

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF GREENVILLE, NORTH CAROLINA



2011 ANNUAL FINANCIAL REPORT

GREENVILLE, NORTH CAROLINA



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FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF GREENVILLE, NORTH CAROLINA



THE ANNUAL FINANCIAL REPORT IS PREPARED BY FINANCIAL SERVICES DEPARTMENT.

GREENVILLE, NORTH CAROLINA



City of Greenville, North Carolina
Annual Financial Report
for the Fiscal Year Ended June 30, 2011

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1
Community Profile	3
Local Economy	8
GFOA Certificate of Achievement	15
Organizational Chart	19
City Officials	21

FINANCIAL SECTION

	Exhibit	Page
Independent Auditor's Report		25
Management's Discussion and Analysis		29
Government-wide Financial Statements		
Statement of Net Assets	A	45
Statement of Activities	B	46
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	48
Statement of Revenues, Expenditures, and Changes in Fund Balance	D	50
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance	E	51
General Fund		
Statement of Revenues, Expenditures and Changes in Fund Balance	F	52
Proprietary Funds		
Statement of Net Assets	G	54
Statement of Revenues, Expenses and Changes in Net Assets	H	56
Statement of Cash Flows	I	58



<u>FINANCIAL SECTION</u> (Continued)	Exhibit	Page
Fiduciary Funds		
Statement of Fiduciary Net Assets	J	62
Statement of Changes in Fiduciary Net Assets	K	63
Notes to the Financial Statements		65
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	Schedule	Page
Law Enforcement Officers' Special Separation Allowance	A-1	117
Other Post Employment Benefits (OPEB) - City	A-2	118
Other Post Employment Benefits (OPEB) - GUC	A-3	119
<u>OTHER SUPPLEMENTARY INFORMATION</u>	Schedule	Page
Schedule of Ad Valorem Taxes Receivable	A-4	122
Analysis of Current Year Levy - City-wide Levy	A-5	123
Government Fund Financial - General Fund		
Introduction		127
Schedule of Revenues, Expenditures, and Changes in Fund Balance	A-6	129
Non-Major Governmental Funds		
Combining Balance Sheet	B-1	134
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	B-2	135
Non-Major Special Revenue Funds		
Introduction		137
Combining Balance Sheet	C-1	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	C-2	140
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		
Community Development and Home Program	C-3	142
Sheppard Memorial Library	C-4	143
Housing Trust	C-5	144
Small Business Loan Program	C-6	145
League of Municipalities Conference	C-7	146
Lead-Based Paint Hazard Grant	C-8	147

OTHER SUPPLEMENTARY INFORMATION (Continued)

Schedule Page

Community Development Block Grant (CDBG) Recovery Grant	C-9	148
Public Transit Capital Assistance Recovery Grant	C-10	149
Byrne-JAG Recovery Grant	C-11	150
Energy Efficiency Recovery Grant	C-12	151
Community Oriented Policing Services (COPS) Hiring Recovery Grant	C-13	152
Arlington Sidewalk Grant	C-14	153
Charles Boulevard Sidewalk Grant	C-15	154
Arlington Turn Lane Grant	C-16	155
Centralized Grant Project	C-17	156
Non-Major Capital Project Funds		
Introduction		157
Combining Balance Sheet	D-1	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	162
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		
Cemetery Development	D-3	164
Affordable Housing	D-4	165
City Hall Facility	D-5	166
West Greenville Revitalization	D-6	167
Center City Revitalization	D-7	168
Statonsburg Road / 10th Street Connector	D-8	169
South Tar River Greenway	D-9	170
Way Finding	D-10	171
Thomas Langston Road	D-11	172
Intermodal Transportation Center	D-12	173
Employee Parking Lot Expansion	D-13	174
Convention Center Expansion / Streetscape	D-14	175
Community Oriented Policing Services (COPS)	D-15	176

OTHER SUPPLEMENTARY INFORMATION (Continued)

	Schedule	Page
New Technology for Public Safety	D-16	177
Public Works Yard, Beatty Street	D-17	178
Drew Steele Center	D-18	179
Capital Reserve	D-19	180

Proprietary Fund Financial Statements

Major Enterprise Funds

Introduction		183
Schedule of Revenues and Expenses, Budget and Actual (Non-GAAP)		
Electric Operating Fund	E-1	184
Water Operating Fund	E-2	186
Sewer Operating Fund	E-3	188
Gas Operating Fund	E-4	190

Non-Major Enterprise Funds

Combining Statement of Net Assets	E-5	192
Combining Statement of Revenues, Expenses and Changes in Net Assets	E-6	193
Combining Statement of Cash Flows	E-7	194
Schedule of Revenues and Expenses, Budget and Actual (Non-GAAP)		
Public Transportation Enterprise Fund	E-8	196
Bradford Creek Golf Course Enterprise Fund	E-9	197
Stormwater Utility Enterprise Fund	E-10	198
Stormwater Drainage Capital Project Fund	E-11	199
Stormwater Drainage Maintenance Improvement Capital Project Fund	E-12	200
Sanitation Enterprise Fund	E-13	201

Internal Service Fund

Introduction		205
Combining Balance Sheet	F-1	206
Combining Statement of Revenues, Expenditures and Changes in Net Assets	F-2	207
Combining Statement of Cash Flows	F-3	208

Proprietary Fund Financial Statements (Continued)	Schedule	Page
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)		
Dental Reimbursement Fund	F-4	209
Vehicle Replacement Fund	F-5	210
Health Insurance Fund	F-6	211
Fleet Maintenance Fund	F-7	212
Debt Service Fund		
Non-Major Debt Service Fund		
Introduction		215
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual		
	G-1	216
<u>STATISTICAL SECTION</u>	Table	Page
Introduction		219
Net Assets by Component	1	221
Changes in Net Assets by Component	2	222
Fund Balances of Governmental Funds	3	224
Changes in Fund Balances of Governmental Funds	4	226
Revenue Base - Greenville Utilities Commission	5	227
Assessed Value and Estimated Actual Value of Taxable Property	6	228
Direct and Overlapping Revenue Rates - Greenville Utilities Commission	7	229
Direct and Overlapping Government Tax Rates	8	230
Principal Property Taxpayers	9	231
Greenville Utility Commission Top Customers	10	232
General Fund Tax Revenues by Source	11	234
Property Tax Levies and Collections	12	235
Ratio of Outstanding Debt by Type	13	236
Ratio of General Bonded Debt Outstanding	14	237
Legal Debt Margin - Governmental Activities	15	238
Direct and Overlapping Governmental Activities Debt	16	239

STATISTICAL SECTION (Continued)

Table	Page
17	240
18	241
19	242
20	243
21	244
22	245

Pledged Revenue Coverage
Demographic and Economic Statistics
Principle Employers
Full-Time Equivalent City Government Employees by Function
Operating Indicators by Function
Capital Asset Statistics by Function

SINGLE AUDIT AND COMPLIANCE SECTION

Page

Independent Auditor’s Report on Internal Control	249
Independent Auditor’s Report on Compliance with Major Federal Programs	251
Independent Auditor’s Report on Compliance with Major State Programs	253
Schedule of Findings and Questioned Costs	255
Corrective Action Plan	257
Summary Schedule of Prior Year Findings	258
Notes to Schedule of Expenditures of Federal and State Awards	259
Schedule of Expenditures of Federal and State Awards	260



INTRODUCTORY SECTION

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GREENVILLE, NORTH CAROLINA



October 31, 2011

The Honorable Mayor, Members of City Council,
City Manager and Citizens of Greenville, North Carolina:

“Steady as She goes!” might seem a more appropriate phrase on a ship than in city government, but this phrase accurately reflects the City of Greenville’s financial results for the fiscal year ending June 30, 2011.

The City of Greenville earned strong ratings as it issued the balance of bonds approved in 2006. While it is not unusual for local government credit ratings to be downgraded in an economic downturn, the ratings from Standard & Poors and Moody’s remain as strong as they were the last time the City issued debt. Standard & Poors’ AA rating is the second best of 11 possible ratings and indicates the City has a very strong capacity to meet its financial obligations. Moody’s Aa2 rating has two components. The Aa portion characterizes Greenville as having very strong credit worthiness; while the 2 indicates strong credit quality due to the City’s ample margins of protection against default. Both rating agencies mentioned several factors influencing their favorable ratings: the City’s sound, comprehensive fiscal policy in which the City maintains a General Fund Balance reserve of no less than 14%, strong financial position due to the actual reserve level of 19% at the close of FY 2010, and very manageable debt level, most of which will be retired within the next ten years.

Not only is Greenville’s current outlook stable, but its future looks bright as well according to a research division of the Financial Times Ltd., fDi Magazine. The magazine ranked Greenville, categorized as a “micro” city with a population less than 100,000, in the top ten in four categories:

- #4 Micro City of the Future
- #4 Micro City for Economic Potential
- #5 Micro City for FDI (Foreign District Investment) Strategy
- #6 Micro City for Human Resources

According to the Pitt County Development Commission, the magazine based its ratings on a combination of expert opinion and data to rank over 400 cities in both North and South America that have the best potential for local and foreign investment, economic development, and business expansion. “Data was organized into six categories: Economic Potential, Human Resources, Cost Effectiveness, Quality of Life, Infrastructure and Business Friendliness. A seventh category, FDI Promotion Strategy, was judged and scored by an independent panel based on over 100 city submissions.”

The City of Greenville’s Financial Services Department is pleased to present the *Comprehensive Annual Financial Report (CAFR)* as of June 30, 2011. This report is published to provide City Council, staff, citizens and third party readers with information concerning the financial position of the city. State law requires that all general-purpose local governments publish, by October 31st each fiscal year a complete set of financial statements in conformity with generally accepted accounting principles (GAAP). This report consists of management’s assessment of the finances of the City of Greenville. Consequently, the accuracy and validity of this report is the responsibility of the City’s management. To provide a reasonable basis for making these assessments and to compile reliable information for the preparation of the City’s financial statements, the City has a comprehensive internal control framework as possible without the cost outweighing the benefit. These internal controls ensure the protection of assets against loss, unauthorized use and theft as well as provide reasonable assurance that the City’s financial statements are free from material

GREENVILLE, NORTH CAROLINA



misstatement. As management, we assert, to the best of our knowledge and belief, that the CAFR is complete and reliable in all material respects. The comprehensive report includes an Introduction Section, a Financial Section (which includes the basic financial statements) and a Statistical Section. The Management Discussion and Analysis (MD&A) is found immediately following the Independent Auditor's Report in the Financial Section. This transmittal in conjunction with the Management's Discussion and Analysis adds perspective to the basic financial statements by providing a narrative introduction, overview of and analysis of the basic financial statements in order to help the reader understand the significance of the numbers presented.

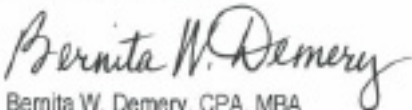
Included in this report is an overview of the City and its various social and economic units. Information provided will help the reader assess the City's financial condition through the review of the City of Greenville's economic vitality and quality of life.

An independent audit is part of a federally mandated "Single Audit" designed to meet the legal requirements of federal grantor agencies. The auditors not only have to report on the fair presentation of the financial statements, but also on the government's internal controls. Results of the "Single Audit" disclose no material internal control weaknesses or material violations of laws and regulations relative to its major federal programs. These reports are available in the "Single Audit" section of this report.

The City's financial statement have been audited by McGladrey & Pullen, a firm of certified public accountants. All disclosures necessary for the reader to gain an understanding of the City's financial affairs are included. An examination of the financial data together with an evaluation of its presentation, allowed the independent auditors to conclude with an unqualified opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and activities of all City funds. The Independent Auditor's Report may be viewed in the first component of the Financial Section of this report.

