	$ 22,418,910	$ 7,001,366	$ 9,882,051	$ 39,302,327

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, 2011

Total fund balances for governmental funds	$ 33,067,019
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	60,395,063
Adjustment for assets attributable to internal service funds	(622,637)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,734,348
Accrued interest on Property Taxes - Statement of Net Assets	324,498
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	2,360,435
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(7,828,246)
Adjustment for internal service funds installment purchases and compensated absences	259,867
Total net assets of governmental activities	$ 89,690,347

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

Exhibit D

City of Jacksonville, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Major		Total	
	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Ad valorem taxes	$ 18,531,433	$ -	$ -	$ 18,531,433
Other taxes and licenses	12,042,244	-	-	12,042,244
Unrestricted intergovernmental revenues	3,457,891	-	-	3,457,891
Restricted intergovernmental revenues	2,196,995	275,750	4,003,763	6,476,508
Permits and fees	1,375,738	-	-	1,375,738
Sales and services	695,762	-	-	695,762
Investment earnings	118,629	3,016	10,419	132,064
Miscellaneous	352,121	-	869,450	1,221,571
Total revenues	38,770,813	278,766	4,883,632	43,933,211
Expenditures:				
Current:				
General Government	5,486,821	291,616	899,296	6,677,733
Public Works	4,478,184	-	164,940	4,643,124
Public Safety	17,094,914	469,606	1,259,273	18,823,793
Cultural and Recreational	3,945,034	486,416	-	4,431,450
Economic and Physical Development	-	-	1,155,626	1,155,626
Capital outlay	837,430	-	2,029,957	2,867,387
Non-capitalized expenditures	-	56,499	-	56,499
Debt service:				
Principal retirement	1,952,953	-	-	1,952,953
Interest and fees	221,531	-	-	221,531
Total expenditures	34,016,867	1,304,137	5,509,092	40,830,096
Revenues over (under) expenditures	4,753,946	(1,025,371)	(625,460)	3,103,115
Other financing sources (uses):				
Debt issued	943,200	-	-	943,200
Sales of capital assets	95,673	-	112,303	207,976
Transfers in	715,661	2,920,250	4,197,971	7,833,882
Transfers (out)	(5,602,263)	(255,852)	(2,116,491)	(7,974,606)
Total other financing sources (uses)	(3,847,729)	2,664,398	2,193,783	1,010,452
Net change in fund balances	906,217	1,639,027	1,568,323	4,113,567
Fund balances:				
Beginning of year, July 1	17,690,787	4,993,943	6,268,722	28,953,452
End of year, June 30	$ 18,597,004	$ 6,632,970	$ 7,837,045	$ 33,067,019

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, 2011

Net change in fund balances - total governmental funds	$ 4,113,567
The changes in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Increase in donated Capital Assets	4,466,477
Increase in purchased Capital Assets net of decrease in construction in progress	4,692,043
Adjustment for increases attributable to Internal Service Funds	(573,496)
Depreciation Expense	(4,791,851)
Adjustment for expense attributable to Internal Service Funds	230,318
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	50,208
Proceeds from the Sale of Capital Assets	(252,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
(Decrease) in Beer & Wine Tax	(49,279)
Increase in Deferred Property Tax Revenue	(54,005)
Increase in Accrued Interest on Taxes	34,914
Increase in Investment Interest	(18,426)
The issuance of long-term liabilities (e.g., installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. This amount is the net effect of these differences in the treatment of long-term liabilities:	
Additions to Long-Term Liabilities	(2,280,654)
Adjustment for additions attributable to Internal Service Funds	217,685
Retirements of Long-Term Liabilities	2,947,779
Adjustment for retirements attributable to Internal Service Funds	(98,527)
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	914,135
Changes in net assets of governmental activities	$ 9,547,912

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

Exhibit E

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, 2011

	Budget - Original	Budget - Final	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	$ 18,404,106	$ 18,645,510	$ 18,531,433	$ (114,077)
Other taxes and licenses	13,469,649	12,687,876	12,042,244	(645,632)
Unrestricted intergovernmental revenues	3,556,700	3,570,145	3,457,891	(112,254)
Restricted intergovernmental revenues	2,041,250	2,286,456	2,196,995	(89,461)
Permits and fees	1,182,000	1,342,515	1,375,738	33,223
Sales and services	600,360	686,363	695,762	9,399
Investment earnings	73,817	105,255	118,629	13,374
Miscellaneous	215,380	378,254	352,121	(26,133)
Total revenues	39,543,262	39,702,374	38,770,813	(931,561)
Expenditures:				
Current:				
General Government	5,670,735	6,524,183	5,494,821	1,029,362
Public Works	5,082,132	5,195,585	4,533,400	662,185
Public Safety	19,497,184	19,033,868	17,754,508	1,279,360
Cultural and Recreational	4,073,863	4,395,590	4,059,654	335,936
Debt service:				
Principal retirement	3,058,943	2,729,401	1,952,953	776,448
Interest and fees	1,421,654	984,317	221,531	762,786
Total expenditures	38,804,511	38,862,944	34,016,867	4,846,077
Revenues over (under) expenditures	738,751	839,430	4,753,946	3,914,516
Other financing sources (uses):				
Debt issued	976,487	976,487	943,200	(33,287)
Appropriated fund balance	2,626,874	3,751,896	-	(3,751,896)
Sales of general capital assets	50,000	50,000	95,673	45,673
Transfers in	1,297,395	715,666	715,661	(5)
Transfers (out)	(5,689,507)	(6,333,479)	(5,602,263)	731,216
Total other financing sources (uses)	(738,751)	(839,430)	(3,847,729)	(3,008,299)
Excess of revenues and other sources over expenditures and other uses	$ -	$ -	906,217	$ 906,217
Fund balances:				
Beginning of year, July 1			17,690,787	
End of year, June 30			$ 18,597,004	

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

Exhibit F

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Net Assets
June 30, 2011

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Funds	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	$ 32,747,544	$ 210,253	$ 1,522,304	$ 34,480,101	$ 2,656,299
Accounts receivable (net)	3,520,829	194,637	106,158	3,821,624	2,906
Inventories	347,224	-	-	347,224	92,683
Prepaid Items	1,330	-	-	1,330	78,252
Total Current Assets	36,616,927	404,890	1,628,462	38,650,279	2,830,140
Noncurrent Assets:					
Restricted cash and cash equivalents	13,811,150	3	3,326,690	17,137,843	2
Land and other non-depreciable assets	12,324,580	-	1,683,065	14,007,645	-
Other capital assets, net of depreciation	125,776,510	824,038	1,424,388	128,024,936	622,637
Total Noncurrent Assets	151,912,240	824,041	6,434,143	159,170,424	622,639
Total Assets	188,529,167	1,228,931	8,062,605	197,820,703	3,452,779
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	4,158,342	256,925	64,729	4,479,996	832,482
Compensated absences payable - current	116,774	51,487	28,997	197,258	-
Interfund payable	-	-	45,000	45,000	-
Installment purchases payable - current	1,808,938	274,897	470,369	2,554,204	59,212
Loans payable - current	4,341,584	-	-	4,341,584	-
Bonds payable - current	1,280,298	-	-	1,280,298	-
Total Current Liabilities	11,705,936	583,309	609,095	12,898,340	891,694
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	76,008	40,414	20,901	137,323	111,445
Unearned revenue	151,523	-	-	151,523	-
Customer deposits	813,272	-	-	813,272	-
Other postemployment benefits	21,774	17,250		39,024	
Installment purchases payable - noncurrent	8,351,164	355,277	3,690,752	12,397,193	89,205
Loans payable - noncurrent	57,258,120	-	-	57,258,120	-
Bonds payable - noncurrent	39,444,671	-	-	39,444,671	-
Total Noncurrent Liabilities	106,116,532	412,941	3,711,653	110,241,126	200,650
Total Liabilities	117,822,468	996,250	4,320,748	123,139,466	1,092,344
Net Assets					
Invested in capital assets, net of related debt	39,427,465	193,867	2,273,022	41,894,354	474,222
Unrestricted	31,279,234	38,814	1,468,835	32,786,883	1,886,213
Total Net Assets	$ 70,706,699	$ 232,681	$ 3,741,857	$ 74,681,237	$ 2,360,435

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

Exhibit G

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	$ 25,077,038	$ 2,710,478	$ 2,086,443	$ 29,873,959	$ 8,259,363
Miscellaneous	-	-	-	-	1,384,922
Total operating revenues	25,077,038	2,710,478	2,086,443	29,873,959	9,644,285
Operating expenses:					
Solid Waste Fund	-	4,749,311	-	4,749,311	-
Water Quality	-	-	1,721,714	1,721,714	-
Water/Sewer Operations	6,476,164	-	-	6,476,164	-
Water Supply	1,679,668	-	-	1,679,668	-
Wastewater Treatment	1,939,969	-	-	1,939,969	-
Non-capitalized expenses - projects	4,696	-	-	4,696	-
Fleet Maintenance Operations	-	-	-	-	2,113,434
City Hall Maintenance Operations	-	-	-	-	218,654
Information Technology Services	-	-	-	-	2,286,935
Video/Media Services	-	-	-	-	495,808
Self Insurance	-	-	-	-	3,693,904
Depreciation	9,536,754	262,707	187,219	9,986,680	230,318
Total operating expenses	19,637,251	5,012,018	1,908,933	26,558,202	9,039,053
Operating income (loss)	5,439,787	(2,301,540)	177,510	3,315,757	605,232
Nonoperating revenues (expenses):					
Investment earnings	184,944	14,160	6,555	205,659	4,266
Assessments collected	-	-	-	-	-
Interest collected on assessments		-	-		-
Gain on sale of capital assets	200	-	1,700	1,900	25,787
Restricted revenue	-	54,488	-	54,488	-
Tax rebate - Build America Bond interest	-	-	24,252	24,252	-
Miscellaneous revenue	-	178	464	642	-
Interest on long-term debt	(2,402,349)	(18,164)	(90,233)	(2,510,746)	(1,533)
Refunds	34,801	-	-	34,801	-
Total nonoperating revenues (expenses)	(2,182,404)	50,662	(57,262)	(2,189,004)	28,520
Income (loss) before capital contributions and transfers	3,257,383	(2,250,878)	120,248	1,126,753	633,752
Capital contributions:					
ONWASA Water Interconnect contribution	90,965	-	-	90,965	-
Onslow County Joint Project contribution	10,067	-	-	10,067	-
State Revolving Fund-ARRA Forgiveness loan	1,251,469	-	-	1,251,469	-
Developer contributions	895,542	-	895,011	1,790,553	-
Total capital contributions	2,248,043	-	895,011	3,143,054	-
Income (loss) before transfers	5,505,426	(2,250,878)	1,015,259	4,269,807	633,752
Transfers:					
Transfers in	358,060	-	5,000	363,060	280,383
Transfers (out)	(427,634)	-	(75,085)	(502,719)	-
Total transfers	(69,574)	-	(70,085)	(139,659)	280,383
Change in Net Assets	5,435,852	(2,250,878)	945,174	4,130,148	914,135
Net Assets:					
Beginning of year, July 1	65,270,847	2,483,559	2,796,683	70,551,089	1,446,300
End of year, June 30	$ 70,706,699	$ 232,681	$ 3,741,857	$ 74,681,237	$ 2,360,435

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

Exhibit H

City of Jacksonville, North Carolina
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 24,689,308	$ 2,713,527	$ 2,105,571	$ 29,508,406	$ -
Cash receipts from interfund services provided (used)	-	-	-	-	9,653,434
Cash payments for interfund services provided (used)	-	-	-	-	(8,849,312)
Cash paid for goods and services	(4,664,674)	(3,208,978)	(475,725)	(8,349,377)	-
Cash paid to employees	(5,182,358)	(1,560,100)	(1,228,750)	(7,971,208)	-
Customer deposits	210,663	-	-	210,663	-
Net cash provided (used) by operating activities	15,052,939	(2,055,551)	401,096	13,398,484	804,122
Cash flows from noncapital financing activities:					
Transfers in	358,060	-	5,000	363,060	280,383
Transfers (out)	(427,634)	-	(75,085)	(502,719)	-
Advances from other funds	(39,883)	(25,853)	33,467	(32,269)	(15,964)
Advances (to) other funds	-	-	-	-	286,495
Refunds	34,801	178	464	35,443	-
Restricted Intergovernmental	-	54,488	-	54,488	-
Net cash provided (used) by noncapital related financing activities	(74,656)	28,813	(36,154)	(81,997)	550,914
Cash flows from capital and related financing activities:					
Contributions	1,352,501	-	-	1,352,501	-
Principal paid on long-term debt	(4,588,493)	(315,728)	(299,544)	(5,203,765)	(45,251)
Interest paid on long-term debt	(2,402,349)	(18,164)	(90,233)	(2,510,746)	(1,533)
Tax rebate - Build America Bond interest	-	-	24,252	24,252	-
Debt issued	22,299,294	388,600	4,200,000	26,887,894	167,000
Purchase of capital assets	(9,358,136)	(410,774)	(701,565)	(10,470,475)	(548,496)
Proceeds from sale of capital assets	200	18,479	1,700	20,379	787
Interest collected on assessments	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	7,303,017	(337,587)	3,134,610	10,100,040	(427,493)
Cash flows from investing activities:					
Investment earnings	184,944	14,160	6,555	205,659	4,266
Net cash provided by investing activities	184,944	14,160	6,555	205,659	4,266
Net increase (decrease) in cash and cash equivalents	22,466,244	(2,350,165)	3,506,107	23,622,186	931,809
Cash and cash equivalents, July 1	24,092,450	2,560,421	1,342,787	27,995,658	1,724,492
Cash and cash equivalents, June 30	$ 46,558,694	$ 210,256	$ 4,848,894	$ 51,617,844	$ 2,656,301

Reconciliation to Exhibit F—	Enterprise Funds	Internal Service Funds
Cash and cash equivalents	$ 34,480,101	$ 2,656,299
Restricted cash and cash equivalents	17,137,843	2
	$ 51,617,944	$ 2,656,301

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, 2011

	Enterprise Funds				
	Water and Sewer Fund	**Solid Waste Fund**	**Non-Major Enterprise Funds**	**Total**	**Internal Service Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	$ 5,439,787	$ (2,301,540)	$ 177,510	$ 3,315,757	$ 605,232
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	9,536,754	262,707	187,219	9,986,680	230,318
Bad debt expense	67,154	1,524	(15,166)	53,512	-
Change in assets and liabilities:					
Increase (decrease) in accrued compensated absences	1,448	5,336	9,124	15,908	(2,590)
(Increase) decrease in prepaid expenses	840	-	599	1,439	53,314
Increase (decrease) in accounts payable and accrued liabilities	179,885	(26,627)	22,682	175,940	(47,443)
(Increase) decrease in accounts receivable	(392,886)	3,049	19,128	(370,709)	9,149
(Increase) decrease in inventories	4,138	-	-	4,138	(43,858)
Increase (decrease) in deferred revenues	5,156	-	-	5,156	-
Increase (decrease) in customer deposits	210,663	-	-	210,663	-
Total adjustments	9,613,152	245,989	223,586	10,082,727	198,890
Net cash provided (used) by operating activities	$ 15,052,939	$ (2,055,551)	$ 401,096	$ 13,398,484	$ 804,122
Noncash investing, capital, and financing activities:					
Capital contributed by developers	$ 895,542	$ -	$ 895,011	$ 1,790,553	$ -

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

Exhibit I

City of Jacksonville, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	Special Separation Allowance Pension Trust
Assets	
Cash	$ 344,301
Investments at face value -	
Commercial paper	0
Interest receivable	0
Total Assets	344,301
Liabilities	
Accounts payable	7,959
Total Liabilities	7,959
Net Assets	
Assets held in trust for pension benefits	336,342
Total Net Assets	$ 336,342

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

Exhibit J

City of Jacksonville, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Special Separation Allowance Pension Trust Fund
Additions:	
Employer contributions	$ 224,112
Interest	804
Total additions	224,916
Deductions:	
Benefits	203,603
Total deductions	203,603
Net increase	21,313
Net assets reserved for employees' pension benefit:	
Beginning of year	315,029
End of year	$ 336,342

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

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Jacksonville Tourism Development Authority

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

B. Basis of Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Capital Projects Fund – 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 37 Capital Projects within the Major Capital Projects Fund: Country Club Park, Rails to Trails, City Hall Expansion, Sturgeon City, Sturgeon City Boardwalk III, Sturgeon City Boardwalk IV, Sturgeon City Park, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Vietnam Veterans Memorial, Youth Center, Fire Training Facility, West Gum Branch Fire Station, Police/Fire Facility, Carolina Forest Park, Firing Range Improvements, Buddy Phillips Bridge Improvements, Georgetown Water Access Site, Relocation of Northwoods Fire Station, Northeast Creek Ramp and Boardwalk, Jack Amyette Center Renovations, Freedom Fountain, Business Park Improvements, Richard Ray Park Garden Improvements, Richard Ray All America Park, Wooten Park, JTDA Museum of the Marine, Jacksonville High School Tennis Courts, Jacksonville Commons Gym Floors, Jacksonville Commons Phase II, Youth Center Phase II, Police Remodeling, Traffic Signal Preemption, Public/Private Infrastructure Partnership, Indoor Facility Brynn Marr and Market Street Park.

Proprietary Funds include the following major funds:

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

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

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. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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 balance sheet and revenue is recognized.

D. Budgetary Data

The City and the Authority's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and operating Enterprise Funds. All annual appropriations lapse at fiscal year-end. Grant project ordinances are adopted for the Non-Major Governmental Funds and project ordinances are adopted for the Capital Reserve Fund and Major Capital Project Funds. The City's Internal Service Funds operate under a Council-adopted financial plan and not a budget ordinance. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting method used to record transactions.

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

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

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

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

E. Deposits and Investments

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

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

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT cash 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. The Authority considers highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

G. Restricted Assets

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

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

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

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

Governmental Activities:	
Powell Bill	$ 3,245,013
E-911 Revenue	1,013,868
Drug Enforcement Assets	225,466
Unexpended Debt Proceeds	319,619
Compensating Balance	625,000
Customer Deposits	310,664
Other Restricted Grants	205,580
Other	11,440
	$ 5,956,650
Business-Type Activities:	
Unexpended Debt Proceeds	$ 17,137,843

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, 2010.

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

I. Allowances for Doubtful Accounts

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

J. Inventory and Prepaid Items

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

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

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

K. Capital Assets

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

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

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

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

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

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

L. Interfund Receivables and Payables

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

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

M. Interfund Transfers

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

N. Long-Term Obligations

In the Government-wide Financial Statements and Proprietary Funds in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Assets. Bond premiums, 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: Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

Fund Balances: In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The Governmental Funds classify fund balances as follows:

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

> Prepaids and inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.
>
> Compensating Balance – portion of fund balance that is not an available resourse as it is contractually required to remain intact as part of an agreement for banking services in lieu of fees.

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

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

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

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

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

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

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

Assigned fund balance – portion of fund balance that is intended for specific purposes.

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

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

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

The City of Jacksonville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

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, 2011, the City's deposits had a book balance of $31,932,313, which includes a $625,000 compensating balance, while the bank balance was $32,723,186. Of the bank balance, $1,250,000 was covered by federal depository insurance, and $31,473,186 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer). The carrying amount of deposits for the Tourism and Development Authority was $665,848 and the bank balance was $665,848. Of the bank balance, $250,000 was covered by federal depository insurance and $415,848 was covered by collateral held under the Pooling Method (State Treasurer). At June 30, 2011, the City's petty cash fund totaled $7,699.

Investments

At June 30, 2011, the City had the following investments and maturities:

Investment Type	Carrying Value	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
US Government Agencies	$ 7,515,695	$ 7,515,695	$ -	$ -	$ 7,515,695
Commercial Paper	10,941,822	10,941,822	8,953,072	1,988,750	-
NC CMT- Cash Portfolio	32,460,793	32,460,793	-	-	-
Other Investments - Loan proceeds held in escrow - NC CMT	456,047	456,047	-	-	-
Total	$ 51,374,357	$ 51,374,357	$ 8,953,072	$ 1,988,750	$ 7,515,695

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, 2011. 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 21% commercial paper, 15% US agencies, and 64% with the North Carolina Capital Management Trust. The commercial paper is held with Abbey National.

Note 3. Receivables

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

Activities	Gross Receivables	Allowance	Net Receivables
Governmental			
General			
Taxes receivable	$ 2,045,770	$ 362,157	$ 1,683,613
Accrued interest on taxes	648,995	324,497	324,498
Accounts receivable	5,692,376	1,018,796	4,673,580
Special Revenue	1,101,786	-	1,101,786
Major Capital Projects	79	-	79
Internal Service Fund	2,906	-	2,906
Total Governmental Activities	9,491,912	1,705,450	7,786,462
Business-Type			
Water/Sewer	3,954,825	433,996	3,520,829
Solid Waste	216,070	21,433	194,637
Non-Major	130,467	24,309	106,158
Total Business-Type Activities	4,301,362	479,738	3,821,624
Discretely Presented			
Component Unit	124,510	-	124,510
Total Discrete Units	124,510	-	124,510
	$ 13,917,784	$ 2,185,188	$ 11,732,596

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

Notes receivable of $2,487,396 consists of low interest or interest free loans to homeowners and others. These loans range in term from a five-year term to a thirty-year term with various loans being deferred, forgiven or repaid. These loans were originally funded by Federal Grants.

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,989,884	$ 25,356	$ -	$ 2,015,240
Land Rights	757,082	1,034,882	-	1,791,964
Construction in progress	7,174,619	1,101,570	(157,303)	8,118,886
Total capital assets not being depreciated	9,921,585	2,161,808	(157,303)	11,926,090
Capital assets being depreciated:				
Buildings	20,419,552	1,142,655	(6,345)	21,555,862
Improvements other than buildings	9,345,208	345,939	-	9,691,147
Equipment	8,828,180	958,942	(345,780)	9,441,342
Software	1,135,124	92,495	(37,127)	1,190,492
Heavy equipment	488,483	-	-	488,483
Vehicles	8,452,594	758,147	(219,712)	8,991,029
Infrastructure	39,689,839	3,717,012	-	43,406,851
Total capital assets being depreciated	88,358,980	7,015,190	(608,964)	94,765,206
Less accumulated depreciation for:				
Buildings	(10,065,968)	(844,065)	5,552	(10,904,480)
Improvements other than buildings	(2,532,758)	(473,198)	-	(3,005,956)
Equipment	(7,971,272)	(504,738)	345,780	(8,130,231)
Software	(1,073,904)	(59,962)	36,918	(1,096,947)
Heavy equipment	(362,424)	(37,896)	-	(400,320)
Vehicles	(5,761,840)	(1,061,691)	174,802	(6,648,729)
Infrastructure	(14,281,237)	(1,828,333)	-	(16,109,570)
Total accumulated depreciation	(42,049,403)	(4,809,882)	563,052	(46,296,233)
Total capital assets being depreciated, net	46,309,577			48,468,973
Governmental activity capital assets, net	$ 56,231,162			$ 60,395,063

Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	$ 2,161,808
Total capital assets being depreciated	7,015,190
	$ 9,176,998

General Fund	$ 818,952
Non-Major Governmental	2,051,957
Major Capital	1,247,638
Transfers from Solid Waste Fund	18,478
Internal Service	573,496
Donated infrastructure	4,466,477
	$ 9,176,998

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

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	$ 3,915,588	$ 95,380	$ -	$ 4,010,968
Construction in progress	4,052,937	4,281,070	(20,395)	8,313,612
Total capital assets not being depreciated	7,968,525	4,376,450	(20,395)	12,324,580
Capital assets being depreciated:				
Buildings	110,219,655	1,529,005	-	111,748,660
Improvements other than buildings	95,025,764	3,792,626	-	98,818,390
Equipment	4,625,248	109,685	-	4,734,933
Software	82,400	-	-	82,400
Heavy Equipment	645,692	-	-	645,692
Vehicles	1,066,449	481,862	-	1,548,311
Total capital assets being depreciated	211,665,208	5,913,178	-	217,578,386
Less accumulated depreciation for:				
Buildings	(43,722,100)	(5,189,245)	-	(48,911,345)
Improvements other than buildings	(33,197,654)	(3,818,623)	-	(37,016,277)
Equipment	(3,883,645)	(347,196)	-	(4,230,841)
Software	(39,160)	(20,502)	-	(59,662)
Heavy Equipment	(582,366)	(34,026)	-	(616,392)
Vehicles	(824,640)	(142,719)	-	(967,359)
Total accumulated depreciation	(82,249,565)	$ (9,552,311)	$ -	(91,801,876)
Total capital assets being depreciated, net	129,415,643			125,776,510
Water and Sewer capital assets, net	$ 137,384,168			$ 138,101,090

Reconciliation of Water and Sewer Increases:

Total capital assets not being depreciated	$ 4,376,450
Total capital assets being depreciated	5,913,178
	$ 10,289,628
Water and Sewer Fund	$ 568,627
Water Capital Projects	4,965,551
Sewer Capital Projects	3,844,353
Transfers from General Fund	15,557
Donated Assets	895,542
	$ 10,289,630

Capital Assets (continued)

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	40,983	-	-	40,983
Improvements other than buildings	-	-	-	-
Equipment	-	-	-	-
Software	38,744	-	-	38,744
Heavy Equipment		-	-	-
Vehicles	2,153,955	410,774	(20,532)	2,544,197
Total capital assets being depreciated	2,233,682	410,774	(20,532)	2,623,924
Less accumulated depreciation for:				
Buildings	(40,982)		-	(40,982)
Improvements other than buildings	-	-	-	-
Equipment				-
Software	(16,938)	(12,915)		(29,853)
Heavy Equipment	-	-	-	-
Vehicles	(1,481,312)	(249,792)	2,053	(1,729,051)
Total accumulated depreciation	(1,539,232)	$ (262,707)	$ 2,053	(1,799,886)
Total capital assets being depreciated, net	694,450			824,038
Solid Waste capital assets, net	$ 694,450			$ 824,038

Reconciliation of Solid Waste Increases:

Total capital assets not being depreciated	$ -
Total capital assets being depreciated	410,774
	$ 410,774
Solid Waste Fund	$ 410,774
	$ 410,774

Capital Assets (continued)

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Land Rights	788,055	895,011		$ 1,683,065
Construction in progress	-	-	-	-
Total capital assets not being depreciated	788,055	895,011	-	1,683,065
Capital assets being depreciated:				
Buildings	-	-	-	-
Infrastructure	589,321	447,872	-	1,037,193
Improvements other than buildings	45,308	-	-	45,308
Equipment	105,214	13,671	-	118,885
Heavy Equipment	307,946	85,067		393,013
Vehicles	710,195	154,956		865,151
Total capital assets being depreciated	1,757,984	701,566	-	2,459,550
Less accumulated depreciation for:				
Buildings	-	-	-	-
Infrastructure	(63,540)	(40,664)	-	(104,204)
Improvements other than buildings	(8,170)	(2,265)	-	(10,435)
Equipment	(69,811)	(16,603)	-	(86,414)
Heavy Equipment	(138,329)	(56,711)		(195,040)
Vehicles	(568,092)	(70,977)		(639,069)
Total accumulated depreciation	(847,942)	$ (187,220)	$ -	(1,035,162)
Total capital assets being depreciated, net	910,042			1,424,388
Stormwater/Water Quality capital assets, net	$ 1,698,097			$ 3,107,453

Reconciliation of Stormwater/Water Quality Increases:

Total capital assets not being depreciated	$ 895,011
Total capital assets being depreciated	701,566
	$ 1,596,577

Stormwater/Water Quality Fund	$ 253,695
Stormwater Capital Projects	290,568
Transfers from General Fund	157,303
Donated Land Rights	895,011
	$ 1,596,577

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

Governmental activities:	
General government	$ 602,084
Public Works	1,891,683
Public Safety	1,055,855
Cultural and Recreational	999,261
Economic Development	12,650
Internal Service Funds	230,318
Total depreciation expense - governmental activities	$ 4,791,851
Reconciliation of accumulated depreciation:	
Depreciation expense	$ 4,791,851
Intergovernmental transfer of fully depreciated asset from Solid Waste	18,031
Total accumulated depreciation - governmental activities	$ 4,809,882
Business-type activities:	
Water and Sewer Fund	$ 9,536,754
Solid Waste Fund	262,707
Non-Major Enterprise Funds	187,219
Total depreciation expense - business-type activities	$ 9,986,680
Reconciliation of accumulated depreciation:	
Depreciation expense	$ 9,986,680
Intergovernmental transfer of fully depreciated asset from General Fund	15,557
Total accumulated depreciation - business activities	$ 10,002,237

Construction Commitments

As of June 30, 2011, the City has active construction projects. The City's commitments with contractors at June 30, 2011, are as follows:

Project	Spent to Date	Remaining Commitment
Water and Sewer Improvements	$ 26,081,301	$ 4,898,232
Street/Stormwater Imrpovements	615,431	3,834,474
Transportation	478,713	157,934
Total	$ 27,175,445	$ 8,890,640

Note 5. Pension Plan and Postemploment 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 6.35% and 6.27%, 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, 2011, 2010, and 2009 were $1,422,763, $1,005,098, and $987,285, respectively. The contributions made by the City equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

City of Jacksonville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the City's report as a pension trust fund and no stand-alone financial report is issued.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	120
Total	135

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 $224,112, or 4.3% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% investment rate of return, and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 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	$ 224,079
Interest on net pension obligation	(466)
Adjustment to annual required contribution	499
Annual pension cost	224,112
Contributions made	(224,112)
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	$ -

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	$ 157,387	100%	$ -
6/30/10	$ 193,842	100%	$ -
6/30/11	$ 224,112	100%	$ -

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 20.08 percent funded. The actuarial accrued liability for benefits was $2,185,924, and the actuarial value of assets was $438,840, resulting in an unfunded actuarial accrued liability (UAAL) of $1,747,084. The covered payroll (annual payroll of active employees covered by the plan) was $5,176,879, and the ratio of the UAAL to the covered payroll was 33.75 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, 2011, were $346,912, which consisted of $267,701 from the City and $79,211 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, 2011 were $609,915, which consisted of $342,515 from the City and $267,400 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 Noth 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

Plan Description

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

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

Active Members	
Law Enforcement Officers	109
Firefighters	76
General employees	304
Retired Members	25
Total	514

Funding Policy

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

The current annual required contribution (ARC) rate is 1.18% of annual covered payroll. For the fiscal year ended June 30, 2011, the total retiree contributions for health insurance were $159,521. The City has a limited self-insurance plan covering health care coverage, and has a stop loss policy with private insurer.

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	$ 265,915
Interest on net OPEB obligation	13,253
Adjustment to annual required contribution	(18,424)
Annual OPEB cost (expense)	260,744
Employer Contributions made	(115,982)
Increase (decrease) in net OPEB obligation	144,762
Net OPEB obligation, beginning of year	331,324
Net OPEB obligation, end of year	$ 476,086

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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
2011	260,744	44.5%	476,086

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was $2,350,959. The covered payroll (annual payroll of active employees covered by the plan) was $20,600,953, and the ratio of the UAAL to the covered payroll was 11.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5 percent over 7 years. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

Note 6. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but no less than $25,000 and no more than $50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the City made contributions to the State for death benefits of $21,191. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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

Note 7. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in (e.g., transfers risk to) two insurance pools administered by the North Carolina League of Municipalities. One pool (IRFFNC) provides coverage for property damage and general liability (including auto and law enforcement officers). Major policies and their limits of coverage include: public officials ($3 million) and law enforcement liability ($3 million), vehicle liability ($2 million), public employee scheduled and blanket bonds ($600,000), general liability ($2 million), municipal equipment ($2.2 million), computer equipment ($7.8 million), and property ($104 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 $312,333 reported in the Self Insurance Fund at June 30, 2011, 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
2010-2011	748,839	2,552,373	2,988,879	312,333

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, 2011, 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 Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

As of June 30, 2011, the City had a legal debt margin of $269,428,289.

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 1.39% to 4.00%.

The installment purchase contracts payable at June 30, 2011, are comprised of the following individual contracts:

Serviced by the General Fund:

	Principal Balance June 30, 2011
$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 77 equal principal payments of $27,778 not including interest at 3.95%.	$ 2,138,890
$265,142 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 7 monthly payments of $4,922 including interest at 3.832%.	34,018
$2,606,307 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 131 monthly payments of $19,150 including interest at 3.95%.	2,035,161
$78,728 installment agreement – for vehicles and equipment with RBC Bank dated August 31, 2007; remaining balance payable in 12 monthly payments of $1,467 including interest at 4.0%.	17,231
$999,626 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 3 monthly payments of $28,952 and one payment of $5,146 including interest at 2.89%.	95,025
$390,369 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 24 monthly payments of $7,102 including interest at 2.89%.	148,186
$1,278,432 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 5 monthly payments of $30,000, then 35 payments of $9,962; including interest at 2.463% .	473,558
$352,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 29 monthly payments of $9,978 including interest at 1.39%.	284,373
$591,200 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 52 monthly payments of $10,427 including interest at 1.66%.	522,827
Total	$ 5,749,269

The future minimum payments of the installment purchases payable as of June 30, 2011, including $798,180 of interest, are as follows:

Serviced by the General Fund:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,148,985	$ 182,347	$ 1,331,332
2013	910,778	151,856	1,062,634
2014	785,979	123,839	909,818
2015	667,556	99,511	767,067
2016	553,042	77,660	630,702
2017-2021	1,476,377	158,866	1,635,243
2022-2026	206,552	4,101	210,653
Total	$ 5,749,269	$ 798,180	$ 6,547,449

Serviced by the Water and Sewer Fund:

	Principal Balance June 30, 2011
$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 86 monthly payments of $23,838 not including interest at 3.235%.	$ 2,050,043
$1,660,132 installment agreement – for an elevated water storage tank with RBC Bank dated May 14, 2004; remaining balance payable in 94 monthly payments of $9,223 not including interest at 3.27%.	866,957
$864,690 installment agreement – for water and sewer line replacements with RBC Bank dated August 12, 2004; remaining balance payable in 37 equal principal payments of $7,206 not including interest at 3.44%.	266,523
$2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable in 53 monthly payments of $29,187 including interest at 3.57%.	1,429,174
$7,700,000 installment agreement – for vehicles and equipment with Wachovia dated October 20, 2006; remaining balance payable in 63 monthly payments of $76,985 including interest at 3.57%.	4,390,623
$121,166 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 7 monthly payments of $2,249 including interest at 3.832%.	15,546
$598,743 installment agreement – for sewer rehab projects with Citimortgage dated June 15, 2007; remaining balance payable in 131 monthly payments of $4,399 including interest at 3.95%.	467,535

Serviced by the Water and Sewer Fund (continued):

	Principal Balance June 30, 2011
$122,606 installment agreement – for vehicles and equipment with RBC Bank dated August 31, 2007; remaining balance payable in 12 monthly payments of $2,285 including interest at 4.0%.	$ 26,834
$235,353 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 28 monthly payments of $4,282 including interest at 2.89%.	108,037
$95,141 installment agreement - for vehicles and equipment with Bank of America dated December 18,2009; remaining balance payable in 40 monthly payments of $1,710; including interest at 2.463%	65,615
$535,100 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 52 monthly payments of $9,437; including interest at 1.66%	473,215
Total	$ 10,160,102

The future minimum payments of the installment purchases payable as of June 30, 2011, including $1,078,591 of interest, are as follows:

Serviced by the Water and Sewer Fund:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,808,938	$ 326,188	$ 2,135,126
2013	1,821,871	263,447	2,085,318
2014	1,808,569	200,153	2,008,722
2015	1,763,279	137,696	1,900,975
2016	1,516,457	77,920	1,594,377
2017-2021	1,393,537	72,245	1,465,782
2022-2026	47,451	942	48,393
Total	$ 10,160,102	$ 1,078,591	$ 11,238,693

Serviced by the Solid Waste Fund:

	Principal Balance June 30, 2011
$308,012 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 7 monthly payments of $5,718 including interest at 3.832%.	$ 39,518
$347,012 installment agreement – for vehicles and equipment with RBC Bank dated August 31, 2007; remaining balance payable in 12 monthly payments of $6,467 including interest at 4.0%.	75,950
$35,000 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 2 monthly payments of $1,014 including interest at 2.89%.	1,375
$365,798 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 28 monthly payments of $6,654 including interest at 2.89%.	151,200
$25,756 installment agreement - for vehicles and equipment with Bank of America dated December 18,2009 ; remaining balance payable in 40 monthly payments of $482; including interest at 2.463%	18,473
$388,600 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 52 monthly payments of $6,854; including interest at 1.66%	343,658
Total	$ 630,174

The future minimum payments of the installment purchases payable as of June 30, 2011, including $22,078 of interest, are as follows:

Serviced by the Solid Waste Fund:

Year Ending June 30	Principal	Interest	Total
2012	$ 274,897	$ 12,024	$ 286,921
2013	159,596	6,128	165,724
2014	85,384	2,638	88,022
2015	82,977	1,193	84,170
2016	27,320	95	27,415
Total	$ 630,174	$ 22,078	$ 652,252

Serviced by the Fleet Maintenance Fund:

	Principal Balance June 30, 2011
$19,576 installment agreement - for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 40 monthly payments of $352; including interest at 2.463%	$ 13,501
Total	$ 13,501

The future minimum payments of the installment purchases payable as of June 30, 2011, including $575 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
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	$ 13,501	$ 575	$ 14,076

Serviced by the Information Technology Services Fund:

	Principal Balance June 30, 2011
$167,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 29 monthly payments of $4,734 including interest at 1.39%.	$ 134,916
Total	$ 134,916

The future minimum payments of the installment purchases payable as of June 30, 2011, including $2,365 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 55,277	$ 1,530	$ 56,807
2013	56,052	753	56,805
2014	23,587	82	23,669
Total	$ 134,916	$ 2,365	$ 137,281

Serviced by the Stormwater Fund:

	Principal Balance June 30, 2011
$270,463 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 7 monthly payments of $5,021 including interest at 3.832%.	$ 34,701
$84,466 installment agreement – for vehicles and equipment with RBC Bank dated August 31, 2007; remaining balance payable in 12 monthly payments of $1,574 including interest at 4.00%.	18,486
$161,006 installment agreement – for vehicles and equipment with RBC Bank dated December 23, 2008; remaining balance payable in 28 monthly payments of $2,929 including interest at 2.89%.	76,809
$25,756 installment agreement – for vehicles and equipment with Bank of America dated December 18, 2009; remaining balance payable in 40 monthly payments of $463 including interest at 2.463%.	17,763
$4,100,000 installment agreement/Build America Bond - for stormwater improvements with RBC Bank dated December 16, 2010; remaining balance payable in 19 semi-annual payments of $243,304 including interest at 3.38%. The City receives a subsidy of 35% of interest cost from the Federal Government reducing the effective interest rate to 2.20%.	3,925,986
$15,000 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 29 monthly payments of $425 including interest at 1.39%.	12,118
$85,100 installment agreement - for vehicles and equipment with Bank of America dated December 17, 2010; remaining balance payable in 52 monthly payments of $1,501 including interest at 1.66%.	75,258
Total	$ 4,161,121

The future minimum payments of the installment purchases payable as of June 30, 2011, including $704,270 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 470,369	$ 134,092	$ 604,461
2013	440,139	119,670	559,809
2014	406,662	105,639	512,301
2015	414,249	92,222	506,471
2016	414,089	78,523	492,612
2017-2021	2,015,613	174,124	2,189,737
Total	$ 4,161,121	$ 704,270	$ 4,865,391

B. Loans Payable

Water and Sewer Fund:

	Principal Balance June 30, 2011
$15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 5 annual installments of $750,000 each; plus interest at 3.57%.	$ 3,750,000
$5,000,000 State Bond Loan dated April 1, 1996, due in 5 annual installments of $250,000 each; plusinterest at 4.4563%.	1,250,000
$2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 6 annual installments of $141,820 each; plus interest at 3.035%.	850,924
$3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 6 annual installments of $150,000 each; plus interest at 3.035%.	900,000
$1,000,000 State Revolving Loan dated February 10, 2004 due in 3 annual installments of $100,000 each; plus interest at 2.82%.	300,000
$36,644,599 State Revolving Loan dated June 3, 2008 due in 20 annual installments of $1,832,230 each; plus interest at 2.10%	36,644,599
$16,652,712 State Revolving Loan dated March 26, 2009 due in 20 annual installments of $832,636 each; plus interest at 2.10%	16,652,712
$1,251,469 State Revolving Loan dated July 7, 2009 due in 20 annual installments of $62,573 each; plus interest at 0.0%	1,251,469
Total	$ 61,599,704

The future minimum payments of the loans payable as of June 30, 2011, including $11,151,176 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 4,341,584	$ 817,504	$ 5,159,088
2013	4,341,584	1,263,054	5,604,638
2014	4,341,584	1,149,732	5,491,316
2015	4,241,584	1,036,504	5,278,088
2016	4,241,584	925,690	5,167,274
2017-2021	15,040,636	3,492,124	18,532,760
2022-2026	14,408,048	1,974,016	16,382,064
2027-2031	10,643,100	492,552	11,135,652
Total	$ 61,599,704	$ 11,151,176	$ 72,750,880

C. Revenue Bonds Payable

Serviced by the Water and Sewer Fund:

	Principal Balance June 30, 2011
$501,235 Revenue Bond Payable dated September 10, 2009 due in 64 monthly installments of $6,695 including interest at 3.95%	$ 391,196
$25,000,000 Revenue Bond Payable dated September 10, 2009 due in 18 annual installments with semi-annual interest payments at 4.55%, with annual principal payments ranging from $135,000 to $2,002,288	24,865,000
$12,328,634 Revenue Bond Payable dated September 17, 2010 due in 33 semi-annual installments of $505,966 with interest at 3.97%	12,040,527
$3,428,246 Recovery Zone Economic Development Bond Payable dated September 17, 2010 with semi-annual interest only payments at 6.10% until 3/1/2027; then 7 remaining semi-annual principal and interest payments of $563,475. The City receives a subsidy of 45% of interest cost from the Federal Government reducing the effective interest rate to 3.36%.	3,428,246
Total	$ 40,724,969

The future minimum payments of the bonds payable as of June 30, 2011, including $20,551,683 of interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,280,298	$ 1,827,455	$ 3,107,753
2013	1,414,575	1,772,465	3,187,040
2014	1,654,827	1,711,496	3,366,323
2015	1,755,055	1,639,732	3,394,787
2016	1,831,238	1,563,550	3,394,788
2017-2021	10,017,358	6,588,343	16,605,701
2022-2026	12,358,300	4,213,935	16,572,235
2027-2031	10,413,318	1,234,707	11,648,025
Total	$ 40,724,969	$ 20,551,683	$ 61,276,652

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, 2011, are as follows:

	Operating Revenues	
	User Charges	$ 24,712,678
	Subtotal: Operating Revenues	24,712,678
	Operating Expenses	
	Salaries, Fringe Benefits and Operating Expenditures	10,095,801
	Depreciation and Amortization	9,536,754
	Subtotal: Operating Expenses	19,632,555
	Operating Income	5,080,123
	Nonoperating Revenues (Expenses):	
	Investment Earnings	184,944
	Interest Expense	(2,402,349)
	Other Nonoperating Revenue	399,361
	Subtotal: Nonoperating Revenues (Expenses)	(1,818,044)
	Income before Transfers and Capital Contributions	3,262,079
	Adjustments	
	Plus: Depreciation and Amortization	9,536,754
	Plus: Interest Expense	2,402,349
A	**Net Revenues**	**15,201,182**
	Plus 20% of Surplus Account	4,064,595
B	**Net Revenues plus 20% of Surplus Account**	19,265,777
	Parity Indebtedness	
	1996-16 State Loan $5,000,000	326,666
	Series 2009 and 2010 Series Revenue Bonds*	2,607,551
C	Subtotal: Revenue Bond Debt Service	**2,934,217**
	Debt Service Coverage - Parity Indebtedness	
	Calculated Using Net Revenues (A/C)	5.18
	Calculated Using Net Revenues plus 20% of Surplus Account (B/C)	6.57
D	**Net Revenues Available for Subordinate and Other Debt Service (A-C)**	12,266,965
	Subordinate and Other Indebtedness	
	State Revolving Fund Loans	
	1997 - 17 State RLF $15,000,000	910,650
	1997 - 17 State RLF $2,836,415	171,951
	1997 - 17 State RLF $3,000,000	181,868
	2004 - 14 State RLF $1,000,000	111,280
	Subtotal: SRF Loans--SUBORDINATE DEBT	**1,375,749**
	Installment Purchases--OTHER INDEBTEDNESS	2,786,735
E	**Subordinate and Other Indebtedness**	4,162,484

(Continued on next page)

	Debt Service Coverage - Subordinate and Other Indebtedness (D/E)	2.95
F	**Total Debt Service: Revenue Bonds plus Subordinate and Other Indebtedness**	7,096,701
	Debt Service Coverage - Total Debt	
	Calculated using Net Revenues (A/F)	2.14
	Calculated using Net Revenues plus 20% of Surplus Account (B/F)	2.71
	Net Revenues After Total Debt (A-F)	8,104,481
*	**Debt Service for 2009 and 2010 Series:**	
	2009A	80,341
	2009B	648,365
	2009C	1,272,500
	2010A	511,078
	2010B	95,267
	Total	$ 2,607,551

D. Changes in Long-Term Liabilities – Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2011, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	$ 6,785,690	$ 1,110,200	$ 1,998,204	$ 5,897,686	$ 1,208,196
Other postemployment benefits	305,880	385,160	253,978	437,062	-
*Compensated absences	1,403,801	785,294	695,597	1,493,498	650,218
Total	$ 8,495,371	$ 2,280,654	$ 2,947,779	$ 7,828,246	$ 1,858,414

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
General government	$ 2,636,197	$ 54,000	$ 391,872	$2,298,325	$ 399,687
Fire equipment	595,833	469,300	319,882	745,251	209,386
Police equipment	1,106,561	352,000	991,480	467,081	299,218
Recreation	2,208,970	67,900	172,538	2,104,332	174,750
Streets	211,461	-	77,181	134,280	65,944
Fleet Maintenance	18,316	-	4,815	13,501	3,935
Information Technology Services	8,352	167,000	40,436	134,916	55,276
Video/Media Services	-	-	-	-	-
Other postemployment benefits	305,880	385,160	253,978	437,062	-
*Compensated absences	1,403,801	785,294	695,597	1,493,498	650,218
Total	$ 8,495,371	$ 2,280,654	$ 2,947,779	$ 7,828,246	$ 1,858,414

*The General Fund is used to liquidate the liability for compensated absences for governmental activities.
** The beginning balances in the By Purpose sections have been corrected for actual split by division.

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

Long-term liability activity for Business-Type Activities for the year ended June 30, 2011, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Loans	$ 56,984,211	$6,007,314	$ 1,391,821	$ 61,599,704	$ 4,341,584
Revenue Bonds	26,093,621	15,756,880	1,125,532	40,724,969	1,280,298
Installment purchases	12,514,008	5,123,800	2,686,411	14,951,397	2,554,204
Other postemployment benefits	25,444	34,734	21,154	39,024	-
*Compensated absences	318,673	224,630	208,722	334,581	197,257
Total	$ 95,935,957	$ 27,147,358	$ 5,433,640	$ 117,649,675	$ 8,373,343

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
Water Supply	$35,550,466	$14,612,641	$724,924	$ 49,438,183	$2,975,996
Metering	365,906	-	337,545	28,361	11,915
Utilities Maintenance	106,229	467,300	85,753	487,776	119,487
Sewer	58,751,372	7,219,353	3,440,270	62,530,455	4,323,422
Solid Waste/Sanitation	557,302	388,600	315,728	630,174	274,897
Stormwater/Water Quality	260,565	4,200,100	299,544	4,161,121	470,369
Other postemployment benefits	25,444	34,734	21,154	39,024	-
*Compensated absences	318,673	224,630	208,722	334,581	197,258
Total	$ 95,935,957	$ 27,147,358	$ 5,433,640	$ 117,649,675	$ 8,373,344

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

** The beginning balances in the By Purpose sections have been corrected for actual split by division.

Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2011, consist of the following:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Reconciliation to Exhibit A: Governmental	Reconciliation to Exhibit A: Business-Type
General	Non-Major Governmental	$ 588,659	$ -	$ -
	Non-Major Enterprise	45,000	45,000	(45,000)
		$ 633,659	45,000	(45,000)
			$ 45,000	$ (45,000)

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:

	Deferred Revenue	Unearned Revenue
General Fund		
Prepaid taxes not yet earned	$ -	$ 40,538
Taxes receivable	1,683,613	-
Beer and wine tax receivable	37,471	-
Sturgeon City	-	80
Youth Council	-	699
Hall of Fame	-	3,668
Employee Assistance Grant		366
Relay for Life	13,185	114
National Night Out	-	14,706
Tree fund donations not yet earned, included in restricted assets	-	518
Beirut memorial donations not yet earned, included in restricted assets	-	335
Privilege licenses for next year	-	317,794
Total	$ 1,734,269	$ 378,818
Proprietary Fund		
Scientific Study Deposit	$ -	$ 24,000
PILOT revenues not yet earned	-	5,372
Special assessments receivable	-	113,628
Collection fees	-	8,523
Total	$ -	$ 151,523
Capital Project Fund		
Investment interest receivable	$ 79	$ -
Total	$ 79	$ -

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, 2011 are as follows:

Transfers out:	Major General	Non-Major Government	Major Capital Projects	Non-Major Enterprise Fund	Non-Major Internal Service Fund	Major Water and Sewer	Total
Major General Fund	$ -	$ 2,677,364	$ 2,719,899	$ 5,000	$ 200,000	$ -	$ 5,602,263
Non-Major Government	513,823		200,351		44,721	358,060	1,116,955
Major Capital Projects	118,753	137,099					255,852
Non-Major Enterprise Fund	75,085						75,085
Major Water and Sewer	8,000	383,972			35,662		427,634
Total transfers out	$ 715,661	$ 3,198,435	$ 2,920,250	$ 5,000	$ 280,383	$ 358,060	7,477,789

Transfers consist primarily of the following:

$	424,958	From Capital Reserve to General Fund for debt retirement.
$	357,393	From Capital Reserve to Water Sewer Fund for debt retirement.
$	1,285,622	From General Fund to the Police Fire Facility Project
$	1,339,190	From General Fund to Capital Reserve

Note 14. Encumbrances

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the Governmental fund types at June 30, 2011 are as follows:

General Fund	$2,011,654
Capital Projects	1,822,395
Non Major Funds	624,152

Note 15. Jointly Governed Organizations

The City, in conjunction with Camp Lejeune Marine Corps Base, Onslow County, and the other five municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to all Onslow County residents. ONWASA's board is comprised of two members from the City, two members from the County and one member from each of the five municipalities. The City has elected to be a wholesale member and not a full service member of ONWASA. The City has partnered with ONWASA to install three interconnections between the individual water systems. These connections will allow either system to supply water to the other in case of emergency. The City has expended approximately $20,000 in FY2011 for construction of this project.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. The City and County each fund one-half of the cost for this organization. The City's funding for FY2010-2011 was $45,000. Funding of these activities has been assumed by the Jacksonville TDA (Tourism Development Authority). The TDA has made one payment of $15,000.

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 FY2010-2011 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 FY2010-2011. Funding of this program has also been assumed by the TDA

Note 16. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 17. Significant Effects of Subsequent Events

Hurrican Irene struck the North Carolina coast on August 27, 2011. Onslow County was declared a disaster area, which will provide Federal funding for damage and clean up. The City of Jacksonville may incur costs related to the clean up and removal of debris throughout the City and repair of damage to City facilities inflicted by the category 1 hurricane in excess of reimbursements.

Note 18. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2011 with 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 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans” will be effective for the City beginning with its year ending June 30, 2012.

- GASB Statement Number 61,”The Financial Reporting Entity: Omnibus” will be effective for the City beginning with its year ending June 30, 2013.

- GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” will be effective for the City beginning with its year ending June 30, 2013 GASB Statement Number 61, “Financial Reporting Entity: Omnibus” will be effective for the City beginning with its year ending June 30, 2013.

- GASB Statement No. 63, “Financial Reporting of Deferred Outlfows of Resources, Deferred Inflows of Resources and Net Position” will be effectibve for the City with its year ending June 30, 2013.

- GSB Statement Number 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Number 53 will be effective for the City beginning with its year ending June 30, 2012.

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

Exhibit K

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)
12/31/05	$ 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
12/31/10	438,840	2,185,924	1,747,084	20.08	5,176,879	33.75

Exhibit L

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
2006	$ 147,999	100 %
2007	131,840	100
2008	151,262	100
2009	157,387	100
2010	193,842	100
2011	224,112	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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases *	Ranging from 4.25% to 7.85%
* Includes inflation at	3.00%
Cost-of-living adjustments	None

Exhibit M

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)
12/31/07	$ -	$ 3,236,458	$ 3,236,458	0.0 %	$ 17,801,569	18.2 %
12/31/08	$ -	$ 2,758,133	$ 2,758,133	0.0 %	$ 20,265,645	13.6 %
12/31/10	$ -	$ 2,350,959	$ 2,350,959	0.0 %	20,600,953	11.4 %

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

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2009	$ 256,304	52.1 %
2010	$ 256,304	18.7 %
2011	$ 265,915	44.5 %

Notes to the Required Schedules:

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

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

MAJOR FUNDS

- 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.