The preparation of this Comprehensive Financial Report would not have been possible without the exceptional dedication and hard work of Financial Services employees whose daily efforts contribute to the stable financial condition of the City. Appreciation is also extended to the elected officials, city employees, and the community volunteers who assist with maintaining the highest standards of professionalism.

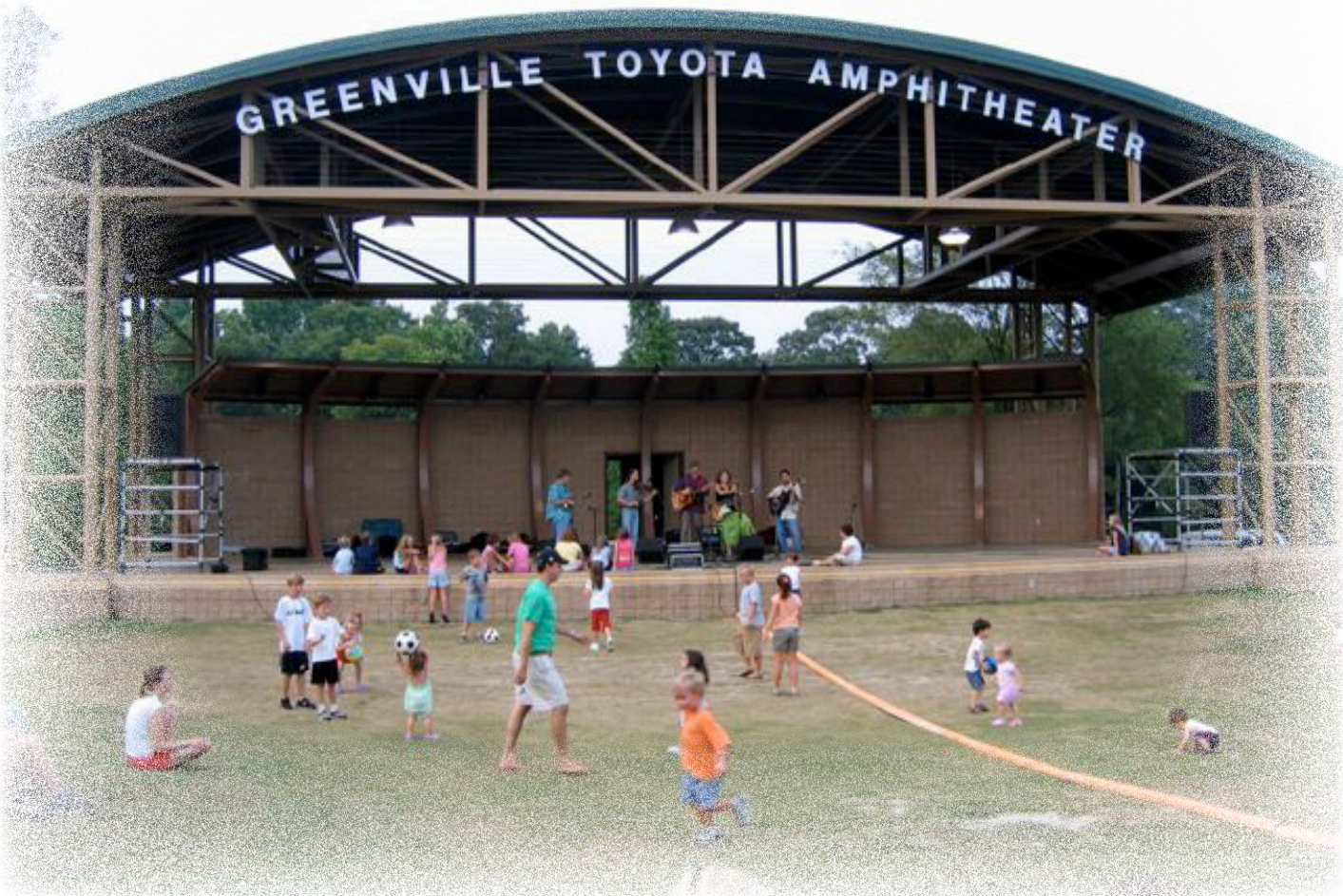
Respectfully submitted,



Bernita W. Demery, CPA, MBA
Director of Financial Services



COMMUNITY PROFILE



Sunday in the Park is a live music concert series. Held in the evening at the Town Commons, alongside the beautiful Tar River, in the Greenville Toyota Amphitheatre, it's fun for the whole family. Originally a summer series, Sunday in the Park has recently been extended into the early fall. Throughout the season, all types of music are scheduled, so you're sure to find a band you'll enjoy. People are encouraged to bring chairs, blankets, food and drinks. There's plenty of parking nearby.

A CITY ON THE RISE



Greenville, home to a wide range of cul-
 heath care facilities, and top notch higher
 the fastest growing cities in the state of North
 educational hub of North Carolina's Tide-
 recognized as the center of growth for the eastern region of North Carolina. Consistently "holding its own" with the qualities of a large city, in 2010, Greenville ranked amongst the top 25 in "Best Small Place for Business and Careers" in the nation by Forbes Magazine. Since its earliest days in the 1770's, the City's population has grown to approximately 84,554 covering over 35 square miles. It is no surprise that many endorse this community as the best place to live, work, and play.

tural and recreational opportunities, first-class
 education institutions, continues to be one of
 Carolina. Being the health, entertainment, and
 water and Coastal Plains, Greenville is also

HOUSING

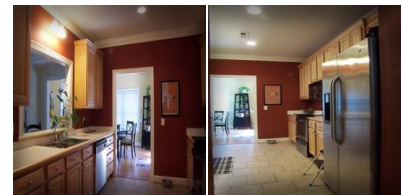
Greenville offers a wide variety of housing styles and environments with moderate prices. The area includes townhouses, condos, private residences, apartments, retirement villages and rest homes. Homes on the market range from \$100,000 to over \$1 million. Because of a combination of enjoyable living conditions and proven low cost of living, the Greenville/Pitt County area is rated one of the fifty most "livable communities" in the United States.

Star Hill Farms is an up and coming premier neighborhood that offers both the feeling of being close to town, but without feeling overcrowded. This beautiful subdivision features custom built homes in a mix of housing styles with French provincial being a favorite.



Tyson Farms is a great starter home community for young couples that offer a family atmosphere. These homes typically feature cathedral ceilings and one to two story plans. The neighborhood amenities include a swimming pool and sidewalks - perfect for walking your dog!

Willow Run subdivision is a beautiful, bungalow style community located in Greenville. These craftman style homes come in several floorplans and bright vinyl colors. Amenities include a park, picnic area and nature trails.



One of the premier neighbor-
 hoods, **Autumn Lakes**,
 features luxury homes situated around two large man-made lakes. These custom built homes are done in the neo-eclectic style and all have unique detail in them. Some of these homes offer movie theaters, salt water pools and/or guest houses.

In 2009, the City of Greenville was awarded the National Community Development Association (NCDA) Audrey Nelson Community Development Achievement Award in recognition of Greenville's exemplary use of Community Development Block Grant (CDBG)

funds in the City's 45-Block Revitalization program and activities that addressed the needs of families in that neighborhood. Greenville was one of just nine communities in the nation to receive the award. The West Greenville Revitalization program is designed to remove unsafe and unsightly structures, provide street and utility improvements, increase affordable home ownership, promote redevelopment and new construction.

SHOPPING

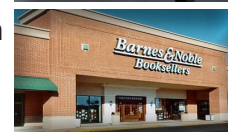
Greenville is the regional shopping destination for the Inner Banks area due to the diverse options which offer variety in price, selection and style. Among the choices are:

Greenville Mall, anchored by Belk and JC Penney, features over 60 retail stores including well known names such as Aeropostale, American Eagle Outfitters and Pier 1 Imports.

Arlington Shoppes is filled with specialty shops including Ann Taylor Loft, Bailey's Fine Jewelry, and Talbots. Arlington Village, connected to Arlington Village and La Promenade, contains a variety of popular specialty shops and restaurants.

La Promenade is a quaint shopping center that meets the needs of the entire family including clothing retailers, nail salons, and restaurants.

University Commons is a large and popular shopping center that features several anchor stores such as A.C. Moore, Barnes & Noble and Target.



CULTURE & ARTS

The School of Theatre and Dance at East Carolina University (ECU) was founded in 1963 as the Department of Drama and Speech by Edgar Loessin, John Sneden, and other original faculty. He was also responsible for ECU's emergence as a major force in university and professional theatre in the region by establishing the **ECU Loessin/Playhouse Production Series** as an educational theatre and the **ECU Loessin/Summer Theatre** as a professional company. Over 100 courses in theatre, dance, and speech are taught by 21 full-time faculty members. In addition, touring Broadway shows, opera, and ballet companies offer performances at these venues.

The S. Rudolph Alexander Performing Arts Series began in 1962 when four concerts were programmed in the Student Center. Since then, over a half million people have attended 350 world-class performances by artists such as Yo-Yo Ma, PDQ Bach, Segovia, and the London Philharmonic.

The Greenville Museum of Art attracts local citizens and visitors from across the state. The museum continues to generate interest by offering gallery talks, openings, tours, art classes, and numerous outreach programs. Annually, over 12,000 people visit the museum and over 3,000 children participate in museum programs.

The Wellington B. Gray Art Gallery, founded in 1977, is an integral part of East Carolina University's School of Art and Design's educational mission by sponsoring six to eight exhibits each year and numerous symposia and lectures by visiting artists and curators. The Gray Gallery maintains significant collections of Western and Central African art, Baltic ceramics, the Dwight M. Holland collection of contemporary ceramics and a suite of Larry Rivers prints.

The Ledonia Wright Cultural Center, opened in 1995, is a repository for the university's collection of Native American, African, and African-American art. Located in the Bloxton House in the heart of ECU's main campus, it is named for a popular and respected university professor who advised the university's first African-American student organization.

The staff works in conjunction with university departments to maintain a database of cultural development resources for students while providing information about various diverse campus organizations and their events.

The Pitt County Arts Council at Emerge is a non-profit arts organization dedicated to educating, inspiring, and making the arts accessible to the entire community within Greenville, Pitt County, and the eastern North Carolina region. Emerge has three main gallery spaces, two of which rotate monthly with new exhibitions. It also has three smaller gallery spaces around the art center for community and student exhibitions. Emerge has a full art center where weekly adult and children's classes, workshops, and special events occur.



The Magnolia Arts Center, founded in 2005, provides Greenville area residents with the opportunity to express their creativity and participate in the arts, attend quality cultural events, and gather together to build community. The Magnolia Arts Center seeks to reflect the diversity and richness of this area and to present a multitude of artistic experiences to the region. The Magnolia Arts Center supports and partners with other theatre, music, and arts groups in the community.

RECREATION

The Greenville Recreation and Parks Department provides a variety of athletic, recreational, and arts and crafts activities for all ages and abilities. The department maintains over 25 parks and recreational facilities, including numerous gymnasiums, recreation and community centers, swimming pools, a soccer complex, softball and baseball fields, playgrounds, a greenway, the Greenville Toyota Amphitheater at the Town Commons, River Park North, Bradford Creek Golf Course, the Aquatics and Fitness Center, the Extreme Park, the Sports Connection and River Birch Tennis Center.

The Aquatics & Fitness Center is an exercise/wellness facility operated by the Greenville Recreation & Parks Department. The facility offers aerobic classes, wellness programs, weight lifting equipment, cardiovascular equipment such as treadmills, ellipticals and Arc-trainers; an indoor gymnasium for basketball and walking, an indoor pool with water aerobics and arthritis classes, an indoor climbing wall, a supervised kid's play area, and locker rooms and a highly qualified staff. They also offer Swim Lessons, other Aquatic Programs, Day Camps and Exercise and Wellness Programs. The center was ranked 5th nationally on the United States Water Fitness Association's list of Top Aquatics Programs for 2011.