Statement 1

City of Jacksonville, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 13,561,146	$ 13,051,100
Restricted cash and cash equivalents	1,840,521	1,511,035
Taxes receivable (net)	1,683,613	1,737,618
Accounts receivable (net)	4,673,580	4,643,451
Interfund receivables	633,659	410,441
Inventories	23,954	19,974
Prepaid items	2,437	26,104
Total Assets	$ 22,418,910	$ 21,399,723
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 1,398,155	$ 1,101,262
Due to other funds	-	-
Deferred revenue	1,734,269	1,854,481
Unearned revenue	378,818	406,511
Interfund payable	-	193,263
Total Current Liabilities	3,511,242	3,555,517
Noncurrent Liabilities:		
Customer deposits	310,664	184,031
Total Noncurrent Liabilities	310,664	184,031
Total Liabilities	3,821,906	3,739,548
Fund Balances:		
Non Spendable:		
Inventories	23,954	19,974
Compensating Balance	625,000	625,000
Prepaid items	2,437	26,104
Restricted:		
Stabilization by State Statute	6,822,476	5,757,921
Streets	579,793	329,829
Public Safety	341,726	370,637
Assigned:		
Subsequent year's expenditures	4,842,273	2,407,417
Unassigned	5,359,345	8,123,293
Total Fund Balances	18,597,004	17,660,175
Total Liabilities and Fund Balances	$ 22,418,910	$ 21,399,723

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year (net of discounts)	$ 18,012,106	$ 17,886,818	$ (125,288)	$ 17,140,436
Prior years	487,862	492,990	5,128	409,142
Penalties and interest	145,542	151,625	6,083	177,156
Total	18,645,510	18,531,433	(114,077)	17,726,734
Other taxes and licenses:				
CATV franchise tax	98,887	91,887	(7,000)	78,886
Privilege licenses	749,000	718,554	(30,446)	688,685
Local option sales tax	4,950,880	4,311,417	(639,463)	4,653,411
One-half cent sales tax (2003)	1,722,886	2,124,630	401,744	1,440,551
One-half cent sales tax (1983)	2,559,975	2,370,036	(189,939)	2,338,790
One-half cent sales tax (1986)	2,414,408	2,231,305	(183,103)	2,211,088
Gross receipt on short term vehicle tax	172,840	174,971	2,131	154,786
Occupancy Tax	19,000	19,444	444	
Total	12,687,876	12,042,244	(645,632)	11,566,197
Unrestricted intergovernmental revenues:				
Utility franchise tax	3,130,600	3,030,253	(100,347)	3,038,744
Beer and wine tax	359,696	359,696		116,772
Payment in lieu of taxes (PILOT)	3,900	3,542	(358)	3,749
State Owned Buildings Fire Protection	2,549	2,549	-	2,039
ABC revenue	73,400	61,851	(11,549)	65,968
Onslow County Downtown Master Plan	-	-	-	40,000
Total	3,570,145	3,457,891	(112,254)	3,267,272
Restricted intergovernmental revenues:				
Federal – 104F transportation grant	317,892	249,158	(68,734)	237,289
Federal – FEMA	47,973	37,331		
Federal – FTA Section 5303 grant	24,240	24,240	-	24,576
Federal – DEA Task Force	15,969	15,969	-	9,004
State – Mosquito Control grant	-	-	-	14,630
State – CAMA permits	100	-	(100)	-
State – Street-aid Allocation	1,823,502	1,823,502	-	1,826,139
State – FEMA Match	12,500	12,443	(57)	
State – Wellness Incentive grant	3,000	-	(3,000)	-
State – 5303 State grant funds	3,030	3,030	-	3,072
State – Arts Council	2,500	2,500	-	1,223
Local – Juvenile Transportation	350	400	50	245
Local – EAP ongoing grant	6,000	2,634	(3,366)	-
Local – NCLM Safety grant	1,500	1,500	-	-
Local – Police Dept Community Services Contribution	300	-	(300)	-
Local – NARTEST-Court Ordered Payment	12,000	8,688	(3,312)	16,742
Local – Transit System (OUTS)	-	-	-	-
Metropolitan Planning Organization	15,600	15,600	-	
Total	2,286,456	2,196,995	(78,819)	2,132,920

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Permits and fees:				
Taxi permits	$ 10,500	$ 10,735	$ 235	$ 11,336
Development review fees	62,745	67,015	4,270	61,150
Planning fees	115,000	84,162	(30,838)	78,490
Inspection fees	1,096,366	1,148,959	52,593	1,245,077
Erosion control fees	10,850	13,250	2,400	9,500
Fire protection permit	29,554	34,703	5,149	27,142
Nuisance abatement fees	17,500	16,914	(586)	17,972
Total	1,342,515	1,375,738	33,223	1,450,667
Sales and services:				
Utility patching service	35,199	55,788	20,589	25,831
Space rent	15,345	-	(15,345)	15,345
Recreation fees	439,725	433,892	(5,833)	416,807
Recreation concession	43,562	46,000	2,438	40,025
Photocopy and map sales	381	391	10	430
Credit reports	7,137	7,779	642	6,122
Powell Bill equipment use allowance	35,582	46,356	10,774	21,866
Property Leases	87,430	87,429	(1)	42,736
Youth Center	492	492	-	550
Annexation/street closing petition	2,500	2,500	-	3,000
Funeral escorts	5,800	4,725	(1,075)	4,950
Wrecker rotation member	8,750	8,750	-	7,750
Miscellaneous Sales	3,500	700	(2,800)	2,191
NC DOT	960	960		
Total	686,363	695,762	9,399	587,603
Investment earnings:				
Investment earnings	101,534	117,691	16,157	73,054
Investment earnings - Powell Bill	3,721	938	(2,783)	1,525
Total	105,255	118,629	13,374	74,579
Miscellaneous:				
Police court fees	69,304	75,738	6,434	68,794
Parking fines	60	8	(52)	-
Program income–Powell Bill	8,000	8,000	-	-
Miscellaneous	269,311	236,223	(33,088)	101,186
Contributions	21,047	21,620	573	8,253
ICMA Refund	10,532	10,532	-	-
Total	378,254	352,121	(26,133)	178,233
Total revenues	39,702,374	38,770,813	(931,561)	36,984,205

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures:				
General government				
Mayor and Council				
Salaries and employee benefits	$ -	$ 60,397	$ -	$ 60,377
Operating expenses		116,985		129,002
Contracted services		-		15,736
Other departmental expenses		164,076		105,129
Overhead allocation from General Fund		(118,364)		(107,726)
Total		223,094		202,518
City Manager				
Salaries and employee benefits		438,365		400,022
Operating expenses		42,295		41,929
Contracted services		867		1,156
Other departmental expenses		87,212		70,871
Overhead allocation from General Fund		(184,779)		(163,367)
Total		383,960		350,611
Human Resources				
Salaries and employee benefits		354,381		339,429
Operating expenses		187,593		176,168
Contracted services		9,467		16,948
Other departmental expenses		54,903		51,663
Overhead allocation from General Fund		(168,753)		(157,028)
Total		437,591		427,180
City Clerk				
Salaries and employee benefits		166,187		146,559
Operating expenses		24,910		20,587
Contracted services		-		2,336
Other departmental expenses		37,896		31,255
Overhead allocation from General Fund		(26,582)		(27,442)
Total		202,411		173,295
Elections				
Contracted services		3,796		24,931
Total		3,796		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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Finance				
Salaries and employee benefits	$ -	$ 1,266,162	$ -	$ 1,286,865
Operating expenses		233,285		220,078
Maintenance and repairs		142		8
Contracted services		402,043		431,067
Other departmental expenses		193,259		191,771
Capital outlay		8,000		-
Overhead allocation from General Fund		(819,464)		(824,597)
Total		1,283,427		1,305,192
Community Programs				
Salaries and employee benefits		129,546		86,751
Operating expenses		73,752		105,817
Maintenance and repairs		110		687
Contracted services		39,467		5,025
Other departmental expenses		67,158		74,868
Total		310,033		273,148
Legal				
Salaries and employee benefits		175,215		166,253
Operating expenses		14,812		14,910
Contracted services		4,083		-
Other departmental expenses		7,381		13,978
Overhead allocation from General Fund		(114,255)		(116,159)
Total		87,236		78,982
Planning				
Salaries and employee benefits		473,654		429,860
Operating expenses		64,211		56,413
Contracted services		15,553		44,730
Other departmental expenses		76,501		58,733
Overhead allocation from General Fund		(22,051)		(29,731)
Total		607,868		560,005
Transportation				
Salaries and employee benefits		136,669		11,552
Operating expenses		17,945		5,618
Contracted services		264,435		385,502
Other departmental expenses		33,144		29,776
Total		452,193		432,448

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Non-departmental				
Salaries and employee benefits	$ -	$ -	$ -	$ -
Operating expenses		882,620		64,370
Utilities, maintenance and repairs		268		
Contracted services		26,233		6,621
Other departmental expenses		94,833		1,730
Reserve for insurance deductible		247,976		174,804
Miscellaneous payments		255,000		270,000
Bad debts		(3,718)		13,371
Total		1,503,212		530,896
Total general government	6,524,183	5,494,821	1,029,362	4,359,206
Public works				
Inspections				
Salaries and employee benefits		717,328		612,004
Operating expenses		83,431		78,334
Maintenance and repairs		-		85
Contracted services		1,558		1,654
Other departmental expenses		89,260		96,170
Capital outlay		21,511		34,571
Total		913,088		822,818
Code Enforcement				
Salaries and employee benefits		224,357		229,133
Operating expenses		19,651		17,123
Contracted services		8,955		11,715
Other departmental expenses		22,146		27,366
Total		275,109		285,337
Administration				
Salaries and employee benefits		42,958		44,506
Operating expenses		4,128		3,479
Other departmental expenses		7,382		6,901
Total		54,468		54,886
Engineering				
Salaries and employee benefits		247,637		249,562
Operating expenses		31,915		26,094
Contracted services		468		6,220
Other departmental expenses		34,285		34,421
Street lighting		-		(3,334)
Capital outlay		-		-
Overhead allocation from General Fund		(137,393)		(134,455)
Total		176,912		178,508

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Maintenance				
Salaries and employee benefits	$ -	$ 480,241	$ -	$ 452,715
Operating expenses		70,970		49,052
Utilities		12,249		12,742
Maintenance and repairs		10,838		24,977
Contracted services		58,378		31,068
Other departmental expenses		48,397		45,029
Capital outlay		33,705		-
Overhead allocation from General Fund		(113,622)		(95,257)
Total		601,156		520,326
Streets - Powell Bill				
Salaries and employee benefits		649,519		813,627
Operating expenses		321,198		309,761
Maintenance and repairs		4,617		4,218
Contracted services		42,751		10,281
Total		1,018,085		1,137,887
Streets - Non-Powell Bill				
Salaries and employee benefits		512,827		273,027
Operating expenses		117,816		115,907
Utilities		371,113		371,290
Maintenance and repairs		1,118		526
Street lighting		-		406,823
Contracted services		48,162		27,918
Other departmental expenses		470,398		67,070
Mosquito control		20,308		23,184
Capital outlay		-		20,429
Overhead allocation from General Fund		(47,160)		(55,390)
Total		1,494,582		1,250,784
Total public works	5,195,585	4,533,400	662,185	4,250,546
Public safety				
Police				
Salaries and employee benefits		8,271,108		7,822,220
Employer contribution to separation allowance trust fund		224,112		193,842
Operating expenses		1,555,779		1,314,691
Utilities		54,142		54,087
Maintenance and repairs		61,944		49,145
Contracted services		13,884		28,713
Other departmental expenses		1,045,072		1,014,122
Capital outlay		384,417		377,661
Total		11,610,458		10,854,481

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Fire				
Salaries and employee benefits	$ -	$ 4,907,518	$ -	$ 4,638,528
Operating expenses		489,161		462,867
Utilities		79,435		78,044
Maintenance and repairs		38,140		33,253
Contracted services		1,540		14,568
Other departmental expenses		353,079		365,229
Capital outlay		275,177		514,230
Total		6,144,050		6,106,719
Total public safety	19,033,868	17,754,508	1,279,360	16,961,200
Cultural and recreational				
Recreation				
Salaries and employee benefits		1,987,730		1,772,432
Operating expenses		568,564		475,281
Utilities		259,622		251,380
Maintenance and repairs		75,243		141,503
Contracted services		775,464		643,201
Other departmental expenses		278,411		315,100
Capital outlay		114,620		57,267
Total cultural and recreational	4,395,590	4,059,654	335,936	3,656,164
Debt service				
Principal retirements	2,729,401	1,952,953	776,448	2,129,525
Interest and fees	984,317	221,531	762,786	258,864
Total debt service	3,713,718	2,174,484	1,539,234	2,388,389
Total expenditures	38,862,944	34,016,867	4,846,077	31,615,505
Revenues over (under) expenditures	839,430	4,753,946	3,914,516	5,368,700

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Other financing sources (uses):				
Debt issued	$ 976,487	$ 943,200	$ (33,287)	$ 1,278,432
Appropriated fund balance	3,751,896	-	(3,751,896)	-
Sales of general capital assets	50,000	50,673	673	189,099
Sales of capital assets - Powell Bill	-	45,000	45,000	11,891
Transfers in--				
From Major Capital Project Fund	118,754	118,753	(1)	168,680
From Non-Major Governmental Fund	513,827	513,823	(4)	536,922
From Non-Major Enterprise Fund	83,085	83,085	-	80,185
From Internal Service Fund	-	-	-	81
Transfers (out)--				
To Major Capital Project Fund	(2,719,900)	(2,719,899)	1	(1,696,196)
To Major Enterprise Fund	(629,015)	-	629,015	(2,004,406)
To Non-Major Governmental Fund	(2,779,564)	(2,677,364)	102,200	(2,059,841)
To Non-Major Enterprise Fund	(5,000)	(5,000)	-	(200,000)
To Internal Service Fund	(200,000)	(200,000)	-	(5,041)
Total other financing (uses)	(839,430)	(3,847,729)	(3,008,299)	(3,700,194)
Net change in fund balance	$ -	906,217	$ 906,217	1,668,506
Fund balance:				
Beginning of year, July 1		17,690,787		16,022,281
End of year, June 30		$ 18,597,004		$ 17,690,787

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, 2011 and 2010

	2011	2010
Assets		
Cash and investments	$ 7,001,287	$ 5,354,109
Accounts Receivable (net)	79	263,348
Interfund receivable	-	-
Total Assets	$ 7,001,366	$ 5,617,457
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	$ 368,317	$ 475,704
Deferred revenue	79	557
Interfund payable	-	147,253
Total Liabilities	368,396	623,514
Fund Balances:		
Reserved		
Capital Projects	79	-
Assigned:		
Capital Projects	1,822,395	2,064,503
Subsequent year's expenditures	4,862,873	2,929,440
Unassigned:	(52,377)	-
Total Fund Balances	6,632,970	4,993,943
Total Liabilities and Fund Balances	$ 7,001,366	$ 5,617,457

Schedule 4

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	120,899	120,898	-	120,898	(1)
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	37,876	12,876	-	12,876	(25,000)
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Contribution - Onslow County	70,307	95,307	-	95,307	25,000
NCDENR	450,000	232,817	-	232,817	(217,183)
Contributions - JTDA	200,000	-	200,000	200,000	-
Total restricted intergovernmental revenues	5,088,412	3,193,397	200,000	3,393,397	(1,695,015)
Investment earnings	681,253	550,429	3,016	553,445	(127,808)
Miscellaneous Revenues	41,469	31,468	10,000	41,468	(1)
Contributions	579,303	54,302	65,750	120,052	(459,251)
Total revenues	6,390,437	3,829,596	278,766	4,108,362	(2,282,075)
Expenditures:					
General Government	13,252,683	8,543,800	291,616	8,835,416	4,417,265
Public Works	345,500	4,672	-	4,672	340,828
Public Safety	30,898,988	3,316,444	469,606	3,786,050	27,112,939
Cultural and Recreation	14,452,318	10,449,494	486,416	10,935,910	3,637,941
Non Capitalized Expenditures	2,083,634	1,100,603	56,499	1,157,102	926,531
Total expenditures	61,033,123	23,415,013	1,304,137	24,719,150	36,435,504
Revenues (under) expenditures	(54,642,686)	(19,585,417)	(1,025,371)	(20,610,788)	34,031,898
Other financing sources (uses):					
Sale of Capital Assets	100,000	100,000	-	100,000	-
Debt issued	35,298,834	7,755,423	-	7,755,423	(27,543,411)
Transfers in--					
From Capital Reserve Fund	10,100,493	10,056,642	200,351	10,256,993	156,500
From General Fund	9,674,754	6,954,854	2,719,899	9,674,753	(1)
From Capital Projects	30,000	30,000	-	30,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(194,558)	(34,509)	(137,361)	(171,870)	22,688
To General Fund	(350,942)	(267,155)	(118,491)	(385,646)	(34,704)
To Capital Projects Fund	(30,000)	(30,000)	-	(30,000)	-
Total other financing sources	54,642,686	24,579,360	2,664,398	27,243,758	(27,398,928)
Net Change In Fund Balance	$ -	$ 4,993,943	$ 1,639,027	$ 6,632,970	$ 6,632,970

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2011
With Comparative Totals for June 30, 2010

	Rails to Trails	City Hall Expansion	Sturgeon City	NC24 Culvert Trail	Marine Corps Museum
Assets					
Current Assets:					
Cash and cash equivalents	$ 152,112	$ 397,294	$ 72	$ 150,812	$ 754,171
Accounts receivable	-	-	-	-	79
Interfund receivable	-	-	-	-	-
Total Current Assets	152,112	397,294	72	150,812	754,250
Total Assets	$ 152,112	$ 397,294	$ 72	$ 150,812	$ 754,250
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 5,236	$ 329,202	$ 72	$ 4,962	$ -
Deferred revenue	-	-	-	-	79
Interfund payable	-	-	-	-	-
Total Liabilities	5,236	329,202	72	4,962	79
Fund Balances:					
Reserved					
Capital Projects	-	-	-	-	79
Assigned:					
Capital Projects	146,876	115,584	-	145,850	754,092
Unassigned	-	(47,492)	-	-	-
Total Fund Balances	146,876	68,092		145,850	754,171
Total Liabilities and Fund Balances	$ 152,112	$ 397,294	$ 72	$ 150,812	$ 754,250

Wilson Bay Initiative	Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Country Club Park	Sturgeon City Boardwalk III	West Gum Branch Fire Station	Police/Fire Facility
$ 17,310	$ 138,838	$ 7,151	$ 5,241	$ 41,820	$ 22,394	$ 390,933	$ 3,333,140
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,310	138,838	7,151	5,241	41,820	22,394	390,933	3,333,140
$ 17,310	$ 138,838	$ 7,151	$ 5,241	$ 41,820	$ 22,394	$ 390,933	$ 3,333,140
$ 571	$ -	$ 6,018	$ -	$ -	$ -	$ -	$ 5,024
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
571	-	6,018	-	-	-	-	5,024
-	-	-	-	-	-	-	-
16,739	138,838	6,018	5,241	41,820	22,394	390,933	3,328,116
-	-	(4,885)	-	-	-	-	-
16,739	138,838	1,133	5,241	41,820	22,394	390,933	3,328,116
$ 17,310	$ 138,838	$ 7,151	$ 5,241	$ 41,820	$ 22,394	$ 390,933	$ 3,333,140

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet (Continued)
June 30, 2011
With Comparative Totals for June 30, 2010

	Carolina Forest Park	Firing Range Improvements	Buddy Phillips Bridge Improvements	Georgetown Water Access Site
Assets				
Current Assets:				
Cash and cash equivalents	$ 129,840	$ 183,449	$ 345,500	$ 474,643
Accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total Current Assets	129,840	183,449	345,500	474,643
Total Assets	$ 129,840	$ 183,449	$ 345,500	$ 474,643
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
Interfund payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved				
Capital Projects	-	-	-	-
Assigned:				
Capital Projects	129,840	183,449	345,500	474,643
Unassigned	-	-	-	-
Total Fund Balances	129,840	183,449	345,500	474,643
Total Liabilities and Fund Balances	$ 129,840	$ 183,449	$ 345,500	$ 474,643

Relocation of Northwoods Fire Station	Sturgeon City Boardwalk IV	Northeast Creek Ramp and Boardwalk	Jack Amyette Center Renovations	Freedom Fountain	Business Park Improvements	Richard Ray Park Garden Improvements	Wooten Park
$ 37,029	$ 50,000	$ 17,623	$ 83,525	$ 105,307	$ 25,736	$ 2,347	$ 35,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
37,029	50,000	17,623	83,525	105,307	25,736	2,347	35,000
$ 37,029	$ 50,000	$ 17,623	$ 83,525	$ 105,307	$ 25,736	$ 2,347	$ 35,000
$ -	$ -	$ -	$ -	$ 17,232	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	17,232	-	-	-
-	-	-	-	-	-	-	-
37,029	50,000	17,623	83,525	88,075	25,736	2,347	35,000
-	-	-	-	-	-	-	-
37,029	50,000	17,623	83,525	88,075	25,736	2,347	35,000
$ 37,029	$ 50,000	$ 17,623	$ 83,525	$ 105,307	$ 25,736	$ 2,347	$ 35,000

Continued on next page.

Statement 5,
continued.

	JTDA - Museum of the Marine	Totals June 30, 2011	Totals June 30, 2010
Assets			
Current Assets:			
Cash and cash equivalents	$ 100,000	$ 7,001,287	$ 5,354,109
Accounts receivable	-	79	263,348
Interfund receivable	-	-	-
Total Current Assets	100,000	7,001,366	5,617,457
Total Assets	$ 100,000	$ 7,001,366	$ 5,617,457
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ -	$ 368,317	$ 475,704
Deferred revenue	-	79	557
Interfund payable	-	-	147,253
Total Liabilities	-	368,396	623,514
Fund Balances:			
Reserved			
Capital Projects	-	79	263,348
Assigned:			
Capital Projects	100,000	6,685,268	4,730,595
Unassigned	-	(52,377)	-
Total Fund Balances	100,000	6,632,970	4,993,943
Total Liabilities and Fund Balances	$ 100,000	$ 7,001,366	$ 5,617,457

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Rails to Trails	City Hall Expansion	Sturgeon City	Sturgeon City Park	Police Remodeling
Revenues:					
Restricted intergovernmental revenues	$ -	$ -	$ -	$ -	$ -
Investment earnings	-	34	-	-	-
Total revenues	-	34	-	-	-
Expenditures:					
Capital Outlay:					
General Government	-	207,204	3,877	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	20,228	-	-	-	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	20,228	207,204	3,877	-	-
Revenues over (under) expenditures	(20,228)	(207,170)	(3,877)	-	-
Other financing sources (uses):					
Transfers in	-	160,000	-	-	-
Transfers (out)	-	-	(63,732)	(4,836)	(13,752)
Total other financing sources	-	160,000	(63,732)	(4,836)	(13,752)
Net change in fund balance	(20,228)	(47,170)	(67,609)	(4,836)	(13,752)
Fund balances:					
Beginning of year, July 1	167,104	115,262	67,609	4,836	13,752
End of year, June 30	$ 146,876	$ 68,092	-	$ -	$ -

NC24 Culvert Trail	Marine Corps Museum	Wilson Bay Initiative	Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Traffic Signal Preemption
$ -	$ -	$ -	$ 100,000	$ -	$ -	$ -
-	2,846	-	136	-	-	-
-	2,846	-	100,136	-	-	-
-	-	5,485	-	3,111	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
102,868	-	-	-	-	-	-
-	-	-	-	-	56,499	-
102,868	-	5,485	-	3,111	56,499	-
(102,868)	2,846	(5,485)	100,136	(3,111)	(56,499)	-
-	-	-	-	-	-	-
-	-	(9,214)	-	-	-	(13,105)
-	-	(9,214)	-	-	-	(13,105)
(102,868)	2,846	(14,699)	100,136	(3,111)	(56,499)	(13,105)
248,718	751,325	31,438	38,702	4,244	61,740	13,105
$ 145,850	$ 754,171	$ 16,739	$ 138,838	$ 1,133	$ 5,241	$ -

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Country Club Park	Richard Ray All America Park	Jacksonville Commons Phase II	Sturgeon City Boardwalk III	West Gum Branch Fire Station
Revenues:					
Restricted intergovernmental revenues	$ -	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Capital Outlay:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	-	3,969	-	-	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	-	3,969	-	-	-
Revenues over (under) expenditures	-	(3,969)	-	-	-
Other financing sources (uses):					
Transfers in	-	-	351	(50,000)	200,000
Transfers (out)	-	(262)	-	-	-
Total other financing sources	-	(262)	351	(50,000)	200,000
Net change in fund balance	-	(4,231)	351	(50,000)	200,000
Fund balances:					
Beginning of year, July 1	41,820	4,231	(351)	72,394	190,933
End of year, June 30	$ 41,820	$ -	$ -	$ 22,394	$ 390,933

Indoor Facility Brynn Marr	Police/Fire Facility	Carolina Forest Park	Youth Center Phase II	Firing Range Improvements	Public/Private Infrastructure Partnership	Buddy Phillips Bridge Improvements
$ -	$ -	$ -	$ -	$ 10,000	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	10,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	469,375	-	-	231	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	469,375	-	-	231	-	-
-	(469,375)	-	-	9,769	-	-
-	1,770,910	-	-	161,500	-	-
(11,207)	-	-	(19,199)	-	(85,328)	-
(11,207)	1,770,910	-	(19,199)	161,500	(85,328)	-
(11,207)	1,301,535	-	(19,199)	171,269	(85,328)	-
11,207	2,026,581	129,840	19,199	12,180	85,328	345,500
$ -	$ 3,328,116	$ 129,840	$ -	$ 183,449	$ -	$ 345,500

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Jacksonville High School Tennis Courts	Georgetown Water Access Site	Relocation of Northwoods Fire Station	Jacksonville Commons Gym Floors
Revenues:				
Restricted intergovernmental revenues	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreation	-	25,357	-	311,227
Non-capitalized expenditures	-	-	-	-
Total expenditures	-	25,357	-	311,227
Revenues over (under) expenditures	-	(25,357)	-	(311,227)
Other financing sources (uses):				
Transfers in	-	-	-	311,227
Transfers (out)	(217)	-	-	-
Total other financing sources	(217)	-	-	311,227
Net change in fund balance	(217)	(25,357)		
Fund balances:				
Beginning of year, July 1	217	500,000	37,029	-
End of year, June 30	$ -	$ 474,643	$ 37,029	$ -

Sturgeon City Boardwalk IV	Northeast Creek Ramp & Boardwalk	Market Street Park	Jack Amyette Center Renovations	Freedom Fountain	Business Park Improvements	Richard Ray Garden Improvements
$ -	$ -	$ -	$ -	$ 55,750	$ -	$ 10,000
-	-	-	-	-	-	-
-	-	-	-	55,750	-	10,000
-	-	-	-	52,675	19,264	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,377	-	11,475	-	-	7,915
-	-	-	-	-	-	-
-	3,377	-	11,475	52,675	19,264	7,915
-	(3,377)	-	(11,475)	3,075	(19,264)	2,085
50,000	21,000	35,000	95,000	85,000	45,000	262
-	-	(35,000)	-	-	-	-
50,000	21,000	-	95,000	85,000	45,000	262
50,000	17,623		83,525	88,075	25,736	2,347
-	-	-	-	-	-	-
$ 50,000	$ 17,623	$ -	$ 83,525	$ 88,075	$ 25,736	$ 2,347

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Wooten Park	JTDA - Museum of the Marine	Totals June 30, 2011	Totals June 30, 2010
Revenues:				
Restricted intergovernmental revenues	$ -	$ 100,000	$ 275,750	$ 272,913
Investment earnings	-	-	3,016	1,082
Total revenues	-	100,000	278,766	273,995
Expenditures:				
Capital Outlay:				
General Government	-	-	291,616	82,610
Public Works	-	-	-	-
Public Safety	-	-	469,606	2,088,241
Cultural and Recreation	-	-	486,416	529,287
Non-capitalized expenditures	-	-	56,499	371,482
Total expenditures	-	-	1,304,137	3,071,620
Revenues over (under) expenditures	-	100,000	(1,025,371)	2,797,625
Other financing sources (uses):				
Transfers in	35,000	-	2,920,250	2,895,526
Transfers (out)	-	-	(255,852)	(154,967)
Total other financing sources	35,000	-	2,664,398	2,740,559
Net change in fund balance	35,000	100,000	1,639,027	(57,066)
Fund balances:				
Beginning of year, July 1	-	-	4,993,943	5,051,009
End of year, June 30	$ 35,000	$ 100,000	$ 6,632,970	$ 4,993,943

Schedule 7

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	1,697,271	1,666,598	-	1,666,598	(30,673)
Expenditures:					
Capital outlay:					
Other improvements		5,553,453	20,228	5,573,681	
Total expenditures	5,751,230	5,553,453	20,228	5,573,681	177,549
Revenues (under) expenditures	(4,053,959)	(3,886,855)	(20,228)	(3,907,083)	146,876
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	4,053,959	4,053,959	-	4,053,959	-
Net change in fund balance	$ -	$ 167,104	(20,228)	$ 146,876	$ 146,876
Fund balance:					
Beginning of year, July 1			167,104		
End of year, June 30			$ 146,876		

Schedule 8

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	$ 10,307	$ 10,308	$ -	$ 10,308	$ 1
Investment earnings	254,554	249,640	34	249,674	(4,880)
Total revenues	264,861	259,948	34	259,982	(4,879)
Expenditures:					
Capital outlay:					
Other improvements		6,985,507	207,204	7,192,711	
Total expenditures	7,265,682	6,985,507	207,204	7,192,711	72,971
Revenues (under) expenditures	(7,000,821)	(6,725,559)	(207,170)	(6,932,729)	68,092
Other financing sources:					
Debt issued	5,030,308	5,030,308	-	5,030,308	-
Transfers in--					
From Capital Reserve Fund	1,705,908	1,705,908	-	1,705,908	-
From General Fund	250,500	90,500	160,000	250,500	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	7,000,821	6,840,821	160,000	7,000,821	-
Net change in fund balance	$ -	$ 115,262	(47,170)	$ 68,092	$ 68,092
Fund balance:					
Beginning of year, July 1			115,262		
End of year, June 30			$ 68,092		

Schedule 9

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	$ 25,000	$ 25,000	$ -	$ 25,000	$ -
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Total revenues	35,000	33,459	-	33,459	(1,541)
Expenditures:					
Capital outlay:					
Other improvements		944,505	3,877	948,382	
Total expenditures	4,619,774	944,505	3,877	948,382	3,671,392
Revenues (under) expenditures	(4,584,774)	(911,046)	(3,877)	(914,923)	3,669,851
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	20,001		20,001	-
Transfers (out)--					
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
To General Fund	(20,001)	-	(20,001)	(20,001)	
To Capital Reserve	(63,880)	(20,000)	(43,731)	(63,731)	149
Total other financing sources	4,584,774	978,655	(63,732)	914,923	(3,669,851)
Net change in fund balance	$ -	$ 67,609	(67,609)	$ -	$ -
Fund balance:					
Beginning of year, July 1			67,609		
End of year, June 30			$ -		