Extreme Park, Greenville's first skate ramp, has been on the cutting edge of skate/BMX parks since it opened. Many professional BMX riders, including the #1 & #2 ranked BMXers in the world, have moved to Greenville from other parts of the country. In addition to that, we have another ten to twelve pros that have moved here who aspire to be the #1 ranked rider in the world. The Dave Mirra World Tour was started here in Greenville and has generated a high level of calls from all over the nation, inquiring about our facility.

Bradford Creek Golf Course is a public course, ideal for golfers of all skill levels. Bradford Creek is an 18-hole golf course, stretching across 185 acres, designed to offer new and challenging experiences. The course features excellent Bentgrass greens that are considered some of the best in the region. Each green has been designed so that a simple change in pin placement can alter shot strategy, thus ensuring a new experience for golfers every time they play the course. The lighted driving range provides an opportunity to loosen up before a round or just hit a bucket of balls after work.





River Park North is a 324 acre nature park offering a variety of activities including pedal boating, picnicking, hiking, fishing, and a nature center. Nestled along the Tar River, River Park North is made up of over 250 acres of rich bottomland forest, four lakes covering 48 acres, and over 20 acres of open grassland. The park has made available and accessible to people of all ages and abilities. There are two 900 foot fishing piers that are handicap accessible with low rails and 12 car handicap parking lot.

River Park North is also home to the Walter L. Stasavich Science and Nature Center. This is a 70-seat theatre, classroom, and exhibit hall with a 10,000 gallon freshwater aquarium. Attractions include live turtles and snakes, the North American Wildlife Diorama, and the "Shells Are Everywhere" exhibit. The center is host to many fun and amazing activities throughout the year.

From conventions to weddings, the **Greenville Convention Center** meets all needs and exceeds all expectations. This 32-acre campus provides over 75,000 square feet of flexible meeting space, with a 30,000 square foot exhibit hall and hotel accommodations for over 433 guests. The Greenville Convention Center offers drive-in accessibility, built-in concessions, ticket booths and the latest in technology, including wireless Internet, projection screens, LCDs, TVs and other media.

Sheppard Memorial Library system is the county wide library system for all of Pitt County including the City of Greenville.



The system is composed of the main library, four branch locations, and a bookmobile. The main library, opened to the public on October 15, 1930, was built with a \$50,000 grant from Harper Donelson Sheppard, a Pitt County native who lived in Hanover, Pennsylvania. Despite national economic difficulties which impacted many public libraries, Sheppard remained financially stable and experienced no reduction in hours of operation or services to the public. The system had record circulation in 2010 with 499,249 items borrowed and 488,019 patron visits. The library is a valuable source of information, recreation, and job enhancement in both book and non-book material. The radio frequency identification (RFID) system, purchased with a \$100,000 Library Services and Technology Act grant, became fully operational in 2010, increasing security, improving inventory capabilities, and allowing self-checkout by patrons. Sheppard Memorial Library has also added downloadable audio for patrons to borrow as well as new

online resources that are accessible from patrons' home computers.

There is fun and entertainment for everyone at Uptown Greenville during **PirateFest**. This festival takes place in Uptown Greenville and the Town Common every April. Located along Evans Street in Uptown, the Arts and Treasure Isle features North Carolina Artists and Arts Organizations showcasing and selling fine arts and crafts. Along with Uptown restaurants, there are numerous food vendors to suit any taste. There is Pirate Encampment which includes a pirate school, pirate parade and a pirate costume contest for funniest, most colorful, best props and scariest pirates. The PotashCorp Little Pirate's Pavilion offers an array of entertainment for the youngest pirates. It has live music, the School of Pirate, crafts, activities, and give-aways along with educational displays of the life of a pirate.



International Festival, now known as the **International Ports O'Call** is held at the same time as PirateFest and celebrates the diversity that makes Greenville the jewel of North Carolina. This open-air festival takes place on the Town Common and features music, food and attractions from nations around the world. There will be music and dancing groups from various countries performing on stage at the Greenville Toyota Amphitheater.

LOCAL ECONOMY



The local economy is well diversified with healthcare, education, manufacturing, agriculture (including tobacco, corn, soybeans, wheat, peanuts, livestock, poultry and vegetables), and government. As a university community with a strong business and manufacturing base, the area boasts a highly productive labor force, an excellent educational system, a large regional health care complex, and lots of cultural and recreational opportunities.

The Brody Medical Sciences Building of East Carolina opened in mid -1982 and expanded in 1989-90. The 489,000 square foot facility provides convenient access to the school's academic support programs and Pitt County Memorial Hospital. The Brody Building's many lecture halls, classrooms and conference rooms demonstrate the commitment of the faculty to the student-faculty interaction in small groups. Several master classrooms are equipped with advanced computer and video technology design to enhance learning. In addition to housing the basic and clinical science departments, the Brody Building includes a 525-seat auditorium, administrative offices for the School of Medicine and Health Science Library.

Pitt County Memorial Hospital (PCMH) is one of four academic medical centers in North Carolina. It is the flagship hospital for University Health Systems of Eastern Carolina and serves as the teaching hospital for the Brody School of Medicine at East Carolina University, training medical students and resident nurses and other health care professionals. The hospital has 861 beds



and is a tertiary referral center and provides acute, intermediate, rehabilitation and outpatient health services to more than 1.4 million people in 29 counties. PCMH is the only trauma center east of Raleigh which resulted in over 39,360 admissions in the previous year. PCMH is fully accredited by the Joint Commission for the Accreditation of Health Care Organizations. PCMH was the only hospital east of I-95 to be recognized by The American Heart Association/American Stroke Association for the 2010 Get With the Guidelines Stroke Gold Plus and Silver in the Heart Failure category.

The Children's Hospital expansion project began in 2010. This three-phase, \$48.2 million project will increase the current Children's Hospital by 78,000 square feet. It will be a free-standing building, initially having four floors, but will support future growth to six floors. The first phase of this project is expected to be complete July 2013. PCMH is also designing a 13,000 square foot pediatrics emergency department that is scheduled for completion in April 2012. A new interfaith chapel was opened in September 2010 consisting of 100-seat chapel, several meditation rooms and an outdoor reflection pool.



The East Carolina Heart Institute (ECHI) is the first in North Carolina devoted exclusively to education, research, treatment, and prevention of cardiovascular diseases. The \$160 million, six-story, 375,000 square-foot inpatient care facility has 120 beds, six operating rooms, and 11 interventional laboratories. Each room has a family area equipped with its own television, lighting, phone line, and seats that convert for sleeping. The Cardiac Intensive Care Unit received the Beacon Award for Critical Care Excellence from the American Association of Critical Care Nurses. The facility employs 375 additional staff. These jobs will result in significant growth for eastern North Carolina's economic development.





East Carolina University (ECU) is a public, coeducational, doctoral/research university. ECU is the largest institution of higher learning in eastern North Carolina and the third largest university in the state. Established in 1907, ECU is one of 16 universities in the North Carolina State University system. The university has grown from 174 students during its first year of classes in 1909 to 27,816 students enrolled during the Fall 2010 semester and has been the fastest growing campus in the university system for the past six years. In addition to ECU's growth in enrollment, the university has expanded the educational horizon by incorporating a School of Dental Medicine. East Carolina University School of Dental Medicine will be the second dental school in North Carolina. The School of Dental Medicine is being established to address the extreme shortage of dentists in this state. The projected opening date for ECU School of Dental Medicine is

Fall 2011.

East Carolina University employs over 7,158 people and is Greenville's second largest employer. ECU's campus has grown from 43 acres in 1907 to almost 1,600 today. East Carolina University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate, masters, and doctoral degrees.

University spirit infuses the City of Greenville whose residents proudly claim to live in a "Pirate Nation." During football season, there are "Paint It Purple" Fridays when everyone is encouraged to don the Purple and Gold in support of the Pirates. On Fridays before a home football game, celebrations called "Freeboot Fridays", inaugurated by Uptown Greenville, draw students, residents and visiting fans into the downtown district for food, drinks, prizes and entertainment.



ECU is divided into three distinct campuses:



Main Campus: The main campus is about 530 acres in an urban residential area of downtown Greenville. The 158 buildings on the main campus comprise more than 4.6 million square feet of academic, research and residential space.



Health Sciences Campus: The Health Sciences campus is situated at Pitt County Memorial Hospital and is the location of the Brody Medical Sciences Building mentioned above. This campus is located about two miles west of the main campus on 206 acres with nearly 1.3 million square feet of academic and research space in 62 buildings.

which contains seven buildings with 36,000 square feet of space. The site also contains large areas of biology, botany and other science field study sites. It has an environmental health on site wastewater demonstration facility which is open to the public and all educators.

West Research Campus: The West Research campus is located four miles west of the Health Sciences campus on the former Voice of America site. It sits on approximately 600 acres

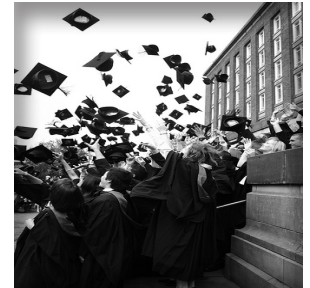


Pitt Community College (PCC), chartered in March, 1961, is a comprehensive community college of the North Carolina Community College system. PCC was one of 11 community colleges in the state to earn “Exceptional Institutional Performance” status. Pitt Community College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees. PCC offers over 60 curriculum programs and a wide range of continuing education courses for students in the Greenville area. Pitt Community offers 44 Associate Degree programs, numerous certificate programs, 22 diploma programs, and 18 University Transfer programs. PCC had a record breaking year in 2010 with 11,130 enrolled for the year. Pitt Community College has been recognized by GI Jobs Magazine as the “Military Friendly School” for 2010.



In August 2010, the new Herman Simon Building was dedicated which will house PCC’s Health Science Division. The addition of the Herman Simon Building has added another 35,765 square-feet for classrooms, laboratories and offices. Pitt Community College is currently in the planning stages of adding three new buildings to the campus. The additions will include: Automotive Technology/Construction Technology building, the Charles Russell General Classroom building and a Facilities Maintenance Complex.

Pitt County Schools System is accredited by the Southern Association of Colleges and Schools and is one of the first 100 school systems in the nation to achieve the distinction of “Quality School Systems”. District Accreditation is a process designed to recognize school systems that embrace improving student learning as a systematic process. This achievement recognizes the quality of education afforded the students in Pitt County Schools through the leadership of the superintendent and governing authority, the dedication and service of the professional staff, and the support of community stakeholders. The school system currently serves more than 23,000 students in Pre-K through twelfth grade in 36 schools; approximately 300 new students enter the system each year. The Pitt County School Board is the largest in the state with 12 members representing six districts. Board members are elected and serve six-year staggered terms.



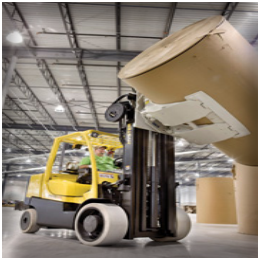
The class of 2010 graduated 1,266 students who were offered approximately \$10.6 million in scholarships, and increase of \$115,580.01 from the previous year.

Manufacturing

DSM Pharmaceuticals creates products and services in Life Sciences and Material Sciences. Markets include human and animal nutrition and health, personal care, pharmaceuticals, automotive, coatings and paint, electrical and electronics, life protection and housing. The company is headquartered in the Netherlands, with locations on five continents. In 1989, DSM was privatized and listed publicly. DSM was tied as the top manufacturing employer in Greenville in 2010.