Schedule 10

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	623,748	622,458	-	622,458	(1,290)
Expenditures:					
Capital outlay:					
Other improvements		946,697	-	946,697	
Total expenditures	947,986	946,697	-	946,697	1,289
Revenues (under) expenditures	(324,238)	(324,239)	-	(324,239)	(1)
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	-
Transfers (out)--					
To General Fund	(4,837)	-	(4,836)	(4,836)	(1)
Total other financing sources	324,238	329,075	(4,836)	324,239	(1)
Net change in fund balance	$ -	$ 4,836	(4,836)	$ -	$ -
Fund Balance:					
Beginning of year, July 1			4,836		
End of year, June 30			$ -		

Schedule 11

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, 2011

	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	98,544	98,544	-	98,544	-
Revenues (under) expenditures	(98,544)	(98,544)	-	(98,544)	-
Other financing sources:					
Transfers in--					
From General Fund	112,296	112,296	-	112,296	-
Transfers out--					
To General Fund	(13,752)	-	(13,752)	(13,752)	-
Total other financing sources	98,544	112,296	(13,752)	98,544	-
Net change in fund balance	$ -	$ 13,752	(13,752)	$ -	$ -
Fund Balance:					
Beginning of year, July 1			13,752		
End of year, June 30			$ -		

Schedule 12

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
104F Transportation	$ 120,899	$ 120,898	$ -	$ 120,898	$ (1)
NCDOT Enhancement grant	650,000	-	-	-	(650,000)
Total revenues	770,899	120,898	-	120,898	(650,001)
Expenditures:					
Capital outlay:					
Other improvements		229,180	102,868	332,048	
Total expenditures	1,127,899	229,180	102,868	332,048	795,851
Revenues (under) expenditures	(357,000)	(108,282)	(102,868)	(211,150)	145,850
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	357,000	357,000	-	357,000	-
Total other financing sources	357,000	357,000	-	357,000	-
Net change in fund balance	$ -	$ 248,718	(102,868)	$ 145,850	$ 145,850
Fund Balance:					
Beginning of year, July 1			248,718		
End of year, June 30			$ 145,850		

Schedule 13

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	$ 82,290	$ 51,325	$ 2,846	$ 54,171	$ (28,119)
Total revenues	82,290	51,325	2,846	54,171	(28,119)
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)	(48,675)	2,846	(45,829)	754,171
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	800,000	800,000		800,000	-
Total other financing sources	800,000	800,000		800,000	-
Net change in fund balance	$ -	$ 751,325	2,846	$ 754,171	$ 754,171
Fund Balance:					
Beginning of year, July 1			751,325		
End of year, June 30			$ 754,171		

Schedule 14

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		261,678	5,485	267,163	
Total expenditures	265,774	261,678	5,485	267,163	(1,389)
Revenues (under) expenditures	(265,774)	(261,678)	(5,485)	(267,163)	(1,389)
Other financing sources:					
Transfers in--					
From General Fund	1,391	1,391	-	1,391	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Transfers out--					
To General Fund	(1,391)	-	(1,391)	(1,391)	-
To Capital Reserve Fund	(25,951)	-	(7,823)	(7,823)	(18,128)
Total other financing sources	265,774	293,116	(9,214)	283,902	(18,128)
Net change in fund balance	$ -	$ 31,438	(14,699)	$ 16,739	$ 16,739
Fund Balance:					
Beginning of year, July 1			31,438		
End of year, June 30			$ 16,739		

Schedule 15

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Jacksonville TDA	$ 100,000	$ -	$ 100,000	$ 100,000	$ 0
Investment Earnings	82,665	82,417	136	82,553	(112)
Total revenues	182,665	82,417	100,136	182,553	(112)
Expenditures:					
Capital outlay:					
Other improvements		743,715	-	743,715	
Total expenditures	882,665	743,715	-	743,715	138,950
Revenues over (under) expenditures	(700,000)	(661,298)	100,136	(561,162)	138,838
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	700,000	700,000	-	700,000	-
Total other financing sources	700,000	700,000		700,000	-
Net change in fund balance	$ -	$ 38,702	100,136	$ 138,838	$ 138,838
Fund Balance:					
Beginning of year, July 1			38,702		
End of year, June 30			$ 138,838		

Schedule 16

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		306,309	3,111	309,420	
Total expenditures	310,552	306,309	3,111	309,420	1,132
Revenues (under) expenditures	(310,552)	(306,309)	(3,111)	(309,420)	1,132
Other financing sources:					
Debt issued	102,808	102,808	-	102,808	-
Transfers in--					
From General Fund	106,848	106,848	-	106,848	-
From Capital Reserve	103,506	103,506	-	103,506	-
Transfers (out)--					
To Capital Reserve	(2,610)	(2,609)	-	(2,609)	(1)
Total other financing sources	310,552	310,553		310,553	
Net change in fund balance	$ -	$ 4,244	(3,111)	$ 1,133	$ 1,133
Fund Balance:					
Beginning of year, July 1			4,244		
End of year, June 30			$ 1,133		

Schedule 17

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance 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	25,876	25,876	-	25,876	-
Expenditures:					
Non-capitalized expenditures		185,889	56,499	242,388	
Total expenditures	247,629	185,889	56,499	242,388	5,241
Revenues (under) expenditures	(221,753)	(160,013)	(56,499)	(216,512)	5,241
Other financing sources:					
Transfers in--					
From General Fund	161,753	161,753	-	161,753	-
From Capital Reserve Fund	60,000	60,000	-	60,000	-
Total other financing sources	221,753	221,753	-	221,753	-
Net change in fund balance	$ -	$ 61,740	(56,499)	$ 5,241	$ 5,241
Fund Balance:					
Beginning of year, July 1			61,740		
End of year, June 30			$ 5,241		

Schedule 18

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	$ 155	$ 105	$ -	$ 105	$ (50)
Total revenues	155	105	-	105	(50)
Expenditures:					
Non-capitalized expenditures		71,000	-	71,000	
Total expenditures	71,050	71,000	-	71,000	50
Revenues (under) expenditures	(70,895)	(70,895)	-	(70,895)	0
Other financing sources:					
Debt Issued	16,000	16,000	-	16,000	-
Transfers in--					
From General Fund	68,000	68,000	-	68,000	-
Transfers out--					
To General Fund	(13,105)		(13,105)	(13,105)	-
Total other financing sources	70,895	84,000	(13,105)	70,895	-
Net change in fund balance	$ -	$ 13,105	(13,105)	$ -	$ -
Fund Balance:					
Beginning of year, July 1			13,105		
End of year, June 30			$ -		

Schedule 19

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, 2011

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

Schedule 20

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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		742,139	3,969	746,108	
Total expenditures	746,110	742,139	3,969	746,108	2
Revenues (under) expenditures	(428,238)	(424,269)	(3,969)	(428,238)	-
Other financing sources (uses):					
Transfers in--					
From General Fund	297,000	297,000	-	297,000	-
From Capital Reserve Fund	135,000	135,000	-	135,000	-
Transfers (out)--					
To General Fund	(262)	-	(262)	(262)	
To Capital Reserve Fund	(3,500)	(3,500)	-	(3,500)	-
Total other financing sources	428,238	428,500	(262)	428,238	-
Net change in fund balance	$ -	$ 4,231	(4,231)	$ -	$ -
Fund balance:					
Beginning of year, July 1			4,231		
End of year, June 30			$ -		

Schedule 21

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	152,600	88,726	-	88,726	(63,874)
Total revenues	479,700	415,826	-	415,826	(63,874)
Expenditures:					
Capital outlay:					
Construction in progress		2,476,881	-	2,476,881	
Total expenditures	2,540,755	2,476,881	-	2,476,881	63,874
Revenues (under) expenditures	(2,061,055)	(2,061,055)	-	(2,061,055)	
Other financing sources (uses):					
Debt issued	1,931,841	1,931,841	-	1,931,841	-
Transfers in--					
From Capital Reserve Fund	129,214	128,863	351	129,214	-
Total other financing sources	2,061,055	2,060,704	351	2,061,055	-
Net change in fund balance	$ -	$ (351)	351	$ -	$ -
Fund balance:					
Beginning of year, July 1			(351)		
End of year, June 30			$ -		

Schedule 22

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
NCDENR	$ 300,000	$ 232,817	$ -	$ 232,817	$ (67,183)
Total revenues	300,000	232,817		232,817	(67,183)
Expenditures:					
Capital outlay:					
Other improvements		310,423	-	310,423	
Total expenditures	400,000	310,423	-	310,423	89,577
Revenues (under) expenditures	(100,000)	(77,606)	-	(77,606)	22,394
Other financing sources:					
Transfers in --					
From Capital Reserve Fund	100,000	150,000	(50,000)	100,000	-
Total other financing sources	100,000	150,000	(50,000)	100,000	-
Net change in fund balance	$ -	$ 72,394	(50,000)	$ 22,394	$ 22,394
Fund Balance:					
Beginning of year, July 1			72,394		
End of year, June 30			$ 22,394		

Schedule 23

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	3,158,433	-	-	-	3,158,433
Revenues (under) expenditures	(3,158,433)	-	-	-	3,158,433
Other financing sources:					
Debt issued	2,767,500	-	-	-	(2,767,500)
Transfers in --					
From General Fund	246,500	246,500	-	246,500	-
From Capital Reserve	200,000	-	200,000	200,000	
Transfers (out)--					
To General Fund	(55,567)	(55,567)	-	(55,567)	-
Total other financing sources	3,158,433	190,933	200,000	390,933	(2,767,500)
Net change in fund balance	$ -	$ 190,933	200,000	$ 390,933	$ 390,933
Fund Balance:					
Beginning of year, July 1			190,933		
End of year, June 30			$ 390,933		

Schedule 24

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, 2011

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

Schedule 25

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		3,129,859	469,375	3,599,234	
Total expenditures	26,708,261	3,129,859	469,375	3,599,234	23,109,027
Revenues (under) expenditures	(26,708,261)	(3,129,859)	(469,375)	(3,599,234)	23,109,027
Other financing sources:					
Debt Issued	19,780,911	-	-	-	(19,780,911)
Transfers in --					
From General Fund	6,927,350	5,156,440	1,770,910	6,927,350	-
Total other financing sources	26,708,261	5,156,440	1,770,910	6,927,350	(19,780,911)
Net change in fund balance	$ -	$ 2,026,581	1,301,535	$ 3,328,116	$ 3,328,116
Fund Balance:					
Beginning of year, July 1			2,026,581		
End of year, June 30			$ 3,328,116		

Schedule 26

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Part F Grant	$ 500,000	$ -	$ -	$ -	$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures:					
Capital outlay:					
Other improvements		14,785	-	14,785	
Total expenditures	1,094,625	14,785	-	14,785	1,079,840
Revenues (under) expenditures	(594,625)	(14,785)	-	(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	$ -	$ 129,840	-	$ 129,840	$ 129,840
Fund Balance:					
Beginning of year, July 1			129,840		
End of year, June 30			$ 129,840		

Schedule 27

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, 2011

	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	45,801	45,801	-	45,801	-
Revenues (under) expenditures	(45,801)	(45,801)	-	(45,801)	
Other financing sources:					
Transfers in --					
From General Fund	65,000	65,000	-	65,000	-
Transfers out--					
To General Fund	(19,199)	-	(19,199)	(19,199)	-
Total other financing sources	45,801	65,000	(19,199)	45,801	-
Net change in fund balance	$ -	$ 19,199	(19,199)	$ -	$ -
Fund Balance:					
Beginning of year, July 1			19,199		
End of year, June 30			$ -		

Schedule 28

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Miscellaneous Revenue	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Total revenues	10,000	-	10,000	10,000	-
Expenditures:					
Capital outlay:					
Other improvements		73,320	231	73,551	
Total expenditures	257,000	73,320	231	73,551	183,449
Revenues (under) expenditures	(247,000)	(73,320)	9,769	(63,551)	183,449
Other financing sources:					
Transfers in --					
From General Fund	196,000	34,500	161,500	196,000	-
From Capital Reserve Fund	51,000	51,000	-	51,000	-
Total other financing sources	247,000	85,500	161,500	247,000	-
Net change in fund balance	$ -	$ 12,180	171,269	$ 183,449	$ 183,449
Fund Balance:					
Beginning of year, July 1			12,180		
End of year, June 30			$ 183,449		

Schedule 29

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, 2011

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

Schedule 30

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	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		

Schedule 31

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, 2011

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

Schedule 32

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	25,357	25,357	
Total expenditures	500,000	-	25,357	25,357	474,643
Revenues (under) expenditures	(500,000)	-	(25,357)	(25,357)	474,643
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	(25,357)	$ 474,643	$ 474,643
Fund Balance:					
Beginning of year, July 1			500,000		
End of year, June 30			$ 474,643		

Schedule 33

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		14,721	-	14,721	
Total expenditures	676,750	14,721	-	14,721	662,029
Revenues (under) expenditures	(676,750)	(14,721)	-	(14,721)	662,029
Other financing sources:					
Debt Issued	625,000	-	-	-	(625,000)
Transfers in --					
From Capital Reserve Fund	51,750	51,750	-	51,750	-
Total other financing sources	676,750	51,750	-	51,750	(625,000)
Net change in fund balance	$ -	$ 37,029	-	$ 37,029	$ 37,029
Fund Balance:					
Beginning of year, July 1			37,029		
End of year, June 30			$ 37,029		

Schedule 34

City of Jacksonville, North Carolina
Jacksonville Commons Gym Floor Replacement Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	311,227	311,227	
Total expenditures	311,228	-	311,227	311,227	1
Revenues (under) expenditures	(311,228)	-	(311,227)	(311,227)	1
Other financing sources:					
Transfers in--					
From General Fund	311,228	-	311,227	311,227	(1)
Total other financing sources	311,228	-	311,227	311,227	(1)
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

Schedule 35

City of Jacksonville, North Carolina
Sturgeon City Boardwalk Phase IV Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

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

Schedule 36

City of Jacksonville, North Carolina
NE Creek Boat Ramp and Boardwalk Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	3,377	3,377	
Total expenditures	21,000	-	3,377	3,377	17,623
Revenues (under) expenditures	(21,000)	-	(3,377)	(3,377)	17,623
Other financing sources:					
Transfers in --					
From General Fund	21,000	-	21,000	21,000	-
Total other financing sources	21,000	-	21,000	21,000	-
Net change in fund balance	$ -	$ -	17,623	$ 17,623	$ 17,623
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 17,623		

Schedule 37

City of Jacksonville, North Carolina
Market Street 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, 2011

	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 General Fund	35,000	-	35,000	35,000	-
Transfers out--					
To General Fund	(35,000)	-	(35,000)	(35,000)	-
Total other financing sources		-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

Schedule 38

City of Jacksonville, North Carolina
Jack Amyette Center Renovation Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	11,475	11,475	
Total expenditures	95,000	-	11,475	11,475	83,525
Revenues (under) expenditures	(95,000)	-	(11,475)	(11,475)	83,525
Other financing sources:					
Transfers in --					
From General Fund	95,000	-	95,000	95,000	-
Total other financing sources	95,000	-	95,000	95,000	-
Net change in fund balance	$ -	$ -	83,525	$ 83,525	$ 83,525
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 83,525		

Schedule 39

City of Jacksonville, North Carolina
Freedom Fountain Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Contributions	$ 515,000	$ -	$ 55,750	$ 55,750	$ (459,250)
Total revenues	515,000	-	55,750	55,750	(459,250)
Expenditures:					
Capital outlay:					
Other improvements		-	52,675	52,675	
Total expenditures	600,000	-	52,675	52,675	547,325
Revenues (under) expenditures	(85,000)	-	3,075	3,075	88,075
Other financing sources:					
Transfers in --					
From General Fund	85,000	-	85,000	85,000	-
Total other financing sources	85,000	-	85,000	85,000	-
Net change in fund balance	$ -	$ -	88,075	$ 88,075	$ 88,075
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 88,075		

Schedule 40

City of Jacksonville, North Carolina
Business Park Improvement
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	19,264	19,264	
Total expenditures	45,000	-	19,264	19,264	25,736
Revenues (under) expenditures	(45,000)	-	(19,264)	(19,264)	25,736
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	$ -	$ -	25,736	$ 25,736	$ 25,736
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 25,736		

Schedule 41

City of Jacksonville, North Carolina
Richard Ray Garden Improvements
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Contributions	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Total revenues	10,000	-	10,000	10,000	-
Expenditures:					
Capital outlay:					
Other improvements	0	-	7,915	7,915	
Total expenditures	10,262	-	7,915	7,915	2,347
Revenues (under) expenditures	(262)	-	2,085	2,085	2,347
Other financing sources:					
Transfers in --					
From General Fund	262	-	262	262	-
Total other financing sources	262	-	262	262	-
Net change in fund balance	$ -	$ -	2,347	$ 2,347	$ 2,347
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 2,347		

Schedule 42

City of Jacksonville, North Carolina
Wooten Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$	$ -	$ -	$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	35,000	-	-	-	35,000
Revenues (under) expenditures	(35,000)	-	-	-	35,000
Other financing sources:					
Transfers in --					
From General Fund	35,000	-	35,000	35,000	-
Total other financing sources	35,000	-	35,000	35,000	-
Net change in fund balance	$ -	$ -	35,000	$ 35,000	$ 35,000
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 35,000		

City of Jacksonville, North Carolina
JTDA - Museum of the Marine Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

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

WATER AND SEWER FUND

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

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 32,747,544	$ 21,754,774
Accounts receivable (net)	3,520,829	3,195,096
Inventories	347,224	351,362
Prepaid items	1,330	2,170
Total Current Assets	36,616,927	25,303,402
Noncurrent Assets:		
Restricted cash and cash equivalents	13,811,150	2,337,676
Capital assets (net)	138,101,090	137,384,168
Total Noncurrent Assets	151,912,240	139,721,844
Total Assets	188,529,167	165,025,246
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	4,158,342	3,987,515
Interfund payable	-	39,883
Compensated absences payable-current	116,774	106,959
Installment purchases payable-current	1,808,938	2,009,165
Loans payable-current	4,341,584	4,266,584
Bonds payable-current	1,280,298	837,424
Total Current Liabilities	11,705,936	11,247,530
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	76,008	84,375
Unearned revenue	151,523	146,368
Customer deposits	813,272	602,609
Other postemployment benefits	21,774	12,717
Installment purchases payable-noncurrent	8,351,164	9,686,976
Loans payable-noncurrent	57,258,120	52,717,627
Bonds payable-noncurrent	39,444,671	25,256,197
Total Noncurrent Liabilities	106,116,532	88,506,869
Total Liabilities	117,822,468	99,754,399
Net Assets		
Invested in capital assets, net of related debt	39,427,465	44,947,871
Unrestricted	31,279,234	20,322,976
Total Net Assets	$ 70,706,699	$ 65,270,847

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, 2011 and 2010

	2011	2010
Operating revenues:		
Charges for services	$ 25,077,038	$ 25,432,654
Total operating revenues	25,077,038	25,432,654
Operating expenses:		
Water/Sewer Operations	6,476,164	6,129,570
Water Supply	1,679,668	1,459,916
Wastewater Treatment	1,939,969	1,741,247
Non-capitalized expenses - projects	4,696	599,200
Depreciation	9,536,754	7,661,659
Total operating expenses	19,637,251	17,591,592
Operating income	5,439,787	7,841,062
Nonoperating revenues (expenses):		
Investment earnings	184,944	106,670
Assessments collected	-	-
Interest collected on assessments	-	1,901
Gain on sale of capital assets	200	39,922
Internal asset transfer	-	-
Interest on long-term debt	(2,402,349)	(2,014,372)
Refunds	34,801	2,854
Total nonoperating (expenses)	(2,182,404)	(1,863,025)
Income before capital contributions and transfers	3,257,383	5,978,037
Capital contributions:		
ONWASA Water Interconnect contribution	90,965	-
Onslow County Joint Project contribution	10,067	-
State Revolving Fund-ARRA Forgivness loan	1,251,469	-
Developer contributions	895,542	799,642
Total capital contributions	2,248,043	799,642
Income before transfers	5,505,426	6,777,679
Transfers:		
Transfers in	358,060	505,458
Transfers out	(427,634)	(200,000)
Total transfers	(69,574)	305,458
Increase in Net Assets	5,435,852	7,083,137
Net Assets		
Beginning of year, July 1	65,270,847	58,187,710
End of year, June 30	$ 70,706,699	$ 65,270,847

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	$ 24,689,308	$ 24,401,680
Cash paid for goods and services	(4,664,674)	(7,534,627)
Cash paid to employees	(5,182,358)	(4,887,040)
Customer deposits	210,663	50,624
Net cash provided by operating activities	15,052,939	12,030,637
Cash flows from noncapital financing activities:		
Transfers in	358,060	505,458
Transfers (out)	(427,634)	(200,000)
Advances from other funds	(39,883)	(7,262,845)
Advances (to) other funds	-	2,850
Refunds	34,801	2,854
Net cash provided (used) by noncapital financing activities	(74,656)	(6,951,683)
Cash flows from capital and related financing activities:		
Contributions	1,352,501	-
Principal paid on long-term debt	(4,588,493)	(4,416,119)
Interest paid on long-term debt	(2,402,349)	(2,014,372)
Debt issued	22,299,294	47,317,682
Purchase of capital assets	(9,358,136)	(22,567,166)
Proceeds from sale of assets	200	39,922
Assessments collected	-	-
Interest collected on assessments	-	1,901
Net cash provided (used) by capital and related financing activities	7,303,017	18,361,848
Cash flows from investing activities:		
Interest earned on investments	184,944	106,670
Net cash provided by investing activities	184,944	106,670
Net increase (decrease) in cash and cash equivalents	22,466,244	23,547,472
Cash and cash equivalents, July 1	24,092,450	544,978
Cash and cash equivalents, June 30	$ 46,558,694	$ 24,092,450

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, 2011 and 2010

	2011	2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 5,439,787	$ 7,841,062
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,536,754	7,661,659
Bad debt expense	67,154	66,672
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	1,448	12,311
(Increase) decrease in prepaid expenses	840	(2,170)
Increase (decrease) in accounts payable and accrued liabilities	179,885	(2,644,567)
(Increase) decrease in accounts receivable	(392,886)	(1,033,339)
(Increase) decrease in inventories	4,138	76,020
Increase (decrease) in unearned revenues	5,156	2,365
Increase (decrease) in customer deposits	210,663	50,624
Total adjustments	9,613,152	4,189,575
Net cash provided by operating activities	$ 15,052,939	$ 12,030,637
Noncash investing, capital, and financing activities:		
Capital contributed by developers	$ 895,542	$ 799,642

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Water sales	$ 7,481,153	$ 7,672,234	$ 191,081	$ 7,770,514
Water tap fees	51,605	57,355	5,750	90,105
Water facility fees	1,228,806	1,335,789	106,983	1,173,182
Water Meter Purchases	123,770	164,503	40,733	254,394
Water Plant Expansion	-	-	-	-
Sewer sales	11,558,704	11,738,377	179,673	11,995,916
Sewer tap fees	5,698	-	(5,698)	4,775
Sewer facility fees	2,258,413	2,478,486	220,073	2,594,468
Sewer grease trap violations	350	400	50	-
Late penalty charges	222,480	233,167	10,687	224,105
New account service charges	170,525	196,895	26,370	179,430
Interest collected on tap fees	-	-	-	-
Inflow and Infiltration Fee	824,443	817,178	(7,265)	822,125
Onslow County leachate	30,000	15,550	(14,450)	27,513
Land application user charge	-	-	-	-
Land application late fee	-	-	-	-
Land application expansion	-	-	-	-
Miscellaneous operating revenue	340,108	367,104	26,996	296,127
Total	24,296,055	25,077,038	780,983	25,432,654
Nonoperating revenues:				
Interest earned on investments	113,782	184,944	71,162	106,670
Assessments collected	-	-	-	-
Interest collected on assessments	-	-	-	1,901
Sale of capital assets	27,000	200	(26,800)	39,922
ONWASA Water Interconnect contribution	-	90,965	90,965	-
Onslow County Joint Project contribution	-	10,067	10,067	-
State Revolving Fund-ARRA Forgiveness loan	-	1,251,469	1,251,469	-
Developer contributions	-	895,542	895,542	799,642
Internal transfer of assets	-	-	-	-
Refunds	30,251	34,801	4,550	2,854
Total	171,033	2,467,988	2,296,955	950,989
Total revenues	24,467,088	27,545,026	3,077,938	26,383,643
Expenses:				
Water/Sewer operations				
Administration				
Salaries and employee benefits		275,033		230,922
Supplies		7,530		6,855
Insurance		3,011		11,069
Maintenance and Repair		5,000		55
Contracted services-info technology		53,981		46,582
Contracted services		116,858		132,785
Other departmental expenses		159,263		169,076
Overhead allocation from General Fund		1,146,580		1,148,906
Bad debt expense		67,154		66,672
Total		1,834,410		1,812,922

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Engineering				
Salaries and employee benefits	$ -	$ 702,826	$ -	$ 630,665
Supplies		4,379		4,189
Insurance		4,602		4,269
Contracted services		145,357		179,154
Contracted services-info technology		59,054		52,492
Other departmental expenses		55,829		62,430
Total		972,047		933,199
Metering distribution				
Salaries and employee benefits		274,439		252,057
Supplies		118,629		127,970
Insurance		3,592		3,861
Utilities		3,220		3,820
Maintenance and repair		184		5
Contracted services		18,888		20,256
Contracted services-info technology		29,527		19,045
Other departmental expenses		46,656		40,956
Total		495,135		467,970
Utilities maintenance				
Salaries and employee benefits		1,301,511		1,206,265
Supplies		127,232		99,722
Insurance		24,190		63,729
Utilities		242,481		264,667
Maintenance and repair		758,907		511,532
Contracted services		435,652		509,966
Contracted services-info technology		76,857		67,706
Other departmental expenses		207,742		191,892
Total		3,174,572		2,915,479
Total Water/Sewer operations	8,255,306	6,476,164	1,779,142	6,129,570
Water supply				
Salaries and employee benefits		725,588		700,653
Supplies		108,641		81,629
Insurance		69,461		44,282
Utilities		525,508		432,315
Maintenance and repair		43,916		50,298
Contracted services		82,357		45,482
Contracted services-info technology		72,841		53,853
Other departmental expenses		51,356		51,404
Total water supply	2,367,438	1,679,668	687,770	1,459,916

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Wastewater treatment				
Salaries and employee benefits	$ -	$ 766,886	$ -	$ 736,385
Supplies		134,422		132,718
Insurance		35,865		6,888
Utilities		576,285		493,671
Maintenance and repair		81,957		82,874
Contracted services		159,033		77,228
Contracted services-info technology		47,981		46,902
Other departmental expenses		137,540		164,581
Total wastewater treatment	2,125,042	1,939,969	185,073	1,741,247
Total	12,747,786	10,095,801	2,651,985	9,330,733
Budgetary appropriations:				
Interest paid	3,990,956	2,402,349	1,588,607	2,014,372
Debt principal	7,541,554	4,588,493	2,953,061	4,416,119
Increase (decrease) in inventory	-	(4,138)	4,138	351,362
(Increase) decrease in compensated absences payable	-	(1,448)	1,448	191,334
Increase (decrease) in prepaid expenses	-	(840)	840	2,170
Debt issued	(630,986)	(22,299,294)	21,668,308	(47,317,682)
Appropriated retained earnings	716,711	-	716,711	-
Transfers (in)--				
From Water/Sewer Capital Projects	(1,855,496)	(1,855,496)	-	(301,376)
From Non-Major Governmental Funds	(358,060)	(358,060)	-	(505,458)
Transfers out--				
To Water/Sewer Capital Projects	1,658,000	1,658,000	-	1,450,380
To General Capital Reserve	-	383,972	(383,972)	-
To General Fund	-	8,000	(8,000)	-
To Non-Major Internal Service Funds	35,662	35,662	-	200,000
Non-capitalized expenses - projects	-	4,696	(4,696)	599,200
Capital outlay	620,961	568,627	52,334	140,177
Total budgetary appropriations	11,719,302	(14,869,477)	26,588,779	(38,759,402)
Total expenses	$ 24,467,088	$ (4,773,676)	$ 29,240,764	$ (29,428,669)