DSM Dyneema officially opened its first production line at the US Dyneema facility in Greenville in 2004. Not only will the Greenville facility serve clients globally, but it will also serve the US military. DSM Dyneema is the inventor and manufacturer component in ropes, cable and nets for fishing and shipping.



NACCO Materials Handling Group designs, engineers and manufactures materials handling equipment for virtually every market niche, including warehouse trucks, counter handling trucks. NACCO began in 1913 with the incorporation of the Cleveland & Western Coal Company. NACCO entered the lift truck industry in 1985-1989 when it acquired Hyster and Yale brands and is now a world leader in the lift truck industry with an estimated eight percent market share worldwide and a 21.5% market share in the Americas as of 2009. NACCO came to Greenville in 1974. NACCO has a highly diverse customer base with over 600 different end-user applications in more than 600 industries. NACCO was tied as the largest manufacturing employer in Greenville in 2010.

DENSO, a global automotive supplier of advanced automotive technology, systems and components. Holding approximately 30,000 active patents worldwide – approximately 7,300 in the United States – DENSO is going all out to design ground-breaking systems and components tuned especially to consumers' specifications – whether they are drivers, passengers, pedestrians or society as a whole.



A subsidiary of DENSO, **ASMO Greenville of North Carolina**, produces front wiper motor linkages, rear wiper motors, arms and blades and radiator fan motors for its North America customers. ASMO Greenville is built on 37.4 acres and covers 303,396 square feet of manufacturing floor space. ASMO Greenville was the third largest manufacturing employer in Greenville in 2010.



Grady-White Boats makes offshore sport fishing boats. Grady-White boats are products of a result of North Carolina saltwater heritage and years of sport fishing experience. Grady-White boats, with their self-bailing cockpits and basic or level flotation characteristics, are known for their safety. During 2010, Grady-White celebrated 51 years of private ownership (42 years by the same family) providing a level of continuity that ensures customers a consistently high-quality product. Grady-White Boats is the only coastal boat builder to be ranked highest in its class for customer satisfaction and has won "Highest in Customer Satisfaction" by J.D. Powers and Associates nine years in a row. The National Marine Manufacturers Association has also awarded Grady-White their top customer satisfaction award in the fiberglass outboard boats category every year since the awards inception nine years ago.



Grady-White Boats is also active in the community. The company received the inaugural “Distinguished Partners for Excellence Award” from the North Carolina Community College System. This award recognized their 25 year partnership with Pitt Community College (PCC) through which Grady-White Boats supported numerous educational activities. Foremost was the development of the Visions Career Development & Scholarship Program which is a mentoring program that provides Pitt County teens with the tools to move from high school into PCC curricula. This achievement was expanded in 2006 with the Horizons program intended to guide GED and Adult High School



students into higher education. While recognizing that not all students will graduate, these programs seek to expand career options and opportunities to attend college.

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CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Greenville
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

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 Greenville, North Carolina for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This is the 22nd consecutive year that the City of Greenville has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

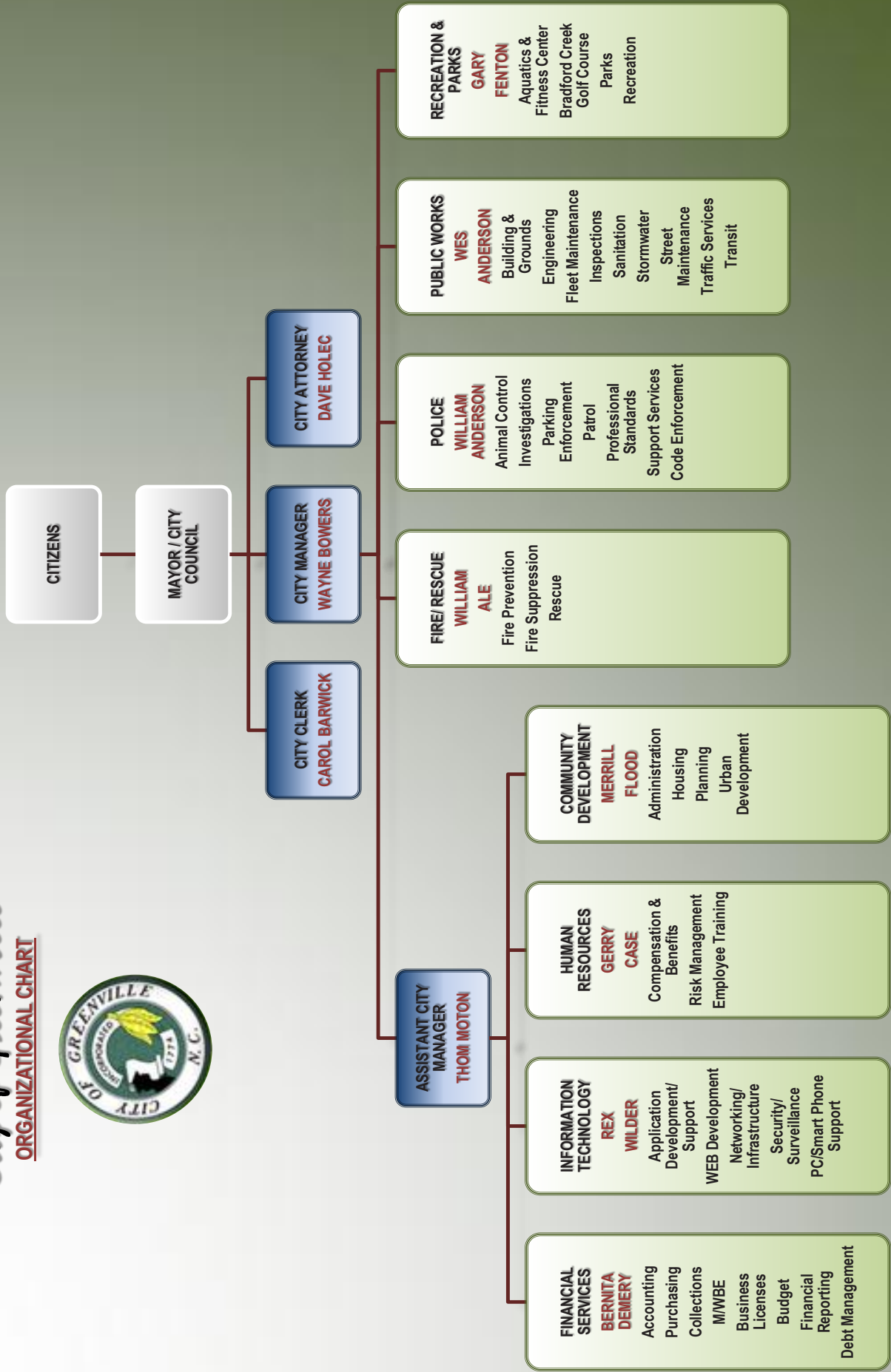
Congratulations
to
Financial Services Department
for
22 Years
of
Excellence
in
Financial Reporting!

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**CITY OF GREENVILLE
ORGANIZATIONAL CHART
& CITY COUNCIL**

City of Greenville
ORGANIZATIONAL CHART





Patricia C. Dunn
Mayor



Bryant Kittrell
Mayor Pro-Tem



Wayne Bowers
City Manager



Kandie Smith
District #1



Rose Glover
District #2



Max Joyner
District #5



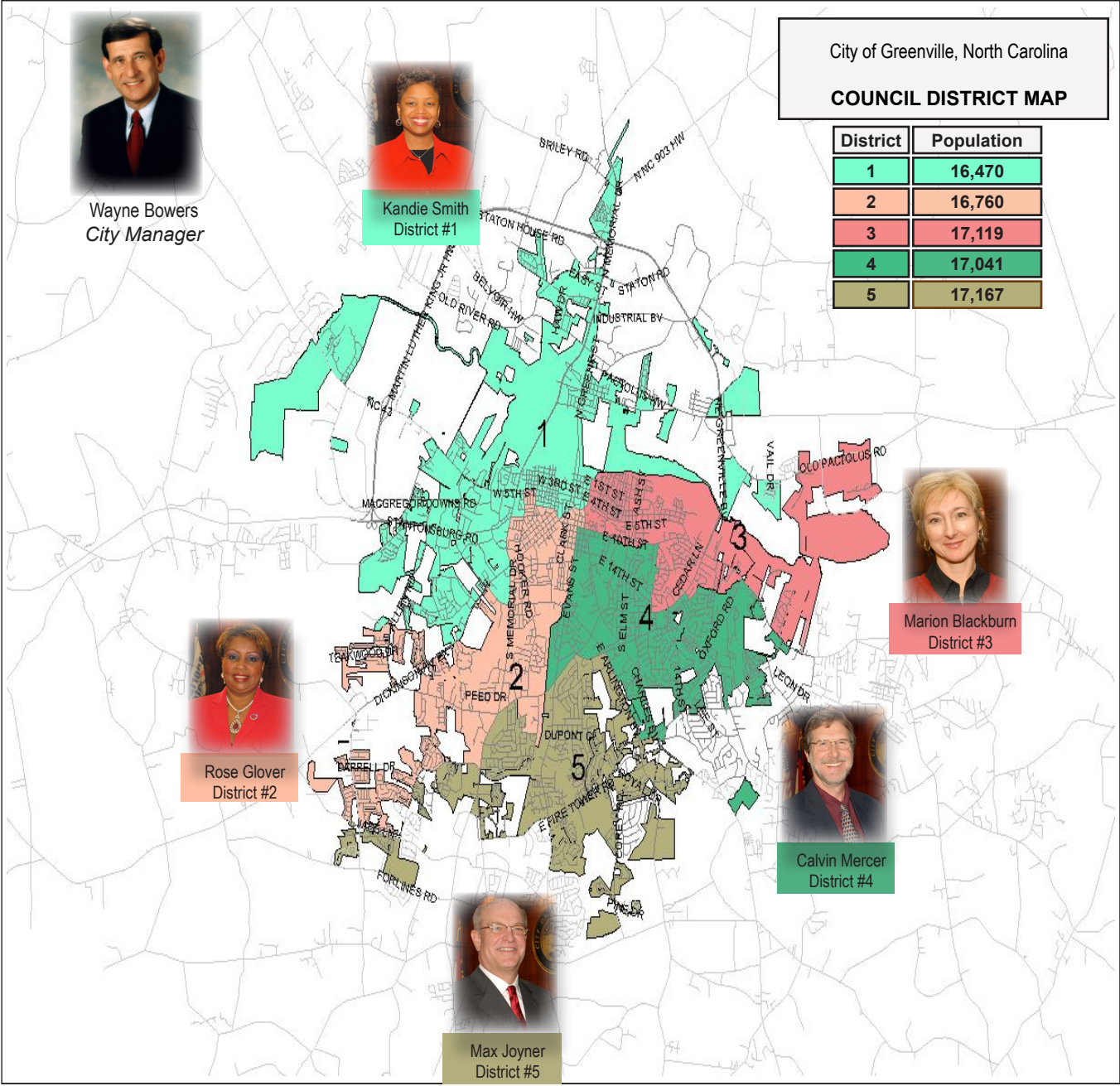
Marion Blackburn
District #3



Calvin Mercer
District #4

City of Greenville, North Carolina
COUNCIL DISTRICT MAP

District	Population
1	16,470
2	16,760
3	17,119
4	17,041
5	17,167



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Honorable Mayor
And Members of the City Council
City of Greenville
Greenville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business –type activities, each major fund, and the aggregate remaining fund information of City of Greenville, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Greenville'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, each major fund, and the aggregate remaining fund information of City of Greenville, North Carolina as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in 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 31, 2011 on our consideration of City of Greenville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions and the Other Post-Employment Benefits Schedule of Funding Progress and Schedule of Employer Contributions on pages 23 through 35 and 105 through 107 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this 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 basic financial statements of City of Greenville, North Carolina. The introductory section, other supplementary information and the statistical tables, as well as the accompanying schedule of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and the accompanying 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 information and the statistical tables 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 31, 2011

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GREENVILLE, NORTH CAROLINA



MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Greenville, we offer readers of the City's financial statements this narrative and analysis of the financial activities of the City of Greenville for the fiscal year ended June 30, 2011. We encourage readers to read the information presented in conjunction with the preceding transmittal letter and the additional information that we have included in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Highlights of the City's fiscal year ended June 30, 2011, include:

- The assets of the City of Greenville exceeded its liabilities at the close of the fiscal year by \$486,179,492 (net assets). Of this amount, \$103,883,791 can be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$23,734,626, primarily due to increases in governmental activities. The City's net assets of business-type governmental activities increased by \$9,337,833.
- The City of Greenville's governmental funds reported combined ending fund balances of \$43,097,808, a decrease of \$198,800 in comparison with the prior year. This decrease is largely due to capital project activity spending existing bond proceeds and Capital Reserve funds being used to fund additional capital activity. Approximately 26% of the total fund balance, or \$11,411,083, is available for spending at the government's discretion (unassigned fund balance). General Accounting Standards Board Statement #54 requires a change in the categorization of fund balances to clarify how "spendable" a fund's balance is by categorizing the fund balance as Restricted, Committed, or Unassigned. Governmental Fund Unassigned fund balance decreased \$1,953,882 from the comparable prior year balance as recalculated.
- Unassigned fund balance for the General Fund was \$13,380,913 or 19% of total general fund expenditures including other financing uses for the fiscal year. Overall, the fund balance for the General Fund increased by \$1,546,867, when compared to prior year. This increase is the result of departments being fiscally conservative in anticipating any shortfalls that could result in fiscal year 2012 due to the current national economic concerns.
- The City of Greenville's total debt, including the Greenville Utilities Commission managed debt; (excluding Law Enforcement Officer Separation Allowance, OPEB and Compensated Absences liabilities) had a net decrease of \$3.4 million during the current fiscal year due to the paydown of both City and GUC debt.
- The City was able to maintain its tax rate of \$.52 per \$100 of assessed value despite the economic recession.

In addition the City recognized the following accomplishments:

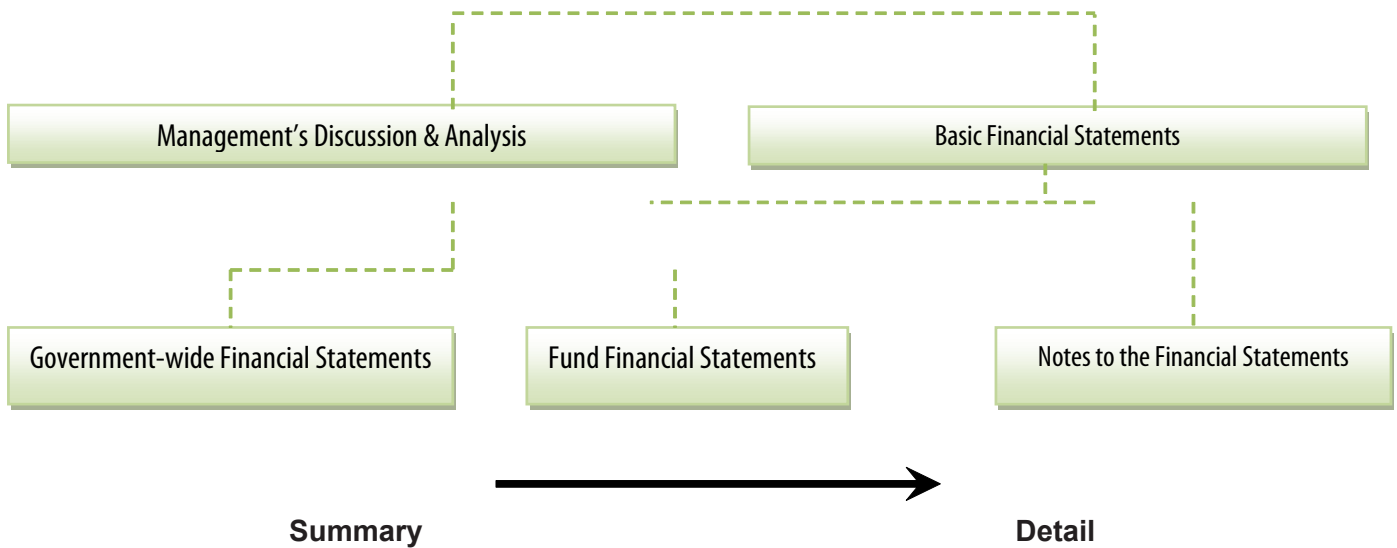
- Rating agencies affirmed the City of Greenville's strong ratings as it issued the balance of bonds approved in 2006. Ratings from the independent rating agencies Standard & Poors and Moody's remain as strong as when the debt was originally issued highlighting the City's stability in an economic climate where it is not unusual for local government credit ratings to be downgraded. Standard & Poors' AA rating is the firm's second best rating and indicates the City has a very strong capacity to meet its financial obligations. The Local Government Commission recommends that cities maintain at least 8% of their operating budget in reserves. Greenville has a policy of maintaining at least 14% and currently has a reserve ratio of 21% of total General Fund expenditures excluding other financing uses. These reserves provide stability during uncertain economic times ensuring core services can be maintained without having to increase taxes.
- The City received an unqualified or "clean" opinion from the independent auditing firm McGladrey & Pullen. An unqualified opinion denotes the highest level of assurance of compliance with accounting standards and practices and of internal controls with no material weaknesses or significant deficiencies.

- For the 22nd consecutive year, the GFOA of the United States and Canada has bestowed the highest form of recognition of governmental accounting and financial reporting, the Certificate of Achievement for Excellence in Financial Reporting, to the City of Greenville.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Greenville'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 (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Greenville.

Required Components of Annual Financial Report
Figure 1



BASIC FINANCIAL STATEMENTS

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) selected government fund budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets represent the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as general administration, public safety, transportation, environmental protection, cultural and recreational activities, and economic and physical development. Property taxes, other taxes, charges for services, and state and federal grant funds finance most of these activities. The business-type activities are those that function as an enterprise, and rely principally on user fees to support those services. These include the electric, water, sewer, gas, transportation, stormwater utility, sanitation, and golf course services offered by the City of Greenville. The government-wide financial statements are on Exhibits A and B of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements beginning with Exhibit C provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Greenville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Greenville can be divided into the three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Greenville adopts an annual budget for its General Fund, as required by the General Statutes. Biennially, the City also approves a financial operating plan that includes a two-year budget and five years Capital Improvement Program. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council concerning which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance those current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The City of Greenville has two different kinds of proprietary funds: enterprise and internal service.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Greenville uses enterprise funds to account for its electric, water, sewer, gas, transportation, sanitation, stormwater utility, and golf course activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the functions of City of Greenville and Greenville Utilities Commission. The City of Greenville currently has three functioning internal service funds.

The City uses an internal service funds to account for its dental reimbursement program, health insurance, and the management and purchase of replacement vehicles. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to report assets that are held in a trustee or agency capacity for others and therefore cannot be used to support other government activities. The City of Greenville has established the Other Post Employee Benefits (OPEB) Trust Fund to account for resources that are held in a trust for the employees.

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 follow Exhibit K 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 of Greenville's progress in funding its obligation to provide pension benefits for the law enforcement officers through the special separation allowance. Required supplementary information can be found following the notes section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of net assets as of June 30, 2011 (as shown in Exhibit A) with comparative data for June 30, 2010.

City of Greenville's Net Assets
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 58,147,853	\$ 55,752,959	\$ 125,344,581	\$ 118,402,245	\$ 183,492,434	\$ 174,155,204
Capital assets, non-depreciable	65,923,708	58,354,456	36,468,293	48,224,964	102,392,001	106,579,420
Capital assets, net	101,092,526	94,610,467	314,342,496	304,923,279	415,435,022	399,533,746
Total assets	\$ 225,164,087	\$ 208,717,882	\$ 476,155,370	\$ 471,550,488	\$ 701,319,457	\$ 680,268,370
Long-term liabilities outstanding	\$ 47,992,073	\$ 45,333,768	\$ 120,634,962	\$ 123,525,637	\$ 168,627,035	\$ 168,859,405
Other liabilities	9,835,843	10,444,736	36,677,087	38,519,363	46,512,930	48,964,099
Total liabilities	\$ 57,827,916	\$ 55,778,504	\$ 157,312,049	\$ 162,045,000	\$ 215,139,965	\$ 217,823,504
Investments in capital assets, net of related debt	\$ 132,449,416	\$ 119,769,164	\$ 239,155,736	\$ 241,245,730	\$ 371,605,152	\$ 361,014,894
Restricted						
Stabilization by State Statute	7,331,329	-	-	-	7,331,329	-
Transportation	2,540,216	-	-	-	2,540,216	-
Other	819,004	2,927,069	-	-	819,004	2,927,069
Unrestricted	24,196,206	30,243,145	79,687,585	68,259,758	103,883,791	98,502,903
Total net assets	\$ 167,336,171	\$ 152,939,378	\$ 318,843,321	\$ 309,505,488	\$ 486,179,492	\$ 462,444,866

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Greenville's government-wide activities exceeded its liabilities at the close of the fiscal year by \$486,179,492 (net assets). Of this amount, \$103,883,791 can be used to meet the City's ongoing obligations to citizens and creditors.

The City of Greenville's net assets of governmental activities increased by \$14,396,793 over FY 2010 levels. The City of Greenville uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Greenville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Government-wide, the City reports \$20,190,847 of OPEB liability as of June 30, 2011. During 2011, after extensive research and thorough deliberation, the City Council decided to keep the original OPEB benefit package for current employees. Employees hired on or after July 1, 2011 will receive a different OPEB benefit designed to limit the City's long-term OPEB liability. The City will also continue to transfer payments of \$250,000 to the OPEB Trust Fund to fund this liability for the next fiscal year. A brief description of the new policy is in the Notes Section.

At the end of the current fiscal year, the City of Greenville is able to report positive balances in both governmental and business-type net assets for the City as a whole. The same situation held true for the prior fiscal year as detailed in the changes in net assets.

Governmental Activities: Governmental activities increased the City's net assets by \$14,396,793 accounting for 61% of the total growth in the government's net assets. Of total net assets, governmental activities accounted for \$167,336,171, or 34%.

- Capital asset activity was key element of the increase. A significant portion of this increase was the transfer of Bradford Creek Golf Course assets into the General Fund.

Business-type Activities: The Greenville Utilities Commission has net assets of \$311,003,319 as of June 30, 2011. This represents 97.5% of the total business-type activities net assets amount. Of this amount, \$75,582,659 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to its customers and creditors. This represents an unrestricted fund balance of 29% of total GUC expenses for the fiscal year. Overall, business-type activities increased the City of Greenville's net assets by \$9,337,833 accounting for 39% of the total growth in the government's net assets. The majority of this increase is due to activities by the Greenville Utilities Commission. Key elements of this increase are as follows:

- The Commission's operating revenues increased by \$11,461,969, or 4.4%, and total revenues increased by \$12,356,283, or 4.7%, primarily due to rate increases and increased utility usage.
- The Commission's net capital assets increased \$11,812,293 primarily due to positive operating income.
- The Commission's net total debt (excluding compensated absences and OPEB) decreased by \$3,773,195, or 3.2% during FY 2011. The key factor in this retirement of \$19,832,826 of debt which exceeded the addition of \$16,649,300 in new debt retirement of existing debt totaling \$4,362,864 plus the amortization of discount and premium of \$589,669.