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		$ 27,545,026		$ 26,383,643
Total expenses		(4,773,676)		(29,428,669)
Revenues over expenses		32,318,702		55,812,312
Budgetary appropriations (above):				
Payment of debt principal		4,588,493		4,416,119
Debt issued		(22,299,294)		(47,317,682)
Increase (decrease) in inventory		(4,138)		351,362
(Increase) decrease in compensated absences payable		(1,448)		191,334
Increase (decrease) in prepaid expenses		(840)		2,170
Capital outlay		568,627		140,177
Transfers		(197,496)		1,149,004
Total budgetary appropriations		(17,346,096)		(41,067,516)
Depreciation (Statement 45)		(9,536,754)		(7,661,659)
Increase in net assets (Statement 45)		$ 5,435,852		$ 7,083,137

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 99,075	$ 68,469	$ -	$ 68,469	$ (30,606)
ONWASA	100,250	-	90,965	90,965	(9,285)
ARRA funds-SRF	1,500,000	-	1,251,469	1,251,469	(248,531)
Total revenues	1,699,325	68,469	1,342,434	1,410,903	(288,422)
Expenses:					
Water Tank Painting	740,396	740,396	-	740,396	-
Water Line Replacements	3,222,579	2,065,525	632,163	2,697,688	524,891
Fire Protection Water Improvements	190,000	-	2,700	2,700	187,300
Water Treatment Plant	47,810,348	39,582,003	1,624,385	41,206,388	6,603,960
Water Interconnection ONWASA	200,500	85,476	(22,513)	62,963	137,537
Water Interconnection MCBCL	107,000	-	-	-	107,000
Water System Improvements Ph II	5,099,024	338,693	2,695,415	3,034,108	2,064,916
Piney Green & 17 Water Service Area	365,000	-	30,718	30,718	334,282
Total expenses	57,734,847	42,812,093	4,962,868	47,774,961	9,959,886
Revenues over (under) expenses	(56,035,522)	(42,743,624)	(3,620,434)	(46,364,058)	9,671,464
Other financing sources:					
Debt issued--					
Installment purchases	3,164,198	2,656,371	-	2,656,371	(507,827)
Loans payable - SRF	41,495,263	31,888,754	6,007,313	37,896,067	(3,599,196)
Revenue bonds	8,527,167	-	8,527,167	8,527,167	-
Transfers in--					
From Water/Sewer Fund	3,151,708	2,861,708	290,000	3,151,708	-
From Water/Sewer Capital Reserve	16,990	16,990	-	16,990	-
Transfers (out)--					
To Water/Sewer Fund	(319,804)	-	(319,804)	(319,804)	-
Total other financing sources	56,035,522	37,423,823	14,504,676	51,928,499	(4,107,023)
Excess of revenues and other sources over (under) expenses	$ -	$ (5,319,801)	10,884,242	$ 5,564,441	$ 5,564,441
Fund Balance					
Beginning of year, July 1			(5,319,801)		
End of year, June 30			$ 5,564,441		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 29,006	$ 21,236	$ -	$ 21,236	$ (7,770)
Inflow and infiltration fee	2,606,282	2,800,512	-	2,800,512	194,230
Onslow County	15,575	-	10,067	10,067	(5,508)
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	2,719,863	2,890,748	10,067	2,900,815	180,952
Expenses:					
Sewer Line Replacements	7,193,744	4,147,225	944,841	5,092,066	2,101,678
DOT Construction Sewer Impact	2,503,818	2,428,830	4,696	2,433,526	70,292
Pump Station Rehabilitation	8,485,635	2,757,160	1,143,075	3,900,235	4,585,400
Inflow/infiltration	5,409,910	3,959,322	803,277	4,762,599	647,311
Relocate Utilities Bypass	288,557	25,476	-	25,476	263,081
Land Application Expansion	42,336,794	41,182,366	328,407	41,510,773	826,021
Public Service Complex Phase II	729,548	140,899	52,899	193,798	535,750
Piney Green Sewer Service	6,801,467	166,467	-	166,467	6,635,000
Northwest Interceptor	50,000	-	-	-	50,000
Collins Branch Trunk Ext.	132,000	20,395	101,352	121,747	10,253
W/S Station Repairs	655,575	606,487	21,116	627,603	27,972
Ellis Park Infrastructure	405,000	-	166,794	166,794	238,206
Barrus Lift Station Improvements	1,082,500	41,582	179,493	221,075	861,425
Western Pkwy Utilities Relocation	409,000	-	-	-	409,000
FY11 Sewer Lines	45,000	-	-	-	45,000
Springdale Life Station	995,000	-	68,500	68,500	926,500
Ellis Lift Station Site Improvements	75,000	-	775	775	74,225
Parkwood Regional Life Station	150,000	-	-	-	150,000
Western Trunk Sewer Lower	50,000	-	-	-	50,000
WW Collection System Main F1	78,000	-	-	-	78,000
Lift Station Rehab - ARRA	430,000	-	-	-	430,000
Piney Green Sewer w/ ONWASA	600,000	-	-	-	600,000
SCADA Upgrade	250,000	-	13,431	13,431	236,569
Total expenses	79,156,548	55,476,209	3,828,656	59,304,865	19,851,683
Revenues (under) expenses	(76,436,685)	(52,585,461)	(3,818,589)	(56,404,050)	20,032,635
Other financing sources (uses):					
Debt issued--					
Installment purchases	22,163,643	9,452,675	-	9,452,675	(12,710,968)
Loans payable - SRF	17,930,000	16,652,712	-	16,652,712	(1,277,288)
Revenue bonds	32,731,770	24,065,582	7,134,688	31,200,270	(1,531,500)
Transfers in--					
From Water/Sewer Fund	8,596,436	7,266,436	1,280,000	8,546,436	(50,000)
From W/S Capital Reserve Fund	114,283	114,283	-	114,283	-
From General Capital Reserve	634,120	634,120	-	634,120	-
Transfers (out)--					
To Water/Sewer Fund	(5,349,595)	(3,813,904)	(1,535,692)	(5,349,596)	(1)
To General Capital Reserve	(383,972)	-	(383,972)	(383,972)	-
Total other financing sources	76,436,685	54,371,904	6,495,024	60,866,928	15,569,757
Excess of revenues and other sources over (under) expenses and other uses	$ -	$ 1,786,443	2,676,435	$ 4,462,878	$ 4,462,878
Fund Balance					
Beginning of year, July 1			1,786,443		
End of year, June 30			$ 4,462,878		

Schedule 50

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Interest on investments	$ 465,891	$ 465,605	$ 480	$ 466,085	$ 194
Total revenues	465,891	465,605	480	466,085	194
Expenses:					
Water supply and distribution	346,235	-	-	-	346,235
Sewage collection and treatment	84,539	-	-	-	84,539
Total expenses	430,774	-	-	-	430,774
Revenues over expenses	35,117	465,605	480	466,085	430,968
Other financing sources (uses):					
Transfers in--					
From Water/Sewer Fund	961,931	881,931	80,000	961,931	-
From Water Capital Projects	590,435	590,435	-	590,435	-
From Sewer Capital Projects	1,471,891	1,471,891	-	1,471,891	-
Transfers (out)--					
To Water/Sewer Fund	(500,000)	(500,000)	-	(500,000)	-
To Water Capital Projects	(270,291)	(270,291)	-	(270,291)	-
To Sewer Capital Projects	(1,249,083)	(1,249,083)	-	(1,249,083)	-
To General Capital Reserve Fund	(1,040,000)	(1,040,000)	-	(1,040,000)	-
Total other financing sources (uses)	(35,117)	(115,117)	80,000	(35,117)	-
Excess of revenues and other sources over expenses and other uses	$ -	$ 350,488	80,480	$ 430,968	$ 430,968
Fund Balance					
Beginning of year, July 1			350,488		
End of year, June 30			$ 430,968		

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, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 210,253	$ 2,554,162
Accounts receivable (net)	194,637	199,210
Interfund receivables	-	-
Total Current Assets	404,890	2,753,372
Noncurrent Assets:		
Restricted cash and cash equivalents	3	6,259
Capital assets (net)	824,038	694,450
Total Noncurrent Assets	824,041	700,709
Total Assets	1,228,931	3,454,081
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	256,925	288,075
Interfund payable	-	25,853
Installment purchases payable - current	274,897	270,786
Compensated absences payable - current	51,487	49,505
Total Current Liabilities	583,309	634,219
Noncurrent Liabilities:		
Installment purchases payable - noncurrent	355,277	286,516
Other postemployment benefits	17,250	12,727
Compensated absences payable - noncurrent	40,414	37,060
Total Noncurrent Liabilities	412,941	336,303
Total Liabilities	996,250	970,522
Net Assets		
Invested in capital assets, net of related debt	193,867	143,407
Unrestricted	38,814	2,340,152
Total Net Assets	$ 232,681	$ 2,483,559

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, 2011 and 2010

	2011	2010
Operating revenues:		
Charges for services	$ 2,710,478	$ 2,622,685
Total operating revenues	2,710,478	2,622,685
Operating expenses:		
Solid Waste Operations	4,749,311	4,669,573
Depreciation	262,707	240,344
Total operating expenses	5,012,018	4,909,917
Operating (loss)	(2,301,540)	(2,287,232)
Nonoperating revenues (expenses):		
Investment earnings	14,160	25,810
Gain on sale of fixed assets	-	5,125
Restricted revenue - State	54,488	70,095
Miscellaneous revenue	178	137
Interest on long-term debt	(18,164)	(26,624)
Total nonoperating revenues	50,662	74,543
Loss before transfers	(2,250,878)	(2,212,689)
Transfers:		
Transfers in	-	2,004,406
Transfers (out)	-	(52,783)
Total transfers	-	1,951,623
Change in Net Assets	(2,250,878)	(261,066)
Net Assets:		
Beginning of year, July 1	2,483,559	2,744,625
End of year, June 30	$ 232,681	$ 2,483,559

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	$ 2,713,527	$ 2,591,535
Cash paid for goods and services	(3,208,978)	(3,078,354)
Cash paid to employees	(1,560,100)	(1,542,642)
Net cash (used) by operating activities	(2,055,551)	(2,029,461)
Cash flows from noncapital financing activities:		
Restricted Intergovernmental - State	54,488	70,095
Miscellaneous non-operating revenue	178	137
Transfers in	-	2,004,406
Transfers (out)	-	(52,783)
Advances from other funds	(25,853)	(22,448)
Advances (to) other funds	-	2,794,578
Net cash provided by noncapital financing activities	28,813	4,793,985
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(315,728)	(415,598)
Interest paid on long-term debt	(18,164)	(26,624)
Debt issued	388,600	26,786
Proceeds from sale of assets	18,479	5,125
Purchase of capital assets	(410,774)	(246,509)
Net cash (used) by capital related financing activities	(337,587)	(656,820)
Cash flows from investing activities:		
Interest earned on investments	14,160	25,810
Net cash provided by investing activities	14,160	25,810
Net increase (decrease) in cash and cash equivalents	(2,350,165)	2,133,514
Cash and cash equivalents, July 1	2,560,421	426,907
Cash and cash equivalents, June 30	$ 210,256	$ 2,560,421

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating (loss)	$ (2,301,540)	$ (2,287,232)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	262,707	240,344
Bad debt expense	1,524	2,569
Change in assets and liabilities:		
Increase (decrease) in compensated absences payable	5,336	6,911
Increase (decrease) in accounts payable and accrued liabilities	(26,627)	39,097
(Increase) decrease in accounts receivable	3,049	(31,150)
Total adjustments	245,989	257,771
Net cash (used) by operating activities	$ (2,055,551)	$ (2,029,461)

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Commercial fees	$ 1,969,640	$ 1,944,631	$ (25,009)	$ 1,904,432
Commercial pickups	2,000	1,675	(325)	1,052
Residential fees	705,040	698,449	(6,591)	671,194
Recycling revenues	-	11,183	11,183	-
Other operating revenues	45,300	54,540	9,240	46,007
Total operating revenues	2,721,980	2,710,478	(11,502)	2,622,685
Nonoperating revenues:				
Restricted revenue - State	52,000	54,488	2,488	70,095
Gain (loss) on sale of fixed assets	20,000		(20,000)	5,125
Miscellaneous revenue	-	178	178	137
Interest earned on investments	6,342	14,160	7,818	25,810
Total nonoperating revenues	78,342	68,826	(9,516)	101,167
Total revenues	2,800,322	2,779,304	(21,018)	2,723,852
Expenses:				
Salaries and employee benefits		1,569,959		1,557,892
Unleaded fuel		178,758		136,708
Maintenance and repair		261,243		189,399
Non-capital equipment		-		600
Contracted services - landfill		2,251,579		2,268,400
Contracted services - internal services		40,160		31,965
Bad debt expense		1,524		2,569
Overhead allocation from general fund		281,865		276,452
Other expenses		164,223		205,588
Total	5,156,757	4,749,311	407,446	4,669,573
Budgetary appropriations:				
Interest paid	29,529	18,164	11,365	26,624
Debt principal	335,930	315,728	20,202	415,598
(Increase) in compensated absences payable	-	(5,336)	5,336	(6,911)
Debt issued	(417,012)	(388,600)	(28,412)	(26,786)
Transfers (in)--				
From General Fund	(629,015)	-	(629,015)	(2,004,406)
Transfers out--				
To Special Revenue Fund	-	-	-	2,000
Internal Service Funds	-	-	-	50,783
Capital outlay	417,012	410,774	6,238	246,509
Appropriated retained earnings	(2,092,879)	-	(2,092,879)	-
Total budgetary appropriations	(2,356,435)	350,730	(2,707,165)	(1,296,589)
Total expenses	$ 2,800,322	$ 5,100,041	$ (2,299,719)	$ 3,372,984

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	**Actual**	**Variance Positive (Negative)**	**Actual**
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		$ 2,779,304		$ 2,723,852
Total expenses		5,100,041		3,372,984
Excess of revenues over expenses		(2,320,737)		(649,132)
Budgetary appropriations (above):				
Payment of debt principal		315,728		415,598
Debt issued		(388,600)		(26,786)
(Increase) in compensated absenses payable		(5,336)		(6,911)
Capital outlay		410,774		246,509
OPEB		(4,523)		-
Total budgetary appropriations		332,566		628,410
Depreciation (Statement 52)		(262,707)		(240,344)
Change in Net Assets (Statement 52)		$ (2,250,878)		$ (261,066)

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, 2011
With Comparative Totals for June 30, 2010

	Community Development			
	CDBG	**CREATE Project**	**Continuum of Care**	**Affordable Housing Construction**
Assets				
Cash and cash equivalents	$ -	$ 254,510	$ 23,850	$ 351,358
Restricted cash and cash equivalents	5,063	-	-	-
Accounts receivable	37,653	-	-	-
Notes receivable	2,487,396	-	-	-
Interfund receivable	-	-	-	67
Total Assets	$ 2,530,112	$ 254,510	$ 23,850	$ 351,425
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 799,948	-	$ -	$ 46,349
Interfund payable	3,906	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	803,854	-	-	46,349
Fund Balance:				
Non Spendable:				
Inventories	-	-	-	-
Compensating Balance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Community Development	2,525,049	254,510	23,850	305,076
Capital Projects	-	-	-	-
Assigned:				
Subsequent year's expenditures		-		
Unassigned	(798,791)	-	-	-
Total Fund Balance	1,726,258	254,510	23,850	305,076
Total Liabilities and Fund Balances	$ 2,530,112	$ 254,510	$ 23,850	$ 351,425

Law Enforcement Grants Fund

School Resource Officer	Bulletproof Vest	Governor's Highway Safety	Federal DEA	State DEA	Victim's Assistance Grant	JAG Grant ARRA	GCC Robbery Burglary Grant
$ 165,506	$ -	$ 2,464		$ -	$ 13,635	$ -	$ -
-	-	-	111,563	100,799	-	-	-
-	19,045	-	-	-	-	-	13,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 165,506	$ 19,045	$ 2,464	$ 111,563	$ 100,799	$ 13,635	$ -	$ 13,742
13,906	$ 9,276	-	$ 3,338	$ 157	-	$ -	$ 3,710
-	8,545	-	-	-	-	56,840	3,685
-	-	-	-	-	-	-	-
13,906	17,821	-	3,338	157	-	56,840	7,395
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
151,600	19,045	2,464	108,225	100,642	13,635	-	13,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-				-	-
-	(17,821)	-	-	-	-	(56,840)	(7,395)
151,600	1,224	2,464	108,225	100,642	13,635	(56,840)	6,347
$ 165,506	$ 19,045	$ 2,464	$ 111,563	$ 100,799	$ 13,635	$ -	$ 13,742

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2011
With Comparative Totals for June 30, 2010

	Law Enforcement Grants Fund					
	Weed and Seed	**Cops Grant**	**800MHZ Radio System Upgrade**	**Project Safe Neighborhood**	**GCC Business Watch**	**Federal Treasury Seizures**
Assets						
Cash and cash equivalents	$ 1,126	$ -	$ 27,733	$ -	$ -	$ -
Restricted cash and cash equivalents	-	-	-	-	1,231	8,511
Accounts receivable	24,258	76,532	-	7,046	-	-
Notes receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Total Assets	$ 25,384	$ 76,532	$ 27,733	$ 7,046	$ 1,231	$ 8,511
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 8,238	$ 4,854	$ -	$ 5,531	$ -	$ -
Interfund payable	16,019	71,678	-	1,515	-	-
Deferred revenue	-	-	-	-	-	-
Total Liabilities	24,257	76,532	-	7,046	-	-
Fund Balance:						
Non Spendable:						
Inventories	-	-	-	-	-	-
Compensating Balance	-	-	-	-	-	-
Restricted:						
Stabilization by State Statute	-	-	-	-	-	-
Streets	-	-	-	-	-	-
Public Safety	24,258	76,532	27,733	7,046	1,231	8,511
Community Development	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Assigned:						
Subsequent year's expenditures	-	-	-	-	-	
Unassigned	(23,131)	(76,532)	-	(7,046)	-	-
Total Fund Balance	1,127	-	27,733	-	1,231	8,511
Total Liabilities and Fund Balances	$ 25,384	$ 76,532	$ 27,733	$ 7,046	$ 1,231	$ 8,511

E-911 Fund	Fire Grants Fund	Transportation Fund		Non-Capitalized Projects Fund		
Emergency Telephone System	SAFER Grant	City Transportation Project	Transit Project - ARRA Fund	Northeast Creek Lagoons	Chaney Creek Restoration II	ARRA - EECBG
$ -	$ -	$ -	$ -	$ 189,225	$ 50,000	$ -
1,013,868	76,877	122,409	-	-	-	-
35,420	15,916	653,016	3,039	-	-	216,119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 1,049,288	$ 92,793	$ 775,425	$ 3,039	$ 189,225	$ 50,000	$ 216,119
$ 7,011	$ 6,947	$ 98,605	$ -	$ -	$ -	$ 117,626
-	-	325,006	3,039	-	-	98,493
-	-	-	-	-	-	-
7,011	6,947	423,611	3,039	-	-	216,119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,042,277	85,846	653,016	3,039	189,225	50,000	216,119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
			-	-	-	-
-	-	(301,202)	(3,039)	-	-	(216,119)
1,042,277	85,846	351,814	-	189,225	50,000	-
$ 1,049,288	$ 92,793	$ 775,425	$ 3,039	$ 189,225	$ 50,000	$ 216,119

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2011
With Comparative Totals for June 30, 2010

	Street Improvements Fund				
	Streets Powell Bill	**Ellis Park Infrastructure**	**Developer Contributed Sidewalks**	**FY11 Street Reclamation**	**Enouch Lane Improvements**
Assets					
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -
Restricted cash and cash equivalents	1,319,123	494,397	10,586	520,000	26,350
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total Assets	$ 1,319,123	$ 494,397	$ 10,586	$ 520,000	$ 26,350
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 24,558	$ 278,831	$ -	$ -	$ 550
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	24,558	278,831	-	-	550
Fund Balance - Reserved:					
Non Spendable:					
Inventories	-	-	-	-	-
Compensating Balance	-	-	-	-	-
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Streets	1,294,565	215,566	10,586	520,000	25,800
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Projects	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	-	-			
Unassigned	-	-	-	-	-
Total Fund Balance	1,294,565	215,566	10,586	520,000	25,800
Total Liabilities and Fund Balances	$ 1,319,123	$ 494,397	$ 10,586	$ 520,000	$ 26,350

	Street Improvements Fund			Totals	
	FY11 Sidewalks	**Bordeaux Street Improvements**	**General Capital Reserve Fund**	**June 30, 2011**	**June 30, 2010**
Assets					
Cash and cash equivalents	$ -	$ -	$ 1,097,335	$ 2,176,742	$ 1,719,472
Restricted cash and cash equivalents	190,350	115,000	-	4,116,127	3,505,638
Accounts receivable	-	-	-	1,101,786	906,297
Notes receivable	-	-	-	2,487,396	1,897,854
Interfund receivable	-	-	-	67	67
Total Assets	$ 190,350	$ 115,000	$ 1,097,335	$ 9,882,118	$ 8,029,328
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ 26,912	$ -	$ 1,456,347	$ 1,496,332
Interfund payable	-	-	-	588,726	263,254
Deferred revenue	-	-	-	-	1,020
Total Liabilities	-	26,912	-	2,045,073	1,760,606
Fund Balance:					
Non Spendable:					
Inventories	-	-	-	-	-
Compensating Balance	-	-	-	-	-
Restricted:					
Stabilization by State Statute	-		-	-	
Streets	190,350	88,088	-	2,344,955	3,083,602
Public Safety	-	-	-	2,794,186	177,814
Community Development	-	-	-	3,108,485	1,347,543
Capital Projects	-	-	1,097,335	1,097,335	-
Assigned:					
Subsequent year's expenditures		-		-	2,181,118
Unassigned	-	-	-	(1,507,916)	(521,355)
Total Fund Balance	190,350	88,088	1,097,335	7,837,045	6,268,722
Total Liabilities and Fund Balances	$ 190,350	$ 115,000	$ 1,097,335	$ 9,882,118	$ 8,029,328

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Community Development Fund				
	CDBG	**CREATE Project**	**Continuum of Care**	**Affordable Housing Construction**	**ARRA - CDBG**
Revenues:					
Restricted intergovernmental revenues	$ 997,786	$ -	$ -	$ -	$ 62,427
Investment earnings	50	284	-	144	-
Miscellaneous	622,537	107,991	-	22,176	-
Total revenues	1,620,373	108,275	-	22,320	62,427
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Economic and Physical Development	1,084,165	8,609	450	62,402	-
Capital outlay	-	-	-	-	62,427
Total expenditures	1,084,165	8,609	450	62,402	62,427
Revenues over (under) expenditures	536,208	99,666	(450)	(40,082)	-
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	536,208	99,666	(450)	(40,082)	-
Fund balances:					
Beginning of year, July 1	1,190,050	154,844	24,300	345,158	-
End of year, June 30	$ 1,726,258	$ 254,510	$ 23,850	$ 305,076	$ -

	Law Enforcement Grants Fund						
Land Redevelopment Project	School Resource Officer	Bulletproof Vest	Governor's Highway Safety	Federal DEA	State DEA	Victim's Assistance	JAG Grant
$ -	$ 269,806	$ 26,222	$ -	$ 70,852	$ 45,499	$ 6,852	$ 28,393
-	-	-	-	101	103	-	-
-	-	-	-	-	-	-	-
-	269,806	26,222	-	70,953	45,602	6,852	28,393
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	383,771	67,342	-	17,362	30,439	8,045	18,496
-	-	-	-	-	-	-	-
-	99,989	-	-	3,901	7,795	-	9,897
-	483,760	67,342	-	21,263	38,234	8,045	28,393
-	(213,954)	(41,120)	-	49,690	7,368	(1,193)	-
-	-	-	-	-	-	-	-
-	155,818	4,875	23,625	-	-	-	-
(14,030)	-	-	-	-	-	-	-
(14,030)	155,818	4,875	23,625	-	-	-	-
(14,030)	(58,136)	(36,245)	23,625	49,690	7,368	(1,193)	-
14,030	209,736	37,469	(21,161)	58,535	93,274	14,828	-
$ -	$ 151,600	$ 1,224	$ 2,464	$ 108,225	$ 100,642	$ 13,635	$ -

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Law Enforcement Grants Fund				
	JAG-ARRA Grant	Robbery Burglary Grant	Weed and Seed	COPS Univeral Hiring Grant	800 MHz Radio System
Revenues:					
Restricted intergovernmental revenues	$ 111,112	$ 61,307	$ 107,970	$ 91,724	$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	111,112	61,307	107,970	91,724	-
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	4,381	81,742	106,966	91,724	55,767
Economic and Physical Development	-	-	-	-	-
Capital outlay	163,571	-	-	-	-
Total expenditures	167,952	81,742	106,966	91,724	55,767
Revenues over (under) expenditures	(56,840)	(20,435)	1,004	-	(55,767)
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	83,500
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	83,500
Net change in fund balance	(56,840)	(20,435)	1,004	-	27,733
Fund balances:					
Beginning of year, July 1	-	26,782	123	-	-
End of year, June 30	$ (56,840)	$ 6,347	$ 1,127	$ -	$ 27,733

Law Enforcement Grants Fund			E-911 Fund	Fire Grants Fund	Transportation Fund	
JAG Project Safe Neighborho	Business Watch Grant	Federal Treasury Seizures	Emergency Telephone System	SAFER Grant	City Transportation Project	Transit ARRA Project
$ 7,046	$ -	$ -	$ 420,799	$ 152,683	$ 1,023,918	$ 47,592
-	-	-	3,474	-	-	-
-	-	-	-	-	111,511	-
7,046	-	-	424,273	152,683	1,135,429	47,592
-	-	-	-	-	851,705	47,591
-	-	-	-	-	-	-
7,046	-	-	150,579	235,613	-	-
-	-	-	-	-	-	-
-	-	-	-	-	561,798	-
7,046	-	-	150,579	235,613	1,413,503	47,591
-	-	-	273,694	(82,930)	(278,074)	1
-	-	-	-	-	-	-
-	1,231	-	-	135,133	301,453	-
-	-	-	(67,117)	-	-	-
-	1,231	-	(67,117)	135,133	301,453	-
-	1,231	-	206,577	52,203	23,379	1
-	-	8,511	835,700	33,643	328,435	(1)
$ -	$ 1,231	$ 8,511	$ 1,042,277	$ 85,846	$ 351,814	$ -

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

		Non-Capitalized Projects Fund			Street Improvements
	Jacksonville Business Park Certification	Northeast Creek Lagoons	Chaney Creek Restoration II	ARRA - EECBG	Streets Powell Bill
Revenues:					
Restricted intergovernmental revenues	$ -	$ -	$ -	$ 471,775	$ -
Investment earnings	-	-	-	-	5,147
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	471,775	5,147
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	164,940	-
Public Safety	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	306,835	182,548
Total expenditures	-	-	-	471,775	182,548
Revenues over (under) expenditures	-	-	-	-	(177,401)
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	436,076
Transfers (out)	(667)	-	-	-	(912,543)
Total other financing sources (uses)	(667)	-	-	-	(476,467)
Net change in fund balance	(667)	-	-	-	(653,868)
Fund balances:					
Beginning of year, July 1	667	189,225	50,000	-	1,948,433
End of year, June 30	$ -	$ 189,225	$ 50,000	$ -	$ 1,294,565

Street Improvements Fund

Red Oak Culvert	Ellis Park Infrastructure	Developer Contributed Sidewalks	FY11 Street Reclamation	Enouch Lane Improvements	FY11 Sidewalks	NCDOT Partnered Improvements
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
112,303	-	4,148	-	-	-	-
112,303	-	4,148	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	289,434	-	-	2,200	7,650	305,000
-	289,434	-	-	2,200	7,650	305,000
112,303	(289,434)	4,148	-	(2,200)	(7,650)	(305,000)
-	-	-	-	-	-	-
-	-	-	520,000	28,000	198,000	305,000
-	-	-	-	-	-	-
-	-	-	520,000	28,000	198,000	305,000
112,303	(289,434)	4,148	520,000	25,800	190,350	-
(112,303)	505,000	6,438	-	-	-	-
$ -	$ 215,566	$ 10,586	$ 520,000	$ 25,800	$ 190,350	$ -