City of Greenville's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 7,745,220	\$ 7,264,682	\$ 283,277,205	\$ 271,335,564	\$ 291,022,425	\$ 278,600,246
Operating grants and contributions	9,502,113	7,491,517	830,129	807,313	10,332,242	8,298,830
Capital grants and contributions	10,257,739	13,735,247	1,061,800	3,501,261	11,319,539	17,236,508
General revenues:						
Ad valorem taxes	30,890,667	30,516,661	-	-	30,890,667	30,516,661
Other taxes	10,724,274	11,036,287	-	-	10,724,274	11,036,287
Other	11,915,833	11,771,962	641,268	812,974	12,557,101	12,584,936
Total Revenues	\$ 81,035,846	\$ 81,816,356	\$ 285,810,402	\$ 276,457,112	\$ 366,846,248	\$ 358,273,468
Expenses:						
General governmental	10,172,122	10,720,892	-	-	10,172,122	10,720,892
Public Safety	36,159,167	37,866,031	-	-	36,159,167	37,866,031
Transportation	9,344,005	11,993,890	-	-	9,344,005	11,993,890
Cultural and recreation	11,398,275	11,192,147	-	-	11,398,275	11,192,147
Economic and physical development	4,624,928	5,198,660	-	-	4,624,928	5,198,660
Interest and fees	1,602,311	1,842,604	-	-	1,602,311	1,842,604
Electric	-	-	195,509,841	188,680,989	195,509,841	188,680,989
Water	-	-	15,043,755	14,778,348	15,043,755	14,778,348
Sewer	-	-	15,673,137	14,775,758	15,673,137	14,775,758
Gas	-	-	31,972,145	31,748,674	31,972,145	31,748,674
Public transportation	-	-	1,836,905	1,702,608	1,836,905	1,702,608
Bradford Creek Golf Course	-	-	913,970	905,623	913,970	905,623
Stomwater utility	-	-	2,899,750	2,638,298	2,899,750	2,638,298
Sanitation	-	-	5,961,311	5,495,410	5,961,311	5,495,410
Total Expense	\$ 73,300,808	\$ 78,814,224	\$ 269,810,814	\$ 260,725,708	\$ 343,111,622	\$ 339,539,932
Increase in net assets before transfers	7,735,038	3,002,132	15,999,588	15,731,404	23,734,626	18,733,536
Transfers	6,661,755	4,872,036	(6,661,755)	(4,872,036)	-	-
Increase in net assets	\$ 14,396,793	\$ 7,874,168	\$ 9,337,833	\$ 10,859,368	\$ 23,734,626	\$ 18,733,536
Net assets, July 1	152,939,378	145,065,210	309,505,488	298,646,120	462,444,866	443,711,330
Net assets, June 30	\$ 167,336,171	\$ 152,939,378	\$ 318,843,321	\$ 309,505,488	\$ 486,179,492	\$ 462,444,866

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Greenville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Greenville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Greenville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Greenville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,380,913, while total fund balance was \$29,154,211. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (excluding transfers). Unassigned fund balance represents 21% of total General Fund expenditures excluding other financing uses, while total fund balance represents 46% of that same amount. As of June 30, 2011, the governmental funds of City of Greenville reported a combined fund balance of \$43,097,808, level with last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on a monthly basis. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund budget increased revenues and other financing sources by \$6,315,078. When compared to the adjustments proposed last year, this is a 2% decrease. The majority of this decrease concerns transfers related to capital projects which decreased from the prior year due to the tighter monitoring of budgets by departments.

General Fund revenues exceeded expenditures by \$1,688,571 (before other financing sources), increasing more than 100% from the deficit experienced in FY 2010. General Fund total revenues increased two percent fueled by the two percent increase in operating revenues. Operational expenditures remained level with the prior year increasing less than one percent. Inclusive of other financing sources, General Fund revenues exceeded expenditures by \$1,546,867 (including other financing sources), increasing more than 100% from FY 2010's net result.

While General Fund revenues continued to feel the impact of the economic recession, the major revenue sources remained stable compared to the prior year. Property Tax increased less than one percent over prior year actuals showing some normal growth. Sales Tax gross receipts show a three percent increase; however, they increased less than one percent when adjusting for the \$303,852 in repayments made to the State in FY 2010 for overpayments made in FY 2009. Unrestricted Intergovernmental revenues grew due to the State's restoration of Beer & Wine receipts causing an increase of \$248,265 or doubling of this revenue source. Restricted Intergovernmental revenues increased 23% due to an increase in grant revenues.

Investment Earnings had the largest decline in year over year actual receipts decreasing over 37% percent due to continued low interest rates in FY 2011. In addition, this revenue source fell 52% short of its budget estimate. The City continues its investment efforts, recognized by the Association of Public Treasurers of the United States & Canada Financial Services with a Certificate of Excellence for the City's Investment Policy, and continues to outperform performance benchmarks.

General Fund expenditures remained almost flat in comparison to the prior year, decreasing one percent. The most significant change in operations costs was the movement of Fleet related costs to an internal service fund. Adjusting Fleet related costs out of FY 2010, General fund expenditures increased less than one percent. While there were variances individual line items, the most significant increase was a new expenditure for Fleet Labor Fees which totaled \$572,482. This expenditure was instituted to help fund the new internal service fund for Fleet Maintenance. Other notable expenditure increases were in Contracted Services, Fuel, and Utility costs. Notable operations expenditure decreases were in Computer Hardware, Property and Casualty Insurance costs. Capital Improvement costs decreased 12% due to the significant decrease in Powell Bill related capital improvement projects. Overall, there was no unusual or significant activity noted within General Fund expenditures during FY 2011.

Proprietary Funds: The City of Greenville's proprietary funds provide the same type of information found in the business-type activities of the government-wide statements but in more detail. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Greenville's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City of Greenville's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$517,827,023 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset events for the City during the year include the following:

- The transfer of Bradford Creek Golf Course Assets into the General Fund (\$3.27M)
- Thomas Langston Road work (\$1.57M)
- Center City Revitalization work (\$1.38M)
- Public Transportation Buses (\$1.33M)

Utility Commission major capital asset events included:

- Distribution substations modernizations (\$1.7M)
- Preliminary construction activities for the Sterling Point and Westside pump stations (\$1M)
- Continued upgrades at the Wastewater Treatment plant (\$964,365)
- Water main improvements and extensions (\$802,749)
- Sanitary sewer outfall rehabilitations (\$767,416)

Additional information on the City's capital assets can be found in the notes of this report, Note 3, beginning on page 82.

City of Greenville's Capital Assets
Figure 4

	Governmental Activities		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 40,282,599	\$ 37,447,683	\$ 3,602,972	\$ 6,270,338	\$ 43,885,571	\$ 43,718,021
Right-of-Way Easements	6,747,132	4,949,532	51,015	36,425	6,798,147	4,985,957
Construction in Progress	18,893,977	15,957,241	32,814,306	41,918,201	51,708,283	57,875,442
Buildings	56,855,971	56,659,927	110,184,862	110,006,747	167,040,833	166,666,674
Other Improvements	7,586,935	7,353,735	100,045	224,365	7,686,980	7,578,100
Infrastructure	73,313,164	63,738,549	80,631	80,631	73,393,795	63,819,180
Machinery and equipment	21,283,212	20,777,747	8,459,093	7,508,913	29,742,305	28,286,660
Land rights	-	-	404,044	403,868	404,044	403,868
Furniture and office equipment	-	-	9,495,964	8,421,580	9,495,946	8,421,580
Vehicles and equipment	7,241,342	4,933,378	27,784,119	19,726,169	35,025,461	24,659,547
Distribution Systems	-	-	387,362,140	374,676,078	387,362,140	374,676,078
Transmission Systems	-	-	33,299,718	30,549,221	33,299,718	30,549,221
Subtotal	232,204,332	211,817,792	613,638,909	599,822,536	845,843,241	811,640,328
Accumulated Depreciation	(65,188,098)	(58,852,869)	(262,828,120)	(246,674,293)	(328,016,218)	(305,527,162)
Capital assets, net	\$ 167,016,234	\$ 152,964,923	\$ 350,810,789	\$ 353,148,243	\$ 517,827,023	\$ 506,113,166

Long-term Debt: As of June 30, 2011, the City of Greenville had total debt outstanding of \$157,611,540 (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance). Of this, \$37,708,211 is debt government backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by fees collected by the enterprise funds.

**City of Greenville's Outstanding Debt
General Obligation and Revenue Bonds
Figure 5**

	Governmental Activities		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 12,980,941	\$ 10,485,694	\$ 4,966,976	\$ 6,109,259	\$ 17,947,917	\$ 16,594,953
Certificates of Participation	10,565,000	11,380,000	-	-	10,565,000	11,380,000
Special Obligation (Revenue) Bonds	4,155,000	4,475,000	83,976,071	89,072,122	88,131,071	93,547,122
Installment Purchase Contracts	10,007,270	11,007,333	-	548,555	10,007,270	11,555,888
Other Debt (GUC)	-	-	30,960,282	28,587,426	30,960,282	28,587,426
Total	\$ 37,708,211	\$ 37,348,027	\$ 119,903,329	\$ 124,317,362	\$ 157,611,540	\$ 161,665,389

Total net debt (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance) has decreased by \$4.05 million (2.5%) during the current fiscal year. The City retired debt totaling \$280,653 (<1%). GUC retired \$19.8M in debt but also added \$16.65 in resulting in a net decrease of \$3.77M (3%) in total GUC debt. The majority of this decrease was in Special Obligation (Revenue) Bonds.

As previously mentioned in the Transmittal letter and the accomplishment section above, as of June 30, 2011, the City maintained strong bond ratings with Standard and Poor's and Moody's, of AA and Aa2 respectively. The City of Greenville is one of a select few cities in eastern North Carolina that maintains this high financial rating from both major rating agencies. This achievement was a primary factor in keeping interest costs low on the City's outstanding debt. The Commission was also able to maintain their "A+" rating from Standard & Poor's with a stable outlook due to their stable service area, consistent operating/capital financial performance, and competitive rates.

North Carolina General Statutes restrict the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that units boundaries. The legal debt margin for City of Greenville remained flat compared to the prior year at approximately \$431M. The City has \$4,860,000 in authorized but unissued bonds as of June 30, 2011.

Additional information regarding the City of Greenville's long-term debt can be found in the notes section to the financial statements of this report, Note 3, beginning on page 98.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2012

The City has had a council-manager form of government since 1953. Under this form of government, the City Council, which is elected by the people, is the final authority on policy matters relating to Greenville's government. The City Council employs a City Manager to handle the day-to-day management and operations of the City. Elections are held every other November, in odd years, for the Mayor and six City Council members. Elections are non-partisan. Candidates run for office under a system electing five district representatives, one at-large City Council member, and the Mayor at-large.

The City Manager, department heads, and the Financial Services Department of the City of Greenville prepare the annual budget for City operations on a biennial basis. According to state law, the fiscal year for all North Carolina municipalities begins on July and ends on June 30. Budgeting is approached by conservatively estimating revenues, subtracting "above the line" costs such as personnel and insurance costs, and allocating the balance to departments based on the percentage of budget the department received in the previous budget cycle. Departments wishing to increase their target allotment must submit an increment form justifying the increase. Departments submitting increment forms are required to submit decrement forms specifying what costs could be cut to support the requested increase.