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Street Improvements		Totals	
	Bordeaux Street Improvements	General Capital Reserve Fund	June 30, 2011	June 30, 2010
Revenues:				
Restricted intergovernmental revenues	$ -	$ -	$ 4,003,763	$ 2,832,056
Investment earnings	-	1,116	10,419	13,943
Miscellaneous	-	1,087	869,450	683,700
Total revenues	-	2,203	4,883,632	3,529,699
Expenditures:				
General Government	-	-	899,296	749,733
Public Works	-	-	164,940	561,567
Public Safety	-	-	1,259,273	991,078
Economic and Physical Development	-	-	1,155,626	769,340
Capital outlay	26,912	-	2,029,957	1,000,868
Total expenditures	26,912	-	5,509,092	4,072,586
Revenues over (under) expenditures	(26,912)	2,203	(625,460)	(542,887)
Other financing sources (uses):				
Debt issued	-	-	112,303	-
Transfers in	115,000	1,904,290	4,212,001	2,025,504
Transfers (out)	-	(1,136,164)	(2,130,521)	(2,323,287)
Total other financing sources (uses)	115,000	768,126	2,193,783	(297,783)
Net change in fund balance	88,088	770,329	1,568,323	(840,670)
Fund balances:				
Beginning of year, July 1	-	327,006	6,268,722	7,109,392
End of year, June 30	$ 88,088	$ 1,097,335	$ 7,837,045	$ 6,268,722

Reconciliation to Exhibit D:

Transfers in	$ 4,212,001	Transfers out	$ 2,130,521
Transfers within Non-Major Governmental funds	(14,030)	Transfers within Non-Major Governmental funds	(14,030)
	$ 4,197,971		$ 2,116,491

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Entitlement Grant 2008 CD0801					
Entitlement Grant 2008	$ 509,412	$ 298,419	$ 210,993	$ 509,412	$ -
Program income	180,531	32,309	34,183	66,492	(114,039)
Investment earnings	1,000	2	9	11	(989)
Total	690,943	330,730	245,185	575,915	(115,028)
Entitlement Grant 2009 CD0901					
Entitlement Grant 2009	524,912	-	524,912	524,912	-
Program income	105,973	-	42,024	42,024	(63,949)
Investment earnings	575	-	41	41	(534)
Total	631,460	-	566,977	566,977	(64,483)
Entitlement Grant 2010 CD1001					
Entitlement Grant 2010	570,114	-	261,881	261,881	(308,233)
Program income	191,734	1,190,050	546,330	1,736,380	1,544,646
Investment earnings	100	-	-		(100)
Total	761,948	1,190,050	808,211	1,998,261	1,236,313
Total revenues	2,084,351	1,520,780	1,620,373	3,141,153	1,056,802
Expenditures:					
Entitlement Grant 2008 CD0801					
Administration		75,437	37,428	112,865	
Housing rehabilitation		-	31,732	31,732	
Commercial rehabilitation		-	102,184	102,184	
Economic development		-	-	-	
Affordable housing		4,703	593	5,296	
Clearance		6,610	12,540	19,150	
Acquisition of property		-	-	-	
Rehabilitation planning		216,278	48,752	265,030	
Partnerships		27,702	11,955	39,657	
Total	690,943	330,730	245,184	575,914	115,029
Entitlement Grant 2009 CD0901					
Administration		-	61,018	61,018	
Housing rehabilitation		-	71,292	71,292	
Commercial rehabilitation		-	1,052	1,052	
Economic development		-	-	-	
Affordable housing		-	300,185	300,185	
Clearance		-	28,340	28,340	
Acquisition of property		-	-	-	
Rehabilitation planning		-	70,630	70,630	
Partnerships		-	34,460	34,460	
Total	631,460	-	566,977	566,977	64,483

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Expenditures:					
Entitlement Grant 2010 CD1001					
Administration	$ -	$ -	$ 21,403	$ 21,403	$ -
Housing rehabilitation		-	57,218	57,218	
Commercial rehabilitation		-	148,313	148,313	
Economic development		-	-	-	
Affordable housing		-	-	-	
Clearance		-	12,990	12,990	
Acquisition of property		-	-	-	
Rehabilitation planning		-	26,985	26,985	
Partnerships		-	5,095	5,095	
Total	761,948	-	272,004	272,004	489,944
Total expenditures	2,084,351	330,730	1,084,165	1,414,895	669,456
Net change in fund balance	$ -	$ 1,190,050	536,208	$ 1,726,258	$ 1,726,258
Fund balance:					
Beginning of year, July 1			1,190,050		
End of year, June 30			$ 1,726,258		

Schedule 58

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Program income	$ 704,434	$ 590,433	$ 107,991	$ 698,424	$ (6,010)
Investment earnings	400	22	284	306	(94)
Total revenues	704,834	590,455	108,275	698,730	(6,104)
Expenditures:					
Affordable Housing		514,111	8,609	522,720	
Total expenditures	783,334	514,111	8,609	522,720	260,614
Revenues over (under) expenditures	(78,500)	76,344	99,666	176,010	254,510
Other financing sources:					
Transfers in--					
From Community Development Gran	78,500	78,500	-	78,500	-
Total other financing sources	78,500	78,500	-	78,500	-
Net change in fund balance	$ -	$ 154,844	99,666	$ 254,510	$ 254,510
Fund balance:					
Beginning of year, July 1			154,844		
End of year, June 30			$ 254,510		

Schedule 59

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Continuum of Care		800	450	1,250	
Total expenditures	25,100	800	450	1,250	23,850
Revenues (under) expenditures	(25,100)	(800)	(450)	(1,250)	23,850
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	$ -	$ 24,300	(450)	$ 23,850	$ 23,850
Fund balance:					
Beginning of year, July 1			24,300		
End of year, June 30			$ 23,850		

Schedule 60

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Home CD0501					
Program income	$ 870,699	$ 651,708	$ 22,176	$ 673,884	$ (196,815)
Investment earnings	12,698	8,264	144	8,408	(4,290)
Total revenues	883,397	659,972	22,320	682,292	(201,105)
Expenditures:					
Operating expenditures		399,167	62,402	461,569	
Total expenditures	967,768	399,167	62,402	461,569	506,199
Revenues over (under) expenditures	(84,371)	260,805	(40,082)	220,723	305,094
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	$ -	$ 345,158	(40,082)	$ 305,076	$ 305,076
Fund balance:					
Beginning of year, July 1			345,158		
End of year, June 30			$ 305,076		

Schedule 61

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Program income	$ 138,351	$ 75,924	$ 62,427	$ 138,351	$ -
Expenditures:					
Operating expenditures		18,000	-	18,000	
Capital Outlay		57,924	62,427	120,351	
Total expenditures	138,351	75,924	62,427	138,351	-
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			$ -		

Schedule 62

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, 2011

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

Schedule 63

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Onslow County Board of Education	$ 2,766,985	$ 2,483,040	$ 269,806	$ 2,752,846	$ (14,139)
Investment earnings	8,469	7,376	-	7,376	(1,093)
Total revenues	2,775,454	2,490,416	269,806	2,760,222	(15,232)
Expenditures:					
Salaries and employee benefits		3,030,007	308,607	3,338,614	
Operating expenditures		312,760	75,164	387,924	
Capital outlay		18,125	99,989	118,114	
Total expenditures	4,011,483	3,360,892	483,760	3,844,652	166,831
Revenues (under) expenditures	(1,236,029)	(870,476)	(213,954)	(1,084,430)	151,599
Other financing sources (uses):					
Transfers in--					
From General Fund	1,383,207	1,227,389	155,818	1,383,207	-
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	1,236,029	1,080,212	155,818	1,236,030	1
Net change in fund balance	$ -	$ 209,736	(58,136)	$ 151,600	$ 151,600
Fund balance:					
Beginning of year, July 1			209,736		
End of year, June 30			$ 151,600		

Schedule 64

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Bureau of Justice Grant	$ 113,419	$ 89,698	$ 23,722	$ 113,420	$ 1
NCLM Bulletproof Grant	19,500	17,000	2,500	19,500	-
Total revenues	132,919	106,698	26,222	132,920	1
Expenditures:					
Operating expenditures		186,910	67,342	254,252	
Total expenditures	255,475	186,910	67,342	254,252	1,223
Revenues (under) expenditures	(122,556)	(80,212)	(41,120)	(121,332)	1,224
Other financing sources:					
Transfers in--					
From General Fund	122,556	117,681	4,875	122,556	-
Total other financing sources	122,556	117,681	4,875	122,556	-
Net change in fund balance	$ -	$ 37,469	(36,245)	$ 1,224	$ 1,224
Fund balance:					
Beginning of year, July 1			37,469		
End of year, June 30			$ 1,224		

Schedule 65

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
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):					
Transfers in--					
From General Fund	23,625	-	23,625	23,625	-
Total other financing sources (uses)	23,625	-	23,625	23,625	-
Net change in fund balance	$ -	$ (21,161)	23,625	$ 2,464	$ 2,464
Fund balance:					
Beginning of year, July 1			(21,161)		
End of year, June 30			$ 2,464		

Schedule 66

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Drug enforcement	$ 450,630	$ 385,665	$ 70,852	$ 456,517	$ 5,887
Investment earnings	42,100	31,866	101	31,967	(10,133)
Total revenues	492,730	417,531	70,953	488,484	(4,246)
Expenditures:					
Operating expenditures		384,150	17,362	401,512	
Capital outlay		205,925	3,901	209,826	
Total expenditures	723,811	590,075	21,263	611,338	112,473
Revenues over (under) expenditures	(231,081)	(172,544)	49,690	(122,854)	108,227
Other financing sources (uses):					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
From Special Revenue Fund	2,962	2,961	-	2,961	(1)
Transfers (out)--					
To Special Revenue Fund	(17,048)	(17,048)	-	(17,048)	-
Total other financing sources (uses)	231,081	231,079	-	231,079	(2)
Net change in fund balance	$ -	$ 58,535	49,690	$ 108,225	$ 108,225
Fund balance:					
Beginning of year, July 1			58,535		
End of year, June 30			$ 108,225		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Drug enforcement	$ 143,268	$ 100,086	$ 45,499	$ 145,585	$ 2,317
Investment earnings	25,000	22,655	103	22,758	(2,242)
Total revenues	168,268	122,741	45,602	168,343	75
Expenditures:					
Operating expenditures		90,944	30,439	121,383	
Capital outlay		78,111	7,795	85,906	
Total expenditures	307,856	169,055	38,234	207,289	100,567
Revenues over (under) expenditures	(139,588)	(46,314)	7,368	(38,946)	100,642
Other financing sources (uses):					
Transfers in--					
From General Fund	161,422	161,422	-	161,422	-
Transfers (out)--					
To Special Revenue Fund	(21,834)	(21,834)	-	(21,834)	-
Total other financing sources (uses)	139,588	139,588		139,588	-
Net change in fund balance	$ -	$ 93,274	7,368	$ 100,642	$ 100,642
Fund balance:					
Beginning of year, July 1			93,274		
End of year, June 30			$ 100,642		

Schedule 68

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Victim's Assistance Grant	$ 62,697	$ 52,849	$ 6,852	$ 59,701	$ (2,996)
Total revenues	62,697	52,849	6,852	59,701	(2,996)
Expenditures:					
Salaries and employee benefits		70,259	8,045	78,304	
Operating expenditures		1,297	-	1,297	
Total expenditures	96,232	71,556	8,045	79,601	16,631
Revenues (under) expenditures	(33,535)	(18,707)	(1,193)	(19,900)	13,635
Other financing sources:					
Transfers in--					
From General Fund	11,701	11,701	-	11,701	-
From Special Revenue Fund	21,834	21,834	-	21,834	-
Total other financing sources	33,535	33,535	-	33,535	-
Net change in fund balance	$ -	$ 14,828	(1,193)	$ 13,635	$ 13,635
Fund balance:					
Beginning of year, July 1			14,828		
End of year, June 30			$ 13,635		

Schedule 69

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
JAG Grant - Non ARRA	$ 32,854	$ -	$ 28,393	$ 28,393	$ (4,461)
Total revenues	32,854	-	28,393	28,393	(4,461)
Expenditures:					
Operating expenditures		-	18,496	18,496	
Capital outlay		-	9,897	6,980	
Total expenditures	32,854	-	28,393	25,476	7,378
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			$ -		

Schedule 70

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Robbery Burglary Grant	$ 80,347	$ -	$ 61,307	$ 61,307	$ (19,040)
Total revenues	80,347	-	61,307	61,307	(19,040)
Expenditures:					
Salaries and employee benefits		-	77,548	77,548	
Operating expenditures		-	4,194	4,194	
Capital outlay		-	-	-	
Total expenditures	107,129	-	81,742	81,742	25,387
Revenues (under) expenditures	(26,782)	-	(20,435)	(20,435)	6,347
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	(20,435)	$ 6,347	$ 6,347
Fund balance:					
Beginning of year, July 1			26,782		
End of year, June 30			$ 6,347		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
FY09 Weed and Seed Grant PD0901					
Weed and Seed Grant	$ 150,000	$ 135,662	$ -	$ 135,662	$ (14,338)
Total	150,000	135,662	-	135,662	(14,338)
FY10 Weed and Seed Grant PD1001					
Weed and Seed Grant	142,000	67,134	44,325	111,459	(30,541)
Total	142,000	67,134	44,325	111,459	(30,541)
FY11 Weed and Seed Grant PD1101					
Weed and Seed Grant	$ 157,000	$ -	$ 63,645	$ 63,645	$ (93,355)
Total	157,000	-	63,645	63,645	(93,355)
Total revenues	449,000	202,796	107,970	310,766	(138,234)
Expenditures:					
FY09 Weed and Seed Grant PD0901					
Salaries and employee benefits		84,057	-	84,057	
Operating expenditures		52,490	(46)	52,444	
Total	150,838	136,547	(46)	136,501	14,337
FY10 Weed and Seed Grant PD1001					
Salaries and employee benefits		43,761	22,845	66,606	
Operating expenditures		25,396	20,522	45,918	
Total	144,192	69,157	43,367	112,524	31,668
FY11 Weed and Seed Grant PD1101					
Salaries and employee benefits		-	23,395	23,395	
Operating expenditures		-	40,250	40,250	
Total	157,000	-	63,645	63,645	93,355
Total expenditures	452,030	205,704	106,966	312,670	139,360
Revenues (under) expenditures	(3,030)	(2,908)	1,004	(1,904)	1,126
Other financing sources:					
Transfers in--					
From General Fund	4,959	4,959	-	4,959	-
Transfers (out)--					
To General Fund	(1,929)	(1,928)	-	(1,928)	1
Total other financing sources	3,030	3,031	-	3,031	1
Net change in fund balance	$ -	$ 123	1,004	$ 1,127	$ 1,127
Fund balance:					
Beginning of year, July 1			123		
End of year, June 30			$ 1,127		

Schedule 72

City of Jacksonville, North Carolina
Non-Major Governmental Funds
COPS Universal Hiring Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
COPS Universal Hiring Grant	$ 882,646	$ -	$ 91,724	$ 91,724	$ (790,922)
Total	882,646	-	91,724	91,724	(790,922)
Total revenues	882,646	-	91,724	91,724	(790,922)
Expenditures:					
Salaries and employee benefits		-	91,724	91,724	
Total	882,646	-	91,724	91,724	790,922
Total expenditures	882,646	-	91,724	91,724	790,922
Revenues (under) expenditures	-	-	-	-	(1,581,844)
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			$ -		

Schedule 73

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
JAG Grant - ARRA	$ 111,112	$ -	$ 111,112	$ 111,112	$ -
Installment Purchase	90,640	-	-	-	
Total revenues	201,752	-	111,112	111,112	-
Expenditures:					
Operating expenditures		-	4,381	4,381	
Capital outlay		-	163,571	6,980	
Total expenditures	201,752	-	167,952	11,361	190,391
Revenues (under) expenditures	-	-	(56,840)	(56,840)	(56,840)
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	$ -	$ -	(56,840)	$ (56,840)	$ (56,840)
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ (56,840)		

Schedule 74

City of Jacksonville, North Carolina
Non-Major Governmental Funds
800 MHz Radio System
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Onslow County	$ 127,000	$ -	$ -	$ -	$ (127,000)
Total revenues	127,000	-	-	-	(127,000)
Expenditures:					
Operating expenditures		-	55,767	55,767	
Capital outlay		-	-	-	
Total expenditures	210,500	-	55,767	55,767	154,733
Revenues (under) expenditures	(83,500)	-	(55,767)	(55,767)	27,733
Other financing sources (uses):					
Transfers in--					
From Capital Reserve Fund	83,500	-	83,500	83,500	-
Transfers (out)--					
To Special Revenue Fund	-	-	-	-	-
Total other financing sources (uses)	83,500	-	83,500	83,500	-
Net change in fund balance	$ -	$ -	27,733	$ 27,733	$ 27,733
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 27,733		

Schedule 75

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Justice Assistance Grant-Safe Neighborhoods
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Justice Assistance Grant	$ 21,528	$ -	$ 7,046	$ 7,046	$ (14,482)
Total revenues	21,528	-	7,046	7,046	(14,482)
Expenditures:					
Operating expenditures		-	7,046	7,046	
Capital outlay		-	-	6,980	
Total expenditures	21,528	-	7,046	14,026	7,502
Revenues (under) expenditures	-	-	-	-	-
Other financing sources (uses):					
Transfers in--					
From Capital Reserve 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			$ -		

Schedule 76

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission-Business Watch
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

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

Schedule 77

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, 2011

	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		

Schedule 78

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Phone surcharge fee	$ 1,417,541	$ 1,054,541	$ 420,799	$ 1,475,340	$ 57,799
Investment earnings	20,000	19,270	3,474	22,744	2,744
Total revenues	1,437,541	1,073,811	424,273	1,498,084	60,543
Expenditures:					
Other departmental expenditures		370,708	150,579	521,287	
Capital outlay		321,037	-	321,037	
Total expenditures	1,824,060	691,745	150,579	842,324	981,736
Revenues over (under) expenditures	(386,519)	382,066	273,694	655,760	1,042,279
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	(25,321)	(2,925)	(22,396)	(25,321)	-
To IT Capital Projrct	(44,721)	-	(44,721)	(44,721)	-
Total other financing sources (uses)	386,519	453,634	(67,117)	386,517	(2)
Net change in fund balance	$ -	$ 835,700	206,577	$ 1,042,277	$ 1,042,277
Fund balance:					
Beginning of year, July 1			835,700		
End of year, June 30			$ 1,042,277		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
SAFER Grant	$ 476,800	$ 231,682	$ 152,683	$ 384,365	$ (92,435)
Total revenues	476,800	231,682	152,683	384,365	(92,435)
Expenditures:					
Salaries and employee benefits		292,565	235,613	528,178	
Other department expenditures		16,154	-	16,154	
Total expenditures	722,613	308,719	235,613	544,332	178,281
Revenues (under) expenditures	(245,813)	(77,037)	(82,930)	(159,967)	85,846
Other financing sources:					
Transfers in--					
From General Fund	245,813	110,680	135,133	380,946	135,133
Total other financing sources	245,813	110,680	135,133	245,813	135,133
Net change in fund balance	$ -	$ 33,643	52,203	$ 85,846	$ 85,846
Fund balance:					
Beginning of year, July 1			33,643		
End of year, June 30			$ 85,846		

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, 2011

		Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:						
FY 2006-2007 Jacksonville Transit	**TR0602**					
NCDOT SMAP FY 2006-2007		$ 136,677	$ 136,676	$ -	$ 136,676	$ (1)
NCDOT State match		47,217	34,563	11,233	45,796	(1,421)
FTA Section 5307		650,468	546,651	89,866	636,517	(13,951)
Jacksonville Transit fares		48,564	32,913	-	32,913	(15,651)
ADA fares		5,655	410	-	410	(5,245)
Total		888,581	751,213	101,099	852,312	(36,269)
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	40,952	66,313	(114,147)
FTA Section 5307		1,917,492	528,126	327,615	855,741	(1,061,751)
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		2,349,672	805,205	368,567	1,173,772	(1,175,900)
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		1,439,125	557,984	-	557,984	(881,141)
FY 2010-2011 Jacksonville Transit	**TR1101**					
NCDOT SMAP FY 2009-2010		146,326	-	170,978	170,978	24,652
NCDOT State match		76,109	-	-	-	(76,109)
FTA Section 5307		1,177,754	-	383,274	383,274	(794,480)
Jacksonville Transit fares		115,236	-	105,600	105,600	(9,636)
ADA fares		4,284	-	5,855	5,855	1,571
Miscellaneous			-	56	56	56
Total		1,519,709	-	665,763	665,763	(853,946)
Total revenues		6,197,087	2,114,402	1,135,429	3,249,831	(2,947,256)
Expenditures:						
FY 2006-2007 Jacksonville Transit	**TR0602**					
NCDOT SMAP FY 2006-2007						
Salaries and employee benefits			55,045	-	55,045	
Operating expenditures			429,366	10,492	439,858	
Capital outlay			385,770	101,842	487,612	
Refund to grantor			32,697	-	32,697	
Total		1,024,214	902,878	112,334	1,015,212	9,002

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, 2011

		Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	459,956	747,872	
Refund to grantor			16,644	-	16,644	
Total		2,716,908	977,830	459,956	1,437,786	1,279,122
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		1,699,580	696,583	-	696,583	1,002,997
FY 2010-2011 Jacksonville Transit	**TR1101**					
NCDOT SMAP FY 2010-2011						
Salaries and employee benefits			-	114,034	114,034	
Operating expenditures			-	727,179	727,179	
Capital outlay			-	-	-	
Refund to grantor			-	-	-	
Total		1,821,162	-	841,213	841,213	979,949
Total expenditures		7,261,864	2,577,291	1,413,503	3,990,794	3,271,070
Revenues (under) expenditures		(1,064,777)	(462,889)	(278,074)	(740,963)	323,814
Other financing sources (uses):						
Transfers in--						
From General Fund		1,191,921	890,468	301,453	1,191,921	-
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)	(99,144)	-	(99,144)	28,000
Total other financing sources:		1,064,777	791,324	301,453	1,092,777	28,000
Net change in fund balance		$ -	$ 328,435	23,379	$ 351,814	$ 351,814
Fund balance:						
Beginning of year, July 1				328,435		
End of year, June 30				$ 351,814		

Schedule 81

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, 2011

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	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
ARRA Funding	$ 1,527,492	$ 526,078	$ 47,592	$ 573,670	$ (953,822)
Total revenues	1,527,492	526,078	47,592	573,670	(953,822)
Expenditures:					
Operating expenditures		20,981	47,591	68,572	
Capital outlay		505,098	-	505,098	
Total expenditures	1,527,492	526,079	47,591	573,670	953,822
Revenues (under) expenditures	-	(1)	1		-
Other financing sources:					
Transfers in--					
From General Fund	-	-	-	-	-
Transfers (out)--					
To General Fund	-	-	-	-	-
Total other financing sources (uses)					-
Net change in fund balance	$ -	$ (1)	1	$ -	$ -
Fund balance:					
Beginning of year, July 1			(1)		
End of year, June 30			$ -		

Schedule 82

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance 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	17,533	16,547	-	16,547	986
Revenues over expenditures	170,667	170,667	-	170,667	-
Other financing (uses):					
Transfers (out)--					
To Capital Reserve Fund	(170,000)	(170,000)	-	(170,000)	-
To Major Enterprise Fund	(667)		(667)	(667)	-
Total other financing (uses)	(170,667)	(170,000)	(667)	(170,667)	-
Net change in fund balance	$ -	$ 667	(667)	$ -	$ -
Fund balance:					
Beginning of year, July 1			667		
End of year, June 30			$ -		

Schedule 83

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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		

Schedule 84

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
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			50,000		
End of year, June 30			$ 50,000		

Schedule 85

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
ARRA - EECBG	$ 781,600	$ 101,112	$ 471,775	$ 572,887	$ (208,713)
Total revenues	781,600	101,112	471,775	572,887	(208,713)
Expenditures:					
Operating expenditures		101,112	164,940	266,052	
Capital Outlay		-	306,835	306,835	
Total expenditures	781,600	101,112	471,775	572,887	208,713
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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	$ 1,150,860	$ 1,106,844	$ 5,147	$ 1,111,991	$ (38,869)
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	66,767	66,767	-	66,767	-
Total revenues	1,538,627	1,494,611	5,147	1,499,758	(38,869)
Expenditures:					
Capital outlay:					
Other improvements		15,549,960	182,548	15,732,508	
Total expenditures	17,213,218	15,549,960	182,548	15,732,508	1,480,710
Revenues (under) expenditures	(15,674,591)	(14,055,349)	(177,401)	(14,232,750)	1,441,841
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	6,313,805	5,733,947	432,582	6,166,529	(147,276)
From Capital Reserve Fund	355,702	352,208	3,494	355,702	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--	0				
To General Fund	(463,344)	(463,344)	-	(463,344)	-
To Powell Bill Projects	(912,543)		(912,543)	(912,543)	-
Total other financing sources	15,674,591	16,003,782	(476,467)	15,527,315	(147,276)
Net change in fund balance	$ -	$ 1,948,433	(653,868)	$ 1,294,565	$ 1,294,565
Fund balance:					
Beginning of year, July 1			1,948,433		
End of year, June 30			$ 1,294,565		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Installment Purchase	$ 87,697	$ -	$ -	$ -	$ -
Sale of Assets	112,303	-	112,303	112,303	-
Total revenues	200,000	-	112,303	112,303	(87,697)
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)	112,303	(45,000)	-
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	$ -	$ (112,303)	112,303	$ -	$ -
Fund balance:					
Beginning of year, July 1			(112,303)		
End of year, June 30			$ -		

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Operating expenditures		-	-	-	
Capital Outlay		-	289,434	289,434	
Total expenditures	505,000	-	289,434	289,434	215,566
Revenues (under) expenditures	(505,000)	-	(289,434)	(289,434)	215,566
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	(289,434)	$ 215,566	$ 215,566
Fund balance:					
Beginning of year, July 1			505,000		
End of year, June 30			$ 215,566		

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Sidewalks	$ 8,053	$ 6,438	$ 4,148	$ 10,586	$ 2,533
Total revenues	8,053	6,438	4,148	10,586	2,533
Expenditures:					
Reserve for sidewalk		-	-	-	
Total expenditures	8,053	-	-	-	8,053
Revenues over expenditures	-	6,438	4,148	10,586	10,586
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balance	$ -	$ 6,438	4,148	$ 10,586	$ 10,586
Fund balance:					
Beginning of year, July 1			6,438		
End of year, June 30			$ 10,586		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
FY11 Street Reclamation
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital Improvements		-	-	-	
Total expenditures	520,000	-	-	-	520,000
Revenues over expenditures	(520,000)	-	-	-	520,000
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	520,000	-	520,000	520,000	-
Total other financing sources	520,000	-	520,000	520,000	-
Net change in fund balance	$ -	$ -	520,000	$ 520,000	$ 520,000
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 520,000		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Enouch Lane
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

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

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City of Jacksonville, North Carolina
Non-Major Governmental Funds
FY11 Sidewalks
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital Improvements		-	7,650	7,650	
Total expenditures	198,000	-	7,650	7,650	190,350
Revenues over expenditures	(198,000)	-	(7,650)	(7,650)	190,350
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	198,000	-	198,000	198,000	-
Total other financing sources	198,000	-	198,000	198,000	-
Net change in fund balance	$ -	$ -	190,350	$ 190,350	$ 190,350
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 190,350		

Schedule 93

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NCDOT Partnered Pedestrian Improvements
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital Improvements		-	305,000	305,000	
Total expenditures	305,000	-	305,000	305,000	-
Revenues over expenditures	(305,000)	-	(305,000)	(305,000)	-
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	305,000	-	305,000	305,000	-
Total other financing sources	305,000	-	305,000	305,000	-
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
Bordeaux Street
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Capital Improvements		-	26,912	26,912	
Total expenditures	115,000	-	26,912	26,912	88,088
Revenues over expenditures	(115,000)	-	(26,912)	(26,912)	88,088
Other financing sources:					
Transfers in--					
From General Fund - Powell Bill	115,000	-	115,000	115,000	-
Total other financing sources	115,000	-	115,000	115,000	-
Net change in fund balance	$ -	$ -	88,088	$ 88,088	$ 88,088
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 88,088		