July	- Fiscal Year Begins
October - December	<ul style="list-style-type: none"> - Budget targets distributed to departments - Capital Improvement Plan (CIP) submitted - Revenue projections submitted and finalized - New position requests and IT requests submitted - Department Head CIP meetings conducted
January - March	<ul style="list-style-type: none"> - CIP workshops conducted by City Council - Budget requests submitted & Department Head meetings conducted - CIP presentation to City Council
April - June	<ul style="list-style-type: none"> - Balanced budget submitted, distributed & presented to City Council - Budget submitted to the City Manager for public display - Public hearing and consideration of adoption on the FY 2012-2013 budget and 2013-2014 plan

During the off-year budget cycle (the second year of a biennial cycle) a similar calendar is approved with the following exceptions:

- Targets are not distributed to departments. Only adjustments are considered to the Original Plan approved during the prior year's budget cycle. Should a department feel they need an increase in excess of a management agreed upon percentage of change, the department submits an adjustment form similar to the increment form described above. Adjustment requests are reviewed, prioritized, and approved by management revenues permitting.
- Capital Improvement Plan project requests are not distributed. This plan encompasses five years, of which the off-budget year is the second year. However, should an unforeseen need arise that requires a new project or an adjustment of project priorities, an adjustment form can be submitted.

Additional information on the City's budget process can be found in the FY 2010-2011 Operating Budget & FY 2011-2012 Financial Plan posted on the Financial Services Department page on the City's web page www.greenvillenc.gov.

Governmental Activities: Adopted budget expenditures in the General Fund are expected to increase to \$74,400,804. This amount represents a four percent increase over the original budget adopted for the prior fiscal year. Moreover, the fiscal year (FY) 2012 original budget has more than a seven percent increase over fiscal year 2011 actuals.

Below is a forecast for major sources of the City's General Fund revenues. The following sources make up almost 60% of the revenue stream:

- **Property Taxes**

Property Tax continues to be the leading revenue source for the City of Greenville, representing 40% of the proposed General fund budget revenues. The assessed value of the City as of June 30, 2011 was \$6,002,493,331. This valuation represents a less than one percent increase over the valuation used for the prior fiscal year. The adopted budget includes the continuation of the current tax rate of 52 cents per \$100 of assessed value and projects level growth in property tax collections for 2011-2012. This is a sharp decline from the average 6.5% annual average growth seen over the last five years.

- **Sales Tax**

This revenue source constitutes 19% of total General Fund revenues. In its annual "Municipal State-Collected Revenue Estimates", the North Carolina League of Municipalities (NCLM) expects "the statewide local sales tax base to grow by 3.0 – 4.0 percent from the FY 2010 – 2011 level". In their analysis, NCLM noted that "the statewide distributions to local governments for the first six months of FY 2010 – 2011 were 1.5 percent above the comparable period in FY 2009 – 2010," but that the level of growth varied widely throughout the state. At that time, Pitt County's distribution level was 6.29 percent above the state's 1.5 percent. Pitt County and the City of Greenville are fortunate to have a diverse economic base which includes strong education and health care components. These sectors fared better than other segments of the economy and are expected to continue to do well as the recovery strengthens. The 2010 census figures also show an increase in population of 2.4 percent which will influence the amount of per capita sales tax distribution the City receives. The City's FY 2011 Sales Tax receipts increased 3.06% percent over FY 2010. For these reasons, Sales tax in the 2011-2012 adopted budget is estimated at seven percent over the 2010-2011 projected actuals.

Below are highlights of the City's General Fund expenditures:

- **Personnel**

Because municipal government is primarily a service delivery function and personnel costs are traditionally the main component in the overall cost of service delivery, salaries and benefits represent 64% of the total General Fund budget, which is consistent with historical patterns. These expenditures are expected to increase approximately 5.6% from fiscal year 2011 actuals. The approved budget includes funds to give employees whose salaries were not increased as a result of the pay and compensation study a one percent increase to their hourly wage. There is no additional appropriation for the merit program for FY 2012. All City employees participate in the North Carolina Local Government Employees' Retirement System (LGERS). Due to losses in the investment account of LGERS, the State has increased the employer contribution rate from 6.35% to 6.94% for general employees and from 6.82% to 7.04% for sworn police officers. Health insurance is an important component of overall personnel costs and is essential to recruiting and retaining a quality workforce. To better manage health insurance costs, the City maintains a self-funded insurance plan. The 2011-2012 adopted budget anticipates a 9% rise in this cost.

- **Operations**

Operational costs are expected to increase by approximately 10% from prior year actual expenditures. Funds necessary to implement the pay and compensation study were budgeted in a specific operations line item. This \$212,639 cost is one of the major variances in comparing the FY 2012 adopted budget to FY 2011's actual costs. Otherwise, there are no unique or unusual operations cost increases. The 10% increase is simply due to rising fuel, vehicle repair/maintenance, supply/material, insurance, and utility costs.

Business-type Activities: As previously mentioned, the largest component in the City's business-type activities is held by the Greenville Utilities Commission (GUC). Like organizations nationwide, the Utilities Commission is dealing with increased costs as the country begins to emerge from the worst economic recession in 50 years. Rising costs for fuel, energy, supplies, materials, and insurance make it necessary to be judicious with expenditure controls, efficient with staffing and work practices. The Utilities Commission has placed an administrative cap on full time staffing levels and continues to sustain operations with an equivalent 5-8% reduction in the full time workforce.

Although a due diligence effort was made in adjusting projections based on sound business practices, customer expectations, and system reliability, it became apparent that the Water and Sewer Funds were projected to end the current fiscal year 2010-11 with a deficit. Consequently, at its March 15, 2011 meeting, the Board adopted moderate rate adjustments for the Water and Sewer Funds which became effective April 1, 2011.

These adjustments were in addition to the rate increases of 4.9% for the Water Fund and 9.4% for the Sewer Fund which impacted a typical residential customer \$1.15 and \$2.77 respectively for a total impact of \$3.92 per month which became effective July 1, 2010. The rate adjustments enabled both funds to achieve positive year-end results and maintain key performance indicators. This action also eliminated the need for rate adjustments in the Water and Sewer Funds which had been scheduled in the Utilities Commissions' five year financial plan for implementation in the 2011-12 fiscal year.

The Electric and Gas Funds were balanced without any rate increases. The Utilities Commission continues to absorb a portion (\$696,000 per year) of the rate adjustment received February 1, 2009 from the Utilities Commission's wholesale power provider.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be emailed directly to Bernita Demery, the Director of Financial Services at bdemery@greenvillenc.gov.

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BASIC FINANCIAL STATEMENTS

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Statement of Net Assets
For the Year Ended June 30, 2011

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 44,225,491	\$ 80,198,671	\$ 124,424,162
Taxes and licenses receivable, net	1,215,976	-	1,215,976
Accounts receivable, net	2,574,826	29,991,518	32,566,344
Notes/Loans receivable	491,029	534,365	1,025,394
Due from other governments	4,229,780	1,168,190	5,397,970
Inventories	131,268	5,047,273	5,178,541
Prepaid items and deposits	193,484	80,468	273,952
Internal balances	835,233	(835,233)	-
Total current assets	53,897,087	116,185,252	170,082,339
Cash and investments, restricted	4,250,766	9,159,329	13,410,095
Land, improvements and construction in progress	65,923,708	36,468,293	102,392,001
Other capital assets, net of depreciation	101,092,526	314,342,496	415,435,022
Total noncurrent assets	171,267,000	359,970,118	531,237,118
Total assets	225,164,087	476,155,370	701,319,457
Liabilities			
Accounts payable and accrued liabilities	3,966,028	21,226,795	25,192,823
Customer deposits	-	3,266,743	3,266,743
Accrued interest payable	182,546	850,256	1,032,802
Other liabilities	244,165	-	244,165
Unearned revenue	322,141	695,486	1,017,627
Current portion of compensated absences	2,011,170	1,637,563	3,648,733
Current portion of long-term debt	3,109,793	9,000,244	12,110,037
Total current liabilities	9,835,843	36,677,087	46,512,930
Long-term liabilities:			
Noncurrent portion of long-term debt	47,992,073	120,634,962	168,627,035
Total liabilities	57,827,916	157,312,049	215,139,965
Net Assets			
Investments in capital assets, net of related debt	132,449,416	239,155,736	371,605,152
Restricted			
Stabilization by state statute	7,331,329	-	7,331,329
Transportation	2,540,216	-	2,540,216
Other	819,004	-	819,004
Unrestricted	24,196,206	79,687,585	103,883,791
Total net assets	\$ 167,336,171	\$ 318,843,321	\$ 486,179,492

See notes to the Financial Statements.

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,172,122	\$ 886,583	\$ 862,688	\$ -
Public safety	36,159,167	4,564,258	1,645,972	-
Transportation	9,344,005	308,831	2,929,995	9,267,280
Cultural and recreational	11,398,275	1,247,134	1,096,829	-
Economic and physical development	4,624,928	738,414	2,966,629	990,459
Interest and fees	1,602,311	-	-	-
Total governmental activities	73,300,808	7,745,220	9,502,113	10,257,739
Business-type activities:				
Electric	195,509,841	203,686,119	-	-
Water	15,043,755	15,289,131	-	494,960
Sewer	15,673,137	17,041,223	-	566,840
Gas	31,972,145	37,738,584	-	-
Public transportation	1,836,905	274,395	830,129	-
Bradford Creek Golf Course	913,970	750,095	-	-
Stormwater utility	2,899,750	3,065,890	-	-
Sanitation fund	5,961,311	5,431,768	-	-
Total business-type activities	269,810,814	283,277,205	830,129	1,061,800
Total primary government	\$ 343,111,622	\$ 291,022,425	\$ 10,332,242	\$ 11,319,539

General revenues:

- Ad valorem taxes
- Sales and use taxes
- Cable TV franchise tax
- Medicaid Hold Harmless payment
- Rental vehicle, gross receipts
- Utilities franchise tax
- Beer and wine tax
- Other taxes & licenses
- Investment earnings

Subtotal general revenue

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,422,851)	\$ -	\$ (8,422,851)
(29,948,937)	-	(29,948,937)
3,162,101	-	3,162,101
(9,054,312)	-	(9,054,312)
70,574	-	70,574
(1,602,311)	-	(1,602,311)
(45,795,736)	-	(45,795,736)
-	8,176,278	8,176,278
-	740,336	740,336
-	1,934,926	1,934,926
-	5,766,439	5,766,439
-	(732,381)	(732,381)
-	(163,875)	(163,875)
-	166,140	166,140
-	(529,543)	(529,543)
-	15,358,320	15,358,320
(45,795,736)	15,358,320	(30,437,416)
30,890,667	-	30,890,667
10,724,274	-	10,724,274
912,877	-	912,877
2,668,764	-	2,668,764
108,065	-	108,065
5,575,851	-	5,575,851
363,923	-	363,923
1,367,861	-	1,367,861
918,492	641,268	1,559,760
53,530,774	641,268	54,172,042
6,661,755	(6,661,755)	-
60,192,529	(6,020,487)	54,172,042
14,396,793	9,337,833	23,734,626
152,939,378	309,505,488	462,444,866
\$ 167,336,171	\$ 318,843,321	\$ 486,179,492

	General	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 24,718,541	\$ 11,297,821	\$ 36,016,362
Taxes receivable, net	1,215,976	-	1,215,976
Accounts receivable, net	2,280,935	148,515	2,429,450
Loans receivable	-	491,029	491,029
Due from other funds	3,413,420	-	3,413,420
Due from other governments	2,549,589	1,680,191	4,229,780
Inventories	20,810	-	20,810
Prepaid items and deposits	140,611	52,873	193,484
Restricted cash and investments	819,004	3,431,762	4,250,766
Total assets	\$ 35,158,886	\$ 17,102,191	\$ 52,261,077
Liabilities			
Accounts payable and accrued liabilities	\$ 2,185,506	\$ 542,274	\$ 2,727,780
Due to other funds	135,449	2,235,853	2,371,302
Other liabilities	244,165	-	244,165
Deferred/Unearned revenue	3,439,555	380,467	3,820,022
Total liabilities	6,004,675	3,158,594	9,163,269
Fund Balances			
Nonspendable			
Prepaid items and inventories	161,421	52,873	214,294
Spendable			
Restricted			
Stabilization by State Statute	7,331,329	1,940,075	9,271,404
Restricted for general government	281,918	-	281,918
Restricted for streets	2,540,216	-	2,540,216
Restricted for public safety	386,471	170,865	557,336
Restricted for public works	-	1,988,358	1,988,358
Restricted for economic development	150,615	3,137,152	3,287,767
Restricted for culture and recreation	-	1,147,250	1,147,250
Committed			
Committed for catastrophic losses	2,710,137	-	2,710,137
Committed for League of Municipalities	120,606	-	120,606
Committed for capital projects	-	6,533,566	6,533,566
Committed for debt service	-	943,288	943,288
Assigned			
Assigned for subsequent years expenditures	2,090,585	-	2,090,585
Unassigned	13,380,913	(1,969,830)	11,411,083
Total fund balance	29,154,211	13,943,597	43,097,808
Total liabilities and fund balances	\$ 35,158,886	\$ 17,102,191	\$ 52,261,077

See Notes to Financial Statements.