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, 2011

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 2,165,514	$ 2,165,563	$ 1,116	$ 2,166,679	$ 1,165
Investment earnings-Powell Bill	28,736	28,638	-	28,638	(98)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	281,452	280,365	1,087	281,452	-
Miscellaneous	38,000	37,789	-	37,789	(211)
Total revenues	2,566,702	2,565,355	2,203	2,567,558	856
Expenditures:					
Initiatives FY '99		-	-	-	
Reserve for debt retirement		-	-	-	
Reserve for recreation		-	-	-	
Total expenditures	1,026,321	-	-	-	1,026,321
Revenues over expenditures	1,540,381	2,565,355	2,203	2,567,558	1,027,177
Other financing sources (uses):					
Transfers in--					
From General Fund	17,705,753	16,336,563	1,369,190	17,705,753	-
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	603,721	429,215	151,128	580,343	(23,378)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,423,972	1,040,000	383,972	1,423,972	-
Transfers (out)--					
To General Fund	(7,407,333)	(6,822,082)	(491,427)	(7,313,509)	93,824
To Capital Project Fund	(15,491,470)	(15,204,124)	(287,344)	(15,491,468)	2
To Proprietary Fund	(3,681,942)	(3,324,839)	(357,393)	(3,682,232)	(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)	(1,540,381)	(2,238,349)	768,126	(1,470,223)	70,158
Net change in fund balance	$ -	$ 327,006	770,329	$ 1,097,335	$ 1,097,335
Fund balance:					
Beginning of year, July 1			327,006		
End of year, June 30			$ 1,097,335		

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, 2011
With Comparative Totals for June 30, 2010

	Stormwater/Water Quality Fund Totals	
	June 30, 2011	**June 30, 2010**
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,522,304	$ 1,338,977
Accounts receivable (net)	106,158	110,119
Prepaid Expenses	-	599
Interfund receivable	-	-
Total Current Assets	1,628,462	1,449,695
Noncurrent Assets:		
Restricted cash and cash equivalents	3,326,690	3,810
Capital assets (net)	3,107,453	1,698,097
Total Noncurrent Assets	6,434,143	1,701,907
Total Assets	8,062,605	3,151,602
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	64,729	42,047
Installment purchases payable-current	470,369	112,806
Interfund payable	45,000	11,533
Compensated absences - current	28,997	28,554
Total Current Liabilities	609,095	194,940
Noncurrent Liabilities:		
Compensated absences payable	20,901	12,220
Installment purchases payable-noncurrent	3,690,752	147,759
Total Noncurrent Liabilities	3,711,653	159,979
Total Liabilities	4,320,748	354,919
Net Assets		
Invested in capital assets, net of related debt	2,273,022	1,441,342
Unrestricted	1,468,835	1,355,341
Total Net Assets	$ 3,741,857	$ 2,796,683

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Stormwater/Water Quality Fund Totals	
	June 30, 2011	June 30, 2010
Operating revenues:		
Total operating revenues	$ 2,086,443	$ 2,077,406
Operating expenses:		
Pubic Works	1,721,714	1,560,749
Depreciation	187,219	135,581
Total operating expenses	1,908,933	1,696,330
Operating income	177,510	381,076
Nonoperating revenues (expenses):		
Restricted state	-	6,536
Investment earnings	6,555	4,897
Gain on sale of fixed assets	1,700	3,104
Tax rebate - Build America Bond interest	24,252	-
Miscellaneous	464	373
Interest on long-term debt	(90,233)	(10,574)
Total nonoperating revenues	(57,262)	4,336
Income before contributions and transfers	120,248	385,412
Capital Contributions		
Developer contributions	895,011	788,055
Total contributions	895,011	788,055
Income before transfers	1,015,259	1,173,467
Operating transfers		
Transfers in	5,000	-
Transfers out	(75,085)	(78,185)
Total transfers	(70,085)	(78,185)
Change in Net Assets	945,174	1,095,282
Net assets:		
Beginning of year, July 1	2,796,683	1,701,401
End of year, June 30	$ 3,741,857	$ 2,796,683

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Stormwater/Water Quality Totals	
	June 30, 2011	June 30, 2010
Cash flows from operating activities:		
Cash received from customers	$ 2,105,571	$ 2,065,308
Cash paid for goods and services	(475,725)	(376,219)
Cash paid to employees	(1,228,750)	(1,162,331)
Net cash provided by operating activities	401,096	526,758
Cash flows from noncapital financing activities:		
Transfers in	5,000	-
Transfers (out)	(75,085)	(78,185)
Advances from other funds	33,467	(1,624)
Advances to other funds	-	976,658
Miscellaneous	464	373
Restricted State Revenue	-	6,536
Net cash (used) by noncapital financing activities	(36,154)	903,758
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(299,544)	(109,921)
Interest paid on long term debt	(90,233)	(10,574)
Tax rebate - Build America Bond interest	24,252	-
Debt issued	4,200,100	25,756
Purchase of capital assets	(701,565)	(229,214)
Sale of fixed assets	1,700	3,104
Net cash (used) by capital and related financing activities	3,134,710	(320,849)
Cash flows from investing activities:		
Interest earned on investments	6,555	4,897
Net cash provided by investing activities	6,555	4,897
Net increase (decrease) in cash and cash equivalents	3,506,207	1,114,564
Cash and cash equivalents, July 1	1,342,787	228,223
Cash and cash equivalents, June 30	$ 4,848,994	$ 1,342,787
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 177,510	$ 381,076
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	187,219	135,581
Bad debt expense	(15,166)	10,815
Change in assets and liabilities:		
Increase (decrease) in compensated absenses payable	9,124	(2,772)
(Increase) decrease in accounts receivable	19,128	(12,098)
Increase (decrease) in accounts payable	22,682	14,755
(Increase) decrease in prepaid expenses	599	(599)
Total adjustments	223,586	145,682
Net cash provided by operating activities	$ 401,096	$ 526,758
Noncash investing, capital, and financing activities:		
Capital contributed by developers	$ 895,011	$ 788,055

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Commercial fees	$ 1,377,000	$ 1,399,803	$ 22,803	$ 1,402,386
Residential fees	686,000	640,240	(45,760)	652,870
Permits and fees	39,150	46,400	7,250	22,150
Total operating revenues	2,102,150	2,086,443	(15,707)	2,077,406
Nonoperating revenues:				
Restricted - State	-	-	-	6,536
Interest earned on investments	7,202	6,555	(647)	4,897
Gain on sale of fixed assets	1,000	1,700	700	3,104
Tax rebate - Build America Bond interest	24,252	24,252	-	-
Miscellaneous revenue	-	464	464	373
Developer contributions	-	895,011	895,011	788,055
Total nonoperating revenues	32,454	927,982	895,528	802,965
Total revenues	2,134,604	3,014,425	879,821	2,880,371
Expenses:				
Stormwater/Water Quality				
Salaries and employee benefits		913,896		858,420
Supplies		48,540		37,789
Insurance		15,654		16,227
Maintenance and repair		17,621		25,312
Contracted services		27,897		11,614
Contracted services-internal service		103,702		77,691
Bad debt expense		(15,166)		10,815
Other expenses		285,592		221,742
Overhead allocation from General Fund		323,978		301,139
Total	1,906,743	1,721,714	185,029	1,560,749
Budgetary appropriations:				
Interest paid	227,016	90,233	136,783	10,574
Debt principal	548,710	299,544	249,166	109,921
(Increase) in compensated absences payable	-	(9,124)	9,124	(2,772)
Debt issued	(123,000)	(4,200,100)	4,077,100	(25,756)
Transfers in--				
From General Fund	(5,000)	(5,000)	-	-
Transfers out--				
To General Fund	75,085	75,085	-	78,185
To Capital Projects	216,970	216,970	-	-
Capital outlay	266,475	253,694	12,781	188,049
Appropriated retained earnings	(978,395)	-	(978,395)	-
Total budgetary appropriations	227,861	(3,278,698)	3,506,559	358,201
Total expenses	$ 2,134,604	$ (1,556,984)	$ 3,691,588	$ 1,918,950

Continued on next page.

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	**Actual**	**Variance Positive (Negative)**	**Actual**
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		$ 3,014,425		$ 2,880,371
Total expenses		(1,556,984)		1,918,950
Excess of revenues over expenses		4,571,409		961,421
Budgetary appropriations (above):				
Payment of debt principal		299,544		109,921
Debt issued		(4,200,100)		(25,756)
(Increase) in compensated absences payable		(9,124)		(2,772)
Transfers		216,970		-
Capital outlay		253,694		188,049
Total budgetary appropriations		(3,439,016)		269,442
Depreciation (Statement 85)		(187,219)		(135,581)
Change in Net Assets (Statement 85)		$ 945,174		$ 1,095,282

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

Schedule 100

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	$ 1,800	$ -	$ 1,938	$ 1,938	$ 138
Total revenues	1,800	-	1,938	1,938	138
Expenses:					
Capital outlay:					
Brynn Marr Area	1,617,136	98,026	16,046	114,072	1,503,064
Parkwood Area	4,272,467	485,795	236,142	721,937	3,550,530
Heritage Square	148,500	5,500	400	5,900	142,600
Downtown Central/Wilson Bay	850,910	-	27,435	27,435	823,475
Country Club/Sandy Run	233,300	-	10,545	10,545	222,755
Total expenses	7,122,313	589,321	290,568	879,889	6,242,424
Revenues (under) expenses	(7,120,513)	(589,321)	(288,630)	(877,951)	6,242,562
Other financing sources:					
Debt issued--					
Installment purchases	5,340,333	-	3,987,697	3,987,697	(1,352,636)
Loans payable - SRF	1,457,210	-	-	-	(1,457,210)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
From Proprietary Fund	256,970	40,000	216,970	256,970	-
Total other financing sources	7,120,513	106,000	4,204,667	4,310,667	(2,809,846)
Net change in fund balance	$ -	$ (483,321)	3,916,037	$ 3,432,716	$ 3,432,716
Fund Balance:					
Beginning of year, July 1			(483,321)		
End of year, June 30			$ 3,432,716		

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, 2011
With Comparative Totals for June 30, 2010

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Self Insurance	Totals June 30, 2011	Totals June 30, 2010
Assets							
Current Assets:							
Cash and cash equivalents	$ 284,825	$ 278,668	$ 277,273	$ 633,730	$ 1,181,803	$ 2,656,299	$ 1,721,984
Accounts receivable (net)	436	769	1,092	190	419	2,906	12,059
Interfund receivables	-	-	-	-	-	-	286,495
Inventories	92,683	-	-	-	-	92,683	48,825
Prepaid items	-	-	2,152	-	76,100	78,252	131,566
Total Current Assets	377,944	279,437	280,517	633,920	1,258,322	2,830,140	2,200,929
Noncurrent Assets:							
Restricted cash and cash equivalents	-	-	2	-	-	2	2,508
Capital Assets:							
Capital assets (net)	21,345	-	431,819	169,473	-	622,637	279,458
Total Assets	399,289	279,437	712,338	803,393	1,258,322	3,452,779	2,482,895
Liabilities							
Current Liabilities:							
Accounts payable and accrued liabilities	44,232	12,455	85,551	322,321	367,923	832,482	879,927
Interfund payable	-	-	-	-	-	-	15,964
Current portion of long-term debt	3,935	-	55,276	-	-	59,211	13,167
Total Current Liabilities	48,167	12,455	140,827	322,321	367,923	891,693	909,058
Noncurrent Liabilities:							
Compensated absences payable	17,108	4,404	63,859	26,074	-	111,445	114,036
Noncurrent portion of long-term debt	9,566	-	79,640	-	-	89,206	13,501
Total Noncurrent Liabilities	26,674	4,404	143,499	26,074	-	200,651	127,537
Total Liabilities	74,841	16,859	284,326	348,395	367,923	1,092,344	1,036,595
Net Assets							
Invested in capital assets, net of related debt	7,844	-	296,905	169,473	-	474,222	252,790
Unrestricted	316,604	262,578	131,107	285,525	890,399	1,886,213	1,193,510
Total Net Assets	$ 324,448	$ 262,578	$ 428,012	$ 454,998	$ 890,399	$ 2,360,435	$ 1,446,300

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals June 30, 2011	Totals June 30, 2010
Operating revenues:							
Charges to other funds	$ 2,154,144	$ 235,108	$ 2,392,145	$420,237	$3,057,729	$8,259,363	$ 7,200,872
Miscellaneous revenue	3,884	44	28,121	63,181	1,289,692	1,384,922	1,462,201
Total operating revenues	2,158,028	235,152	2,420,266	483,418	4,347,421	9,644,285	8,663,073
Operating expenses:							
Operations	2,113,434	218,654	2,286,935	495,808	3,693,904	8,808,735	9,047,402
Depreciation	8,369	-	180,136	41,813	-	230,318	196,921
Total operating expenses	2,121,803	218,654	2,467,071	537,621	3,693,904	9,039,053	9,244,323
Operating income (loss)	36,225	16,498	(46,805)	(54,203)	653,517	605,232	(581,250)
Nonoperating revenues (expenses):							
Investment earnings	425	474	1,262	885	1,220	4,266	3,108
Gain (loss) on sale of capital asse	130	-	25,657	-	-	25,787	11,288
Interest on long-term debt	(385)	-	(1,148)	-	-	(1,533)	(2,901)
Total nonoperating revenues	170	474	25,771	885	1,220	28,520	11,495
Income (loss) before transfers	36,395	16,972	(21,034)	(53,318)	654,737	633,752	(569,755)
Operating transfers:							
Transfers in	-	-	44,721	-	235,662	280,383	455,824
Transfers (out)	-	-	-	-	-	-	(81)
Total transfers	-	-	44,721	-	235,662	280,383	455,743
Net income (loss)	36,395	16,972	23,687	(53,318)	890,399	914,135	(114,012)
Net assets:							
Beginning of year, July 1	288,053	245,606	404,325	508,316	-	1,446,300	1,560,312
End of year, June 30	$ 324,448	$ 262,578	$ 428,012	$454,998	$ 890,399	$2,360,435	$ 1,446,300

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Self Insurance	Totals June 30, 2011	Totals June 30, 2010
Cash flows from operating activities:							
Cash receipts from interfund services provided	$ 2,157,681	$ 235,183	$ 2,420,451	$ 483,577	$4,356,542	$9,653,434	$8,673,859
Cash payments for interfund services (used)	(2,148,877)	(216,544)	(2,242,716)	(182,983)	(4,058,192)	(8,849,312)	(8,422,495)
Net cash provided (used) by operating activities	8,804	18,639	177,735	300,594	298,350	804,122	251,364
Cash flows from noncapital financing activities:							
Transfers in / (out)	-	-	44,721	-	235,662	280,383	455,743
Advances from other funds	(5,463)	(1,214)	(7,466)	(1,821)	-	(15,964)	15,243
Advances (to) other funds	-	-	-	-	286,495	286,495	(61,738)
Net cash provided (used) by noncapital financing activities	(5,463)	(1,214)	37,255	(1,821)	522,157	550,914	409,248
Cash flows from capital and related financing activities:							
Principal paid on long-term debt	(4,815)	-	(40,436)	-	-	(45,251)	(115,585)
Interest paid on long-term debt	(385)	-	(1,148)	-	-	(1,533)	(2,901)
Debt issued	-	-	167,000	-	-	167,000	19,576
Purchase of capital assets	-	-	(382,546)	(165,950)	-	(548,496)	(164,664)
Proceeds from sale of assets	130	-	657	-	-	787	4,554
Net cash (used) for capital and related financing activities	(5,070)	-	(256,473)	(165,950)	-	(427,493)	(259,020)
Cash flows from investing activities:							
Interest earned on investments	425	474	1,262	885	1,220	4,266	3,108
Net cash provided by investing activities	425	474	1,262	885	1,220	4,266	3,108
Net increase (decrease) in cash and cash equivalents	(1,304)	17,899	(40,221)	133,708	821,727	931,809	404,700
Cash and cash equivalents, July 1	286,129	260,769	317,496	500,022	360,076	1,724,492	1,319,792
Cash and cash equivalents, June 30	$ 284,825	$ 278,668	$ 277,275	$ 633,730	$1,181,803	$2,656,301	$1,724,492
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	$ 36,225	$ 16,498	$ (46,805)	$ (54,203)	$ 653,517	$ 605,232	$ (581,250)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	8,369	-	180,136	41,813	-	230,318	196,921
Change in assets and liabilities:							
Increase (decrease) in compensated absences payable	(4,100)	(208)	281	1,437	-	(2,590)	2,419
(Increase) decrease in prepaid expenses	-	-	(1,843)	-	55,157	53,314	(131,266)
Increase (decrease) in accounts payable	12,515	2,318	45,781	311,388	(419,445)	(47,443)	743,560
(Increase) decrease in inventories	(43,858)	-	-	-	-	(43,858)	10,194
(Increase) decrease accounts receivable	(347)	31	185	159	9,121	9,149	10,786
Total adjustments	(27,421)	2,141	224,540	354,797	(355,167)	198,890	832,614
Net cash provided (used) by operating activities	$ 8,804	$ 18,639	$ 177,735	$ 300,594	$ 298,350	$ 804,122	$ 251,364

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	$ 115	$ 425	$ 310	$ 313
Charges for services	2,065,421	2,154,144	88,723	1,776,086
Sales of capital assets	3,000	130	(2,870)	2,860
Other operating revenues	-	3,884	3,884	3,400
Total revenues	2,068,536	2,158,583	90,047	1,782,659
Expenses:				
Salaries and employee benefits		493,930		490,911
Fuel		5,955		4,938
Utilities		24,256		24,693
Maintenance and repair		1,484,869		1,142,898
Other departmental expenses		104,424		115,650
Total	2,059,602	2,113,434	(53,832)	1,779,090
Budgetary appropriations:				
Interest paid	389	385	4	350
Debt principal	4,815	4,815	-	8,481
Debt issued	-	-	-	(19,576)
Increase (decrease) in inventory	-	43,858	(43,858)	(10,194)
(Increase) decrease in compensated absences payable	-	4,100	(4,100)	(3,216)
Capital outlay	-	-	-	17,072
Appropriated retained earnings	3,730	-	3,730	-
Total budgetary appropriations	8,934	53,158	(44,224)	(7,083)
Total expenses	$ 2,068,536	$ 2,166,592	$ (98,056)	$ 1,772,007

Reconciliation of modified accrual basis to full accrual basis:

Total revenues	$ 2,158,583	$ 1,782,659
Total expenses	2,166,592	1,772,007
Excess of revenues over (under) expenses	(8,009)	10,652
Budgetary appropriations (above):		
Payment of debt principal	4,815	8,481
Debt issued	-	(19,576)
Increase (decrease) in inventory	43,858	(10,194)
(Increase) decrease in compensated absences payable	4,100	(3,216)
Capital outlay	-	17,072
Total budgetary appropriations	52,773	(7,433)
Depreciation (Statement 90)	(8,369)	(11,248)
Net income (loss) (Statement 90)	$ 36,395	$ (8,029)

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

Schedule 105

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	$ 973	$ 474	$ (499)	$ 626
Charges for services	256,480	$ 235,108	(21,372)	248,673
Other operating revenues	-	$ 44	44	2,079
Total revenues	257,453	$ 235,626	(21,827)	251,378
Expenses:				
Salaries and employee benefits		77,699		75,098
Utilities		90,059		85,495
Maintenance and repair		10,015		8,482
Other departmental expenses		40,881		48,665
Total	256,899	218,654	38,245	217,740
Budgetary appropriations:				
(Increase) decrease in compensated absences payable		208	(208)	(1,583)
Appropriated retained earnings	554	-	554	-
Total budgetary appropriations	554	208	346	(1,583)
Total expenses	$ 257,453	$ 218,862	$ 38,591	$ 216,157

Reconciliation of modified accrual basis to full accrual basis:

Total revenues	$ 235,626	$ 251,378
Total expenses	218,862	216,157
Excess of revenues over expenses	16,764	35,221
Budgetary appropriations (above):		
(Increase) decrease in compensated absences payable	208	(1,583)
Total budgetary appropriations	208	(1,583)
Net income (Statement 90)	$ 16,972	$ 33,638

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	$ 1,423	$ 1,262	$ (161)	$ 960
Charges for services	2,851,943	2,392,145	(459,798)	2,098,184
Sales of capital assets	7,000	25,657	18,657	8,428
Other operating revenues	-	28,121	28,121	8,056
Total revenues	2,860,366	2,447,185	(413,181)	2,115,628
Expenses:				
Salaries and employee benefits		924,565		875,448
Fuel		815		886
Maintenance and repair		5,398		5,984
Contracted services		65,983		42,027
Other departmental expenses		1,290,174		1,148,847
Total	2,561,406	2,286,935	274,471	2,073,192
Budgetary appropriations:				
Interest paid	5,115	1,148	3,967	2,436
Debt principal	60,940	40,436	20,504	98,115
Debt issued	(196,000)	(167,000)	-	-
Transfers				
(In) from Special Revenue Fund	(44,721)	(44,721)	-	-
Out to Capital Project Fund	40,000	40,000	-	40,000
Out to General Fund	-	-	-	81
(Increase) decrease in compensated absences payable	-	(281)	281	(760)
Increase (decrease) in prepaid expense	-	1,843	(1,843)	9
Capital outlay	422,314	382,546	39,768	147,592
Appropriated retained earnings	11,312	-	11,312	-
Total budgetary appropriations	298,960	253,971	73,989	287,473
Total expenses	$ 2,860,366	$ 2,540,906	$ 348,460	$ 2,360,665

Reconciliation of modified accrual basis to full accrual basis:

Total revenues	$ 2,447,185	$ 2,115,628
Total expenses	2,540,906	2,360,665
Excess of revenues over (under) expenses	(93,721)	(245,037)
Budgetary appropriations (above):		
Payment of debt principal	40,436	98,115
Debt issued	(167,000)	-
Transfer to Capital Project (Schedule 95)	40,000	40,000
(Increase) decrease in compensated absences payable	(281)	(760)
Increase (decrease) in prepaid expense	1,843	9
Capital outlay	382,546	147,592
Total budgetary appropriations	297,544	284,956
Depreciation (Statement 90)	(180,136)	(170,282)
Net income (Statement 90)	$ 23,687	$ (130,363)

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

Schedule 107

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, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	$ 787	$ 787	$ -	$ 787	$ -
Total revenues	787	787	-	787	-
Expenses:					
Capital outlay:					
AS400 Life Cycle DP0601	340,787	167,613	-	167,613	173,174
Total expenses	340,787	167,613	-	167,613	173,174
Revenues over (under) expenses	(340,000)	(166,826)	-	(166,826)	173,174
Other financing sources (uses):					
Debt issued	180,000	180,000	-	180,000	-
Transfers in--					
From ITS Fund	160,000	120,000	40,000	160,000	-
Total other financing sources	340,000	300,000	40,000	340,000	-
Excess of revenues and other sources over expenses	$ -	$ 133,174	$ 40,000	$ 173,174	$ 173,174

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	$ 1,483	$ 885	$ (598)	$ 1,189
Charges for services	458,441	420,237	(38,204)	243,507
Sales of capital assets	-	-	-	-
Other operating revenues	84,600	63,181	(21,419)	75,621
Total revenues	544,524	484,303	(60,221)	320,317
Expenses:				
Salaries and employee benefits		195,193		167,407
Maintenance and repair		555		-
Contracted services		5,000		-
Other departmental expenses		295,060		146,662
Total	660,197	495,808	164,389	314,069
Budgetary appropriations:				
Interest paid	-	-	-	115
Debt principal	-	-	-	8,989
(Increase) decrease in compensated absences payable	-	(1,437)	1,437	3,140
Increase (decrease) in prepaid expense	-	-	-	-
Capital outlay	196,685	165,950	30,735	-
Appropriated retained earnings	(312,358)	-	(312,358)	-
Total budgetary appropriations	(115,673)	164,513	(280,186)	12,244
Total expenses	$ 544,524	$ 660,321	$ (115,797)	$ 326,313

Reconciliation of modified accrual basis to full accrual basis:

Total revenues	$ 484,303	$ 320,317
Total expenses	660,321	326,313
Excess of revenues over expenses	(176,018)	(5,996)
Budgetary appropriations (above):		
Payment of debt principal	-	8,989
Debt issued	-	-
(Increase) decrease in compensated absences payable	(1,437)	3,140
Increase (decrease) in prepaid expense	-	-
Capital outlay	165,950	-
Total budgetary appropriations	164,513	12,129
Depreciation (Statement 90)	(41,813)	(15,391)
Net income (Statement 90)	$ (53,318)	$ (9,258)

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	$ 800	$ 1,220	$ 420	$ 20
Charges for services	3,095,303	3,057,729	(37,574)	2,834,422
Other operating revenues	1,263,246	1,289,692	26,446	1,373,045
Total revenues	4,359,349	4,348,641	(10,708)	4,207,487
Expenses:				
Salaries and employee benefits		3,693,904		4,663,311
Other departmental expenses		-		-
Total	4,595,011	3,693,904	901,107	4,663,311
Budgetary appropriations:				
Transfers				
(In) from General Fund	(200,000)	(200,000)	-	(205,041)
(In) from Proprietary Fund	(35,662)	(35,662)	-	(250,783)
Total budgetary appropriations	(235,662)	(235,662)	-	(455,824)
Total expenses	$ 4,359,349	$ 3,458,242	$ 901,107	$ 4,207,487
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		$ 4,348,641		$ 4,207,487
Total expenses		3,458,242		4,207,487
Excess of revenues over expenses		$ 890,399		$ -

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, 2011 and 2010

	2011	2010
Governmental funds capital assets:		
Land	$ 2,015,240	$ 1,989,884
Land Rights	1,791,964	757,082
Buildings	21,555,862	20,419,552
Equipment	5,432,698	5,268,046
Software	662,687	691,813
Heavy equipment	470,316	470,316
Vehicles	8,850,237	8,314,278
Infrastructure	43,406,850	39,689,839
Improvements other than buildings	9,691,147	9,345,208
Construction in progress	8,118,886	7,174,619
Total governmental funds capital assets	$ 101,995,887	$ 94,120,637
Investment in governmental funds capital assets		
General Fund	$ 41,880,033	$ 41,734,708
Major Capital Project Fund	43,475,383	41,234,698
Non-Major Governmental Funds	5,159,565	4,136,802
Donations, court awards, etc.	11,480,906	7,014,429
Total investment in governmental funds capital assets	$ 101,995,887	$ 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.

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2011

	Land	Land Rights	Buildings	Equipment	Software
General Government:					
Human Resources	$ -	$ -	$ -	$ -	$ 6,255
Finance	-	-	-	31,992	19,825
Planning	-	-	-	-	-
Other-Unclassified	1,244,887	-	8,933,704	125,769	22,470
Total General Government	1,244,887	-	8,933,704	157,761	48,550
Public Works:					
Inspections	-	-	-	-	15,835
Code Enforcement	-	-	-	-	-
Public Works	-	-	-	-	-
Engineering	-	-	-	17,344	18,277
Maintenance	-	-	10,689	72,918	-
Steets Powell Bill	67,500	1,791,964	100,209	37,007	-
Street Non-Powell Bill	-	-	-	251,828	-
Total Public Works	67,500	1,791,964	110,898	379,097	34,112
Public Safety:					
Police	2,757	-	832,505	3,500,882	443,866
Animal Control	-	-	22,173	-	-
Fire	27,000	-	2,134,776	627,380	103,764
Total Public Safety	29,757	-	2,989,454	4,128,262	547,630
Cultural and Recreational:					
Recreation	673,096	-	8,757,614	460,743	32,395
Economic Development:					
Economic Development	-	-	764,192	306,835	-
Construction in progress	-	-	-	-	-
Total governmental funds capital assets	$ 2,015,240	$ 1,791,964	$ 21,555,862	$ 5,432,698	$ 662,687

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
-	-	-	-	-	51,817
-	21,543	-	-	-	21,543
-	-	-	203,163	-	10,529,993
-	21,543	-	203,163	-	10,609,608
-	182,655	-	-	-	198,490
-	42,234	-	-	-	42,234
-	19,929	12,433,608	-	-	12,453,537
-	12,456	-	-	-	48,077
-	307,134	-	-	-	390,741
343,930	148,438	28,633,006	305,000	-	31,427,054
24,004	444,106	397,460	-	-	1,117,398
367,934	1,156,952	41,464,074	305,000	-	45,677,531
5,995	3,123,738	-	87,036	-	7,996,779
-	-	-	-	-	22,173
18,111	3,067,847	-	-	-	5,978,878
24,106	6,191,585	-	87,036	-	13,997,830
78,276	418,324	1,942,776	9,047,348	-	21,410,572
-	1,061,833	-	48,600	-	2,181,460
-	-	-	-	8,118,886	8,118,886
$ 470,316	$ 8,850,237	$ 43,406,850	$ 9,691,147	$ 8,118,886	$ 101,995,887

Schedule 112

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, 2011

	Capital Assets 2010	Additions	Deductions	Transfers	Capital Assets 2011
General Government:					
Human Resources	$ 6,255	$ -	$ -	$ -	$ 6,255
Finance	43,817	8,000	-	-	51,817
Planning	21,543	-	-	-	21,543
Other-unclassified	10,317,306	212,687	-	-	10,529,993
Total General Government	10,388,921	220,687	-	-	10,609,608
Public Works:					
Inspections	186,033	21,511	9,054	-	198,490
Code Enforcement	42,234	-	-	-	42,234
Public Works	12,453,537	-	-		12,453,537
Engineering	48,077	-	-	-	48,077
Maintenance	339,325	33,705	-	17,711	390,741
Streets	26,076,968	5,214,196	157,303	293,193	31,427,054
Streets Non-Powell Bill	1,394,583	-	-	(277,185)	1,117,398
Total Public Works	40,540,757	5,269,412	166,357	33,719	45,677,531
Public Safety:					
Police	7,881,994	691,802	540,955	(36,062)	7,996,779
Animal Control	22,173	-	-	-	22,173
Fire	5,919,033	59,845	-	-	5,978,878
Total Public Safety	13,823,200	751,647	540,955	(36,062)	13,997,830
Cultural and Recreational:					
Recreation	20,825,903	467,947	2,905	119,627	21,410,572
Economic Development:					
Economic Development	1,367,237	931,060	-	(116,837)	2,181,460
Construction in progress	7,174,619	1,101,570	-	(157,303)	8,118,886
Total governmental funds capital assets	$ 94,120,637	$ 8,742,323	$ 710,217	$ (156,856)	$ 101,995,887

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, 2011

	Amounts Presented on Statements	Cost Value	Fair Value	
Cash:				
On hand	$ 7,699	$ 7,699	$ 7,699	
In demand deposits				
In time deposits				
Certificates of deposit	8,764,069	8,764,069	8,764,069	(a)(b)
NOW, SuperNOW, and money market	6,166,829	6,166,829	6,166,829	
Discretely Presented Component Unit - TDA	665,848	665,848	665,848	
Total cash	$ 15,604,445	$ 15,604,445	$ 15,604,445	
Other Investments:				
North Carolina Capital Management Trust	32,460,793	32,460,793	32,460,793	
U.S. Government Agencies [Registered in the City's name and held by the City's agent in the City's name]	7,515,695	7,500,000	7,515,695	
Commercial Paper [Held by dealer bank's trust department in the City's name]	10,941,822	10,941,822	10,941,822	
Other Investments - Loan Proceeds [Held by escrow agent in City's name]	17,457,462	17,457,464	17,457,464	
Total other investments	68,375,772	68,360,079	68,375,774	
Total cash and investments	$ 83,980,217	$ 83,964,524	$ 83,980,219	
Distribution by Funds:				
Major General:				
Unrestricted		$ 13,561,146		
Restricted		1,840,521	$ 15,401,667	
Major Capital Projects:				
Unrestricted		7,001,287		
Restricted		-	7,001,287	
Major Water and Sewer:				
Unrestricted		32,747,544		
Restricted		13,811,150	46,558,694	
Major Solid Waste:				
Unrestricted		210,253		
Restricted		3	210,256	
Non-Major Governmental:				
Unrestricted		2,149,009		
Restricted		4,143,860	6,292,869	
Non-Major Enterprise:				
Unrestricted		1,522,304		
Restricted		3,326,690	4,848,994	
Internal Service:				
Unrestricted		2,656,299		
Restricted		2	2,656,301	
Trust			344,301	
Discretely Presented Component Unit - TDA			665,848	
Total			$ 83,980,217	

(a) Note: $625,000 Certificate of Deposit is a compensating balance requirement and is non-interest bearing.

(b) Note: $139,069 Certificate of Deposit is a surety deposit held in the City's name on a developer's behalf.

Schedule 114

City of Jacksonville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-11	$ -	$ 18,696,869	$ 18,083,308	$ 613,561
2009-10	703,068		459,259	243,809
2008-09	322,225		84,368	237,857
2007-08	182,480		34,766	147,714
2006-07	109,638		7,592	102,046
2005-06	297,729		2,422	295,307
2004-05	192,136		1,947	190,189
2003-04	70,507		2,120	68,387
2002-03	77,038		692	76,346
2001-02	70,971		415	70,556
2000-01	61,560		61,560	-
	$ 2,087,352	$ 18,696,869	$ 18,738,449	$ 2,045,772
Less allowance for uncollected ad valorem taxes receivable				362,157
Ad valorem taxes receivable - net				$ 1,683,615

Reconcilement with revenues:

Taxes - ad valorem - general fund	$ 18,379,808	
Penalties and interest	151,625	$ 18,531,433
Reconciling items:		
Discoveries and abatements - Net		100,868
PY Discovery		0
Taxes written off		61,283
Refunds		147,289
Interest Collected		(102,424)
Total collections and credits per above		$ 18,738,449

City of Jacksonville, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2011

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current	$ 3,371,187,393	0.538	$ 18,136,988	$ 17,189,576	$ 947,413
Registered motor vehicles taxed at prior year's rate	$ 127,636,059	0.538	686,682	-	686,682
Penalties			52,650	52,650	-
	3,498,823,453		18,876,320	17,242,226	1,634,095
Discoveries:					
Current year taxes and prior year taxes	40,451,859	0.538	217,631	190,904	26,727
Total	40,451,859		217,631	190,904	26,727
Abatements	(89,823,449)		(397,082)	(169,088)	(227,994)
Total Property Valuation	$ 3,449,451,862				
Net Levy			18,696,869	17,264,042	1,432,828
Less Uncollected tax at June 30, 2011 (Schedule 96)			(613,561)	(313,040)	(300,521)
Current year's taxes collected			$ 18,083,308	$ 16,951,002	$ 1,132,307
Percent current year collected			96.72%	98.19%	79.03%

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 Nine Fiscal Years
(accrual basis of accounting)

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

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

City of Jacksonville, North Carolina
Changes in Net Assets
Last Nine 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
Beer and Wine tax	-	-	-	-
Gross receipts tax on short-term vehicle leases	72,801	83,085	78,488	98,316
Unrestricted grants and contributions	3,553,126	2,022,642	1,923,562	2,009,963
Investment earnings	406,151	308,172	594,463	844,477
Miscellaneous	417,465	1,571,161	3,079,850	2,076,432
Transfers	397,460	(107,872)	(1,316,668)	(2,461,530)
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**	**2011**
$ 6,347,845	$ 5,366,793	$ 5,517,241	$ 5,596,384	$ 6,792,452
5,197,251	5,284,092	5,786,244	3,882,329	6,533,211
14,843,992	16,607,850	18,040,904	20,979,364	19,198,958
309,052	746,743	851,295	814,390	1,163,709
5,200	-	-	-	-
3,080,676	3,570,991	4,129,539	4,915,686	5,021,989
252,897	361,140	311,838	258,864	221,531
30,036,913	31,937,609	34,637,061	36,447,017	38,931,850
705,226	779,463	901,203	898,699	250,468
795,696	741,442	724,790	1,294,058	1,289,267
85,997	117,753	137,236	211,289	240,263
-	-	-	-	-
328,895	401,834	440,391	456,832	480,852
2,763,818	3,824,357	3,692,813	4,553,143	6,458,917
1,386,287	1,266,935	6,677,474	4,108,039	4,723,314
6,065,919	7,131,784	12,573,907	11,522,060	13,443,081
(23,970,994)	(24,805,825)	(22,063,154)	(24,924,957)	(25,488,769)
13,541,986	16,556,839	17,395,985	17,887,016	18,512,342
13,185,671	8,507,654	10,707,904	10,643,840	11,037,388
420,799	423,724	420,799	420,799	420,799
310,819	2,623,543	3,188,160	3,213,168	3,030,253
-	-	-	-	359,696
104,109	114,395	114,171	154,786	174,971
2,621,639	420,995	-	-	
1,264,390	1,139,000	435,342	115,235	118,629
6,124,021	672,649	931,473	1,110,048	1,242,944
(2,747,247)	(3,380,970)	(3,672,744)	(2,178,896)	139,659
34,826,187	27,077,829	29,521,090	31,365,996	35,036,681
$ 10,855,193	$ 2,272,004	$ 7,457,936	$ 6,441,039	$ 9,547,912

Continued on next page.

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

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

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

Table 2, continued.

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
$ 13,643,327	$ 15,624,868	$ 17,052,896	$ 19,605,964	$ 22,039,600
4,255,197	4,639,604	4,757,063	4,936,541	5,030,182
1,286,133	1,535,692	1,653,473	1,706,904	1,999,166
19,184,657	21,800,164	23,463,432	26,249,409	29,068,948
13,331,854	16,090,217	19,585,091	25,432,654	25,077,038
2,338,256	2,574,942	2,594,445	2,622,685	2,710,478
-	-	2,041,550	2,077,406	2,086,443
1,990,356	2,017,348	1,997,949	1,587,697	3,143,054
17,660,466	20,682,507	26,219,035	31,720,442	33,017,013
(1,524,191)	(1,117,657)	2,755,603	5,471,033	3,948,065
-	-	-	-	
360,044	293,797	111,166	137,377	205,659
1,183,217	408,870	80,359	130,047	116,083
2,747,247	3,380,970	3,672,744	2,178,896	(139,659)
$ 2,766,317	$ 2,965,980	$ 6,619,872	$ 7,917,353	$ 4,130,148
$ 13,621,510	$ 5,237,984	$ 14,077,808	$ 14,358,392	$ 13,678,060

City of Jacksonville, North Carolina
Fund Balances, Governmental Funds
Last Nine 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
Non-Spendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unreserved	6,341,239	6,006,352	8,087,714	7,653,507
Unassigned	-	-	-	-
Total General Fund	$ 12,063,882	$ 13,256,682	$ 14,075,692	$ 14,667,968
All Other Governmental Funds				
Reserved	$ 5,102,140	$ 6,258,214	$ 4,614,185	$ 4,322,823
Non-Spendable				
Restricted				
Assigned				
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
Unassigned				
Total All Other Governmental Funds	$ 18,008,403	$ 16,120,747	$ 11,762,494	$ 12,411,590

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

Table 3

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
$ 4,812,557	$ 7,740,620	$ 8,668,338	$ 7,129,465	$ -
-	-	-	-	651,391
-	-	-	-	7,743,995
-	-	-	-	4,842,273
9,965,961	7,513,927	7,323,331	10,530,710	
-	-	-	-	5,359,345
$ 14,778,518	$ 15,254,547	$ 15,991,669	$ 17,660,175	$ 18,597,004
$ 5,129,315	$ 4,836,876	$ 4,355,700	$ 6,673,462	$ -
				-
				9,345,040
				6,685,268
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	
				(1,560,293)
$ 13,531,876	$ 11,915,471	$ 12,181,185	$ 11,293,277	$ 14,470,015

City of Jacksonville, North Carolina
Changes in Fund Balances, Governmental Funds
Last Nine 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
Occupancy Tax[b]	-	-	-	-
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.
[b] Occupancy tax is a new revenue souce beginning in 2011.

Table 4

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

Table 5

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

Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Personal Property: Motor Vehicles	Personal Property: Other	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate Per $100
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	274,535,959	21,598,335	2,853,166,053	0.6260
2011	1,807,676,890	1,099,577,260	285,792,522	283,530,271	27,125,081	3,449,451,862	0.5380

Source: Onslow County Tax Administrator/Collector

Notes: Property in Onslow County is reassessed every five to eight years. The County has completed a revaluation effective for the 2011 fiscal year. The last revaluation was completed in 2006. The county assesses property at 100 percent of actual value. Tax rates are per $100 of assessed value.

Table 6

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

	City Direct Rates			Overlapping Rates	
Fiscal Year	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
2011	0.4596	0.0784	0.5380	0.585	1.123

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

Notes:

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

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

3. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation that resulted in a 17% increase in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 3.84 cents to pay for 1/2 year of debt service for the planned Public Safety Building. This earmarked amount was reduced for one year in FY2008 to 2.84 cents due to the budget shortfall created by the County's decision to change the tax distribution method from per capita to ad valorem. In FY2009 the earmarked amount was restored to 3.84 cents.

Table 7

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

	2011			2002		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
PR Jacksonville Limited Partnership	$ 39,371,480	1	1.38 %	$ -		0.00 %
Carolina Telephone & Telegraph	25,434,829	2	0.89	17,117,276	2	0.97
Puller Place, LLC	23,432,730	3	0.82			
Jones-Onslow EMC	22,537,232	4	0.79	16,316,495	3	0.93
Cross Pointe Developers LLC	22,102,690	5	0.77	11,665,299	7	0.66
Abbington SPE LLC	21,674,689	6	0.76			
Arlington West Apartment Homes LLC	21,341,230	7	0.75			
Jacksonville Commons, LLC	21,222,664	8	0.74	14,277,414	4	0.81
Marine Federal Credit Union	20,238,367	9	0.71			
Bailey & Associates, Inc.	18,593,122	10	0.65			
Crown America Acquisition LP				30,202,025	1	1.71
Wal-Mart Real Estate Business Trust				13,405,457	5	0.76
United Dominion Realty Trust				12,119,503	6	0.69
Lowes Investment Corp.				10,580,681	8	0.60
Carolina Power & Light (Progress Energy)				10,619,668	9	0.60
New River Associates				8,413,081	10	0.47
Total	$ 235,949,033		8.26 %	$ 144,716,899		8.19 %

Source: Onslow County Tax Administrator/Collector

Table 8

City of Jacksonville, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	10,448,606	10,087,516	96.54	290,534	10,378,050	99.32
2003	10,615,036	10,256,566	96.62	282,125	10,538,691	99.28
2004	11,066,894	10,664,781	96.37	333,726	10,998,507	99.38
2005	11,599,071	11,100,980	95.71	307,902	11,408,882	98.36
2006	12,283,606	11,702,137	95.27	286,162	11,988,299	97.59
2007	13,527,026	13,142,197	97.16	282,784	13,424,981	99.24
2008	16,625,906	16,077,078	96.70	401,114	16,478,192	99.11
2009	17,426,095	16,682,062	95.73	506,176	17,188,238	98.63
2010	17,957,339	17,254,271	96.08	459,259	17,713,530	98.64
2011	18,696,869	18,083,308	96.72	-	18,083,308	96.72

Source: Onslow County Tax Administrator/Collector

Table 9

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

Fiscal Year	Onslow County [a]
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]
2011	2.25 [e]

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.
[e] The County sales tax rate increased to 2.25% effective October 1, 2010.

Table 10

City of Jacksonville, North Carolina
Ratios of Outstanding Debt by Type
Last Nine 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%	-
2011	-	0%	-

	Other Governmental Activities Debt	Business-type Activities						
Fiscal Year	Installment Purchase Loans	State Revolving Loan	Installment Purchase Loans	Revenue Bonds	Other Loans	Total Primary Government	Percentage of Personal Income [b]	Debt Per Capita
2003	$ 12,095,659	$ 17,085,490	$ 10,760,114	$ -	$ 297,620	$ 40,238,883	1.12%	$ 589
2004	11,161,778	15,903,262	16,085,346	-	226,190	43,376,576	1.12%	595
2005	9,750,333	15,401,849	16,263,518	-	154,762	41,570,462	0.96%	565
2006	8,575,888	14,010,028	16,643,306	-	83,333	39,312,555	0.80%	538
2007	9,854,478	12,630,112	22,597,001	-	-	45,081,591	0.87%	606
2008	8,541,633	15,819,637	19,658,452	-	-	44,019,722	0.77%	569
2009	7,732,789	36,153,493	17,009,765	-	-	60,896,047	0.90%	744
2010	6,785,686	56,984,211	12,514,008	26,093,621	-	102,377,526	1.32%	1,254
2011	5,897,686	61,599,704	14,951,397	40,724,969	-	123,173,756	1.59%	1,593

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.

Table 11

City of Jacksonville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

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%	907,200
Subtotal, overlapping debt			49,031,342
City direct debt			6,527,860
Total direct and overlapping debt			$ 55,559,202

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 Nine 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	12,095,656	11,161,778	9,845,590	10,419,924
Legal debt margin	$ 131,105,246	$ 137,778,470	$ 145,107,680	$ 152,304,972
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 2011

Assessed value	$ 3,449,451,862
Debt limit (8% of assessed value)	275,956,149
Debt applicable to limit:	
Installment purchase	6,527,860
Total net debt applicable to limit	6,527,860
Legal debt margin	$ 269,428,289

Fiscal Year				
2007	2008	2009	2010	2011
$ 201,645,680	$ 212,391,193	$ 221,148,026	$ 228,253,284	$ 275,956,149
11,003,772	9,714,850	8,678,903	7,342,988	6,527,860
$ 190,641,908	$ 202,676,343	$ 212,469,123	$ 220,910,296	$ 269,428,289
5.5%	4.6%	3.9%	3.2%	2.4%

Table 13

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

Fiscal Year	(1) Population [a]	(2) Personal Income [a] (in thousands)	(2) Per Capita Personal Income [a]	(1) Median Age [a]	(3) School Enrollment [b]	(4) Unemployment Rate Percentage [c]
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	7,348,781	39,635	NA	23,361 (7)	8.8
2010	81,612	7,747,194	42,463	25.5	23,493 (7)	8.0
2011	77,343	N/A	N/A	22.9	23,201	9.6

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.

Table 14

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

	2010			2009		
Employer	**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+	1	See %
Onslow County Board of Education	1,000+	2	below	1,000+	2	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+	5	
Wal-Mart Associates, Inc.	1,000+	6		1,000+	6	
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	10	
Food Lion, LLC	250-499	11		250-499	11	
McDonald Restaurants of NC, Inc.	250-499	12		250-499	12	
Lowes Home Centers, Inc.	250-499	13		250-499	13	
Marine Federal Credit Union	250-499	14		250-499	15	
PRC	250-499	15		250-499	14	

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.

Industry	No. of Units	Annual Average Employment	Percentage	Average Weekly Wage
Total Federal Government	31	6,662	14.30 %	$ 852.00
Total State Government	17	1,079	2.32	573.00
Total Local Government	19	6,634	14.24	689.00
Total Private Industry	2,819	32,209	69.14	499.00
Total All Industries	2,886	46,584	100.00 %	$ 653.25

Table 15

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6	6	5	5	5	5	5	5	6	6
Community Programs	-	-	-	-	-	1	2	2	2	2
Legal	-	1	1	1	1	1	1	1	1	1
Human Resources	3	3	5	5	5	5	5	5	5	5
City Clerk	1	1	2	2	3	3	3	3	3	3
Finance	20	20	19	19	20	22	22	23	24	24
Planning	5	5	6.3	6.5	6.5	8.3	10	8	8	7
Transportation	2	2	1.5	1.5	2.5	2.6	2.1	2.1	2.1	2.1
Public Safety:										
Police (Note 1)	130	128	130	130	131	132	-	-	-	-
Sworn							113	115	115	119
Non-sworn							26	26	27	29
Fire (Note 1)	72	72	75	75	75	75	-	-	-	-
Firefighters							73	79	83	86
Administrative Support							2	2	3	3
Building Inspections	11	11	11.2	12	12	12.1	12	11	11	11
Code Enforcement								3.8	3.8	3.8
Public Works:										
Administration	1.5	1.1	1.1	1.1	1.1	1.6	1.4	0.4	0.4	0.4
Engineering	4	4	4.5	4.5	4.5	3.6	4	4.5	4	4
Facilities Maintenance	13	13	13	13	13	13	13	15	10	10
Streets	31	31	31	30	30	22	22	22	23	23
Recreation and Parks	20	19	19	20	20	22	23	25	37	38
Water/Sewer Operations:										
Administration	2.5	2.9	2.9	2.9	2.9	3.4	3.6	2.6	3.6	3.6
Engineering	4	4	4.5	4.5	7.5	8.2	8.6	10.1	10.6	11.6
Metering	7	7	7	7	7	7	7	7	7	7
Utilities Maintenance	20	20	20	21	22	22	22	25	25	25
Water Supply	6	6	6	6	6	6	6	12	13.85	13.85
Wastewater	12	12	12	12	12	12	12	15	15.15	15.15
Stormwater/Water Quality	-	-	2	2	2	3	3	4	4	4
Streets/Stormwater Drainage	-	-	-	-	-	15	15	15	15	15
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41	41	41	41
Fleet Maintenance	7	7	8	8	8	8	9	9	9	9
City Hall Maintenance	1	1	1	1	1	1	1	2	2	2
Info Technology Services	8	9	9	10	10	10.1	11.1	12.1	12.3	12.3
Video/Media Services	-	-	-	1	2	2	2	2	3	3
Community Development	4	4	4	4	4	4	4	3.2	3.2	3.2
E-911 (Note 2)	-	-	-	-	-	0.1	0.2	0.2	-	-
TOTAL	439	438	449	453	462	479	492	520	540	550

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 multiple units.

Note 3: The significant gain from FY2006 to FY2007 was due to changing business license fees to a gross receipts basis.

Note 4: FY2001-06 are reported by calendar year. Effective FY2007, number will be reported by fiscal year to be consistent with other categories.

2007	2008	2009	2010	2011
924	867	675	1,533	1,031
318	240	225	674	356
29	49	58	51	64
17,947	14,680	12,371	15,470	18,916
4,049	3,863	4,356	3,891	4,827
607,299	649,834	704,057	710,282	718,554
2,749	1,993	2,677	2,533	2,672
2,461	2,902	2,622	2,802	3,380
14,114	18,746	18,637	22,838	27,687
96,214	99,658	98,458	106,279	106,132
6:47	6:28	6:32	13:26	8:52
2,283	2,407	2,541	2,727	2,525
229	180	181	201	196
1,361	1,179	1,164	1,951	1,819
NA	5,089	6,425	15,500	15,490
2,243	2,438	2,509	1,056	4,491
2,729.6	2,813	3,147	2,500.0	1,798.0
934	853	869	1,254	N/A
540	615	488	456	514
4,810	3,952	3,991	4,081	3,928
15,478	15,715	16,066	16,716	17,420
5,498	4,549	3,990	5,895	4,567
669.20	650.37	622.0	603.61	605.80
95.89	92.42	94.51	93.77	88.65
1,124.0	1,427.0	1,557.0	1,793	1,967
59.0	47.7	71.0	80.0	100.0
1,306	1,937	3,936	4,943	6,892

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	2011
45.15	45.30	46.38	54.85	54.85
19,370,518	19,760,511	22,262,655	22,409,435	23,571,103
1	1	1	1	1
118	143	128	140	149
4	4	4	4	4
9	9	9	9	9
173.73	174.87	179.16	148.34	150.90
43.65	159.84	153.09	135.00	155.00
23	23	23	19	19
292.57	292.57	292.57	267.40	267.40
15	15	15	19	19
25	25	25	21	21
4	4	4	4	4
273.59	275.00	278.00	280.00	271.00
39	39	40	42	42
2,057	2,133	2,181	2,156	2,156
3.9	3.9	3.9	3.4	5.9
247.13	245.00	248.00	248.60	253.98
100.0	129.00	85.00	80.00	100.00
6.3	6.6	6.6	9.0	9.0
11	11	12	19	18
7	7	7	2	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.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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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
October 28, 2011

McGladrey

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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 on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited City of Jacksonville, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Jacksonville's major federal programs for the year ended June 30, 2011. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

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

In our opinion, City of Jacksonville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

McGladrey is the brand under which RSM McGladrey, Inc. and McGladrey & Pullen, LLP serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure.

Member of RSM International network, network of independent accounting, tax and consulting firms.

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 28, 2011

McGladrey

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

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

Compliance

We have audited City of Jacksonville, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2011. City of Jacksonville's major State program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

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

In our opinion, City of Jacksonville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2011.

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Member of RSM International network, network of independent accounting, tax and consulting firms.

Internal Control Over Compliance

Management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

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

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 28, 2011

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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, 2011

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
16.804	ARRA- Justice Assistance Grant
81.128	ARRA-Energy Efficiency 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

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 A133? ____ yes X No

Identification of major State program:
Nonstate System Street Aid Allocation (Powell Bill)
The other major State program for the City is the Capitalization Grants for Drinking Water State Revolving Fund , which is a State match on the federal program. Therefore, this program has been included in the list of major federal programs above.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011

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, 2011

Section 2. Financial Statement Findings

No corrective action plan is required in the current year.

Section 3. Findings and Questioned Costs for Federal Awards

No corrective action plan is required in the current year.

Section 4. Findings and Questioned Costs for State Awards

No corrective action plan is required in the current year.

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011

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, 2011

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 Programs:					
ARRA-Community Development Entitlement	14.253	B-09-MY-37-0014	$ 62,427	$ -	$ -
Community Development Entitlement	14.218	B-07-MC-37-0014	997,786	-	-
Total US Department of HUD			1,060,213	-	-
US Department of Justice					
Direct Programs:					
Justice Assistance Grant	16.738	M	35,439	-	
ARRA-Justice Assistance Grant	16.804	M	111,112	-	56,840
Total Justice Assitance Grants			146,551	-	56,840
Bulletproof Vest Partnership Grant	16.607		26,222	-	26,222
Weed and Seed	16.595		107,970	-	-
COPS Universal Hiring Grant	16.710		91,724	-	-
Pass through: Onslow County Board of Education					
School Resource Officer	16.592		269,806	-	213,954
Total US Department of Justice			642,273	-	297,016
US Department of Transportation					
Direct Programs:					
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507		800,755	52,185	218,607
ARRA-Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507		47,591	-	-
Total Federal Transit Formula Grants			848,346	52,185	218,607
Pass through: NC Department of Transportation					
104-F Transportation Grant	20.205		249,158	-	62,290
Total US Department of Transportation			1,097,504	52,185	280,897
US Department of Homeland Security					
Direct Program:					
SAFER Grant	97.083		152,683	-	82,930
Pass through: NC Department of Crime Control and Public Safety					
Disaster Assistance	97.036		37,331	12,443	-
Total US Department of Homeland Security			190,014	12,443	82,930
US Department of Energy					
ARRA-Energy Efficiency Block Grant	81.128	M	471,775	-	-

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures Federal Direct and Pass-Through	Expenditures State	Expenditures Local
Federal Awards (continued)					
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	1,299,508	324,877	-
ARRA-Drinking Water State Revolving Loan	66.468	M	1,251,469	-	96,239
ARRA- Drinking Water State Grant	66.468	M	1,251,468	-	96,239
Total US Environmental Proection Agency			3,802,445	324,877	192,478
STATE GRANTS (all direct):					
NC Department of Crime Control and Public Safety					
Division of Governor's Crime Control					
Victim's Assistance			-	6,852	1,193
Robbery/Buglary Grant			-	61,307	20,435
Total NC Department of Crime Control and Public Safety			-	68,159	21,628
NC Department of Juvenile Justice and Delinquency Prevention					
Juvenile Transportation Grant		N/A	-	400	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	400	-
NC Department of Transportation					
Nonstate System Street Aid Allocation	M	N/A	-	1,914,689	-
State Maintenance Assistance Program		N/A	-	170,978	170,978
Section 5305 Grant		N/A	-	27,270	3,030
Total NC Department of Transportation			-	2,112,937	174,008
NC Department of Environment and Natural Resources					
NC Coastal Management Program					
Public Beach and Coastal Access Grant		N/A	-	29,748	-
NC Department of Cultural Resources					
NC Arts Council-Grass Roots Arts Program		N/A	-	2,500	21,011
NC Community Conservation Assistance Program					
Onslow Co. Soil and Water Conservation/Cistern Grant		N/A	-	6,216	-
NC Rural Economic Development		N/A	-	103,808	-
Total federal, state, and local expenditures			$ 7,264,224	$ 2,713,273	$ 1,069,968

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.