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets -
Governmental Activities
For the Year Ended June 30, 2011**

Exhibit C (Continued)

Total fund balances for governmental funds.	\$	43,097,808
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		161,034,309
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year end. These receivables are a component of net assets in the statement of net assets.		3,512,217
Internal service funds are used by management to charge the costs of dental and health insurance costs to individual funds, provide for vehicle replacements and charge the costs of fleet maintenance to individual funds. The assets and liabilities are included in the governmental activities in the statement of net assets.		12,987,419
Long-term liabilities, including compensated absences, unfunded other post-employment benefits and unfunded pension obligations and accrued interest are not due and payable in the current period and therefore, are not reported in the funds.		(53,295,582)
Net assets of governmental activities	\$	167,336,171

See Notes to Financial Statements

Statement of Revenues, Expenditures and Changes in Fund Balance

Government Funds

For the Year Ended June 30, 2011

Exhibit D

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 30,748,647	\$ -	\$ 30,748,647
Other taxes	14,413,980	716,225	15,130,205
Unrestricted intergovernmental	5,964,447	-	5,964,447
Restricted intergovernmental	4,445,853	6,601,867	11,047,720
Licenses, permits and fees	2,365,422	-	2,365,422
Sales and services	5,290,098	-	5,290,098
Investment earnings	897,136	19,941	917,077
Other revenues	311,151	584,918	896,069
Total revenues	64,436,734	7,922,951	72,359,685
Expenditures			
Current:			
General government	8,726,764	-	8,726,764
Public safety	34,710,152	546,285	35,256,437
Public works	8,057,286	1,374,221	9,431,507
Cultural and recreational	6,156,439	2,286,480	8,442,919
Economic and physical development	1,573,707	2,971,625	4,545,332
Capital outlay	3,646,896	6,213,744	9,860,640
Reimbursement of indirect cost	(373,081)	-	(373,081)
Contribution to OPEB Trust	250,000	-	250,000
Debt service:			
Principal retirement	-	3,389,085	3,389,085
Interest and fees	-	1,579,956	1,579,956
Total expenditures	62,748,163	18,361,396	81,109,559
Excess (deficiency) of revenues over (under) expenditures	1,688,571	(10,438,445)	(8,749,874)
Other financing sources (uses)			
Debt issued	-	3,243,715	3,243,715
Transfers from other funds	6,419,013	6,320,366	12,739,379
Transfers to other funds	(6,560,717)	(871,303)	(7,432,020)
Total other financing sources	(141,704)	8,692,778	8,551,074
Net change in fund balances	1,546,867	(1,745,667)	(198,800)
Fund balance			
Beginning of year	27,607,344	15,689,264	43,296,608
End of year	\$ 29,154,211	\$ 13,943,597	\$ 43,097,808

See Notes to Financial Statements

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011**

Exhibit E

Net change in fund balances - total governmental funds	\$	(198,800)
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.		7,979,506
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(6,542,704)
There are differences in the revenues in the statement of activities and revenues in the funds for:		
Property tax		142,020
Sales and services and other revenues		197,430
Expenses related to other post-employment benefits, compensated absences and law enforcement officers' separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.		(2,449,861)
Proceeds from issuance of long-term debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities. Accrued interest expense.		(3,243,715)
Principal repayments on long-term debt are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.		2,864,816
Gain (loss) on disposal of capital assets is reported in the statement of activities, but not the fund statement.		(365,432)
Contributed capital from third party donors or other funds are reported in the statement of activities, but not the fund statement.		11,357,012
The internal service fund is used by management to charge the cost of dental insurance costs. The net revenue of the internal service fund is determined to be governmental-type.		4,656,521
Change in net assets of governmental activities	\$	<u>14,396,793</u>

See Notes to the Financial Statements

General Fund Annually Budgeted Major Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2011

Exhibit F

	General Fund			
	Budget		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 30,453,036	\$ 31,220,345	\$ 30,748,647	\$ (471,698)
Other taxes	14,925,961	14,158,652	14,413,980	255,328
Unrestricted intergovernmental	6,483,443	6,126,737	5,964,447	(162,290)
Restricted intergovernmental	3,475,248	5,459,395	4,445,853	(1,013,542)
Licenses, permits and fees	3,487,524	2,358,944	2,365,422	6,478
Sales and services	3,602,309	4,709,935	5,290,098	580,163
Investment earnings	1,865,731	1,868,952	897,136	(971,816)
Other revenues	212,085	566,883	311,151	(255,732)
Total revenues	64,505,337	66,469,843	64,436,734	(2,033,109)
Expenditures				
Current:				
General government	9,784,364	10,164,823	8,726,764	1,438,059
Public safety	34,600,221	36,141,194	34,710,152	1,431,042
Public works	8,598,067	8,652,153	8,057,286	594,867
Economic development	1,603,761	1,923,363	1,573,707	349,656
Cultural and recreational	6,149,598	6,236,251	6,156,439	79,812
Capital outlay	4,406,019	7,065,488	3,646,896	3,418,592
Reimbursement of indirect cost	(373,081)	(373,081)	(373,081)	-
Contribution to OPEB Trust	250,000	250,000	250,000	-
Contingency	949,440	722,627	-	722,627
Total expenditures	65,968,389	70,782,818	62,748,163	8,034,655
Revenues under expenditures	(1,463,052)	(4,312,975)	1,688,571	6,001,546
Other financing sources (uses)				
Transfers from other funds	5,938,211	6,866,027	6,419,013	(447,014)
Transfers to other funds	(5,714,140)	(7,214,789)	(6,560,717)	654,072
Appropriated fund balance	1,238,981	4,661,737	-	(4,661,737)
Total other financing sources (uses)	1,463,052	4,312,975	(141,704)	(4,454,679)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	1,546,867	\$ 1,546,867
Fund balance				
Beginning of year			27,607,344	
End of year			\$ 29,154,211	

See Notes to Financial Statements

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Statement of Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit G
Page 1 of 2

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Assets				
Cash and cash equivalents	\$ 39,235,219	\$ 2,846,051	\$ 6,945,357	\$ 17,487,162
Investments	4,655,559	385,735	883,807	2,074,899
Accounts receivable, net	22,879,694	2,029,550	2,000,004	2,318,518
Notes receivable	-	534,365	-	-
Due from other governments	676,723	360,917	57,985	46,017
Due from other funds	143,818	-	-	-
Inventories	3,827,360	624,012	102,881	478,823
Prepaid items and deposits	49,918	13,299	9,917	7,334
Total current assets	71,468,291	6,793,929	9,999,951	22,412,753
Cash and cash equivalents, restricted	637,905	2,598,768	3,731,935	656,187
Land improvements and construction in progress	3,007,207	8,771,249	19,569,073	570,452
Other capital assets, net	87,041,924	87,320,596	109,014,231	28,578,543
Total noncurrent assets	90,687,036	98,690,613	132,315,239	29,805,182
Total assets	162,155,327	105,484,542	142,315,190	52,217,935
Liabilities and Net Assets				
Accounts payable and accrued liabilities	16,929,224	1,070,660	1,063,213	1,814,864
Customer deposits	2,536,796	424,941	500	304,506
Accrued interest payable	211,869	246,427	299,707	92,253
Due to other funds	869,939	-	-	-
Unearned revenue	-	221,271	468,358	-
Current portion of compensated absences	635,707	290,568	286,139	224,391
Current maturities of long-term debt	1,980,078	2,507,905	3,365,480	980,324
Total current liabilities	23,163,613	4,761,772	5,483,397	3,416,338
Compensated absences payable	87,601	85,293	41,863	40,344
Noncurrent portion of other post-employment benefits	3,675,454	1,631,860	1,271,514	1,178,057
Noncurrent portion of long-term debt	23,093,724	32,422,189	41,660,570	9,156,086
Total noncurrent liabilities	26,856,779	34,139,342	42,973,947	10,374,487
Total liabilities	50,020,392	38,901,114	48,457,344	13,790,825
Net Assets				
Investment in capital assets, net of related debt	65,613,234	63,317,605	86,821,049	19,668,772
Unrestricted net assets	46,521,701	3,265,823	7,036,797	18,758,338
Total net assets	\$ 112,134,935	\$ 66,583,428	\$ 93,857,846	\$ 38,427,110

See Notes to Financial Statements

Exhibit G
Page 2 of 2

Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 5,684,882	\$ 72,198,671	\$ 8,209,129
-	8,000,000	-
763,752	29,991,518	40,182
-	534,365	-
26,548	1,168,190	105,194
699,924	843,742	-
14,197	5,047,273	110,458
-	80,468	-
<u>7,189,303</u>	<u>117,864,227</u>	<u>8,464,963</u>
1,534,534	9,159,329	-
4,550,312	36,468,293	-
2,387,202	314,342,496	5,981,925
<u>8,472,048</u>	<u>359,970,118</u>	<u>5,981,925</u>
<u>15,661,351</u>	<u>477,834,345</u>	<u>14,446,888</u>
348,834	21,226,795	1,238,248
-	3,266,743	-
-	850,256	-
809,036	1,678,975	206,885
5,857	695,486	14,336
200,758	1,637,563	-
166,457	9,000,244	-
<u>1,530,942</u>	<u>38,356,062</u>	<u>1,459,469</u>
86,039	341,140	-
1,633,853	9,390,738	-
4,570,515	110,903,084	-
<u>6,290,407</u>	<u>120,634,962</u>	<u>-</u>
<u>7,821,349</u>	<u>158,991,024</u>	<u>1,459,469</u>
3,735,076	239,155,736	5,981,925
4,104,926	79,687,585	7,005,494
<u>\$ 7,840,002</u>	<u>\$ 318,843,321</u>	<u>\$ 12,987,419</u>

See Notes to Financial Statements

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2011

Exhibit H

Page 1 of 2

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Operating revenues:				
Charges for services	\$ 201,522,889	\$ 14,890,020	\$ 16,570,202	\$ 37,589,742
Other operating revenues	536,485	85,994	85,329	92,378
Total operating revenues	202,059,374	14,976,014	16,655,531	37,682,120
Operating expenses:				
Administrative and general	7,504,180	2,321,346	2,461,882	2,468,459
Operations and maintenance	13,737,070	7,780,055	7,539,579	4,726,932
Purchased power and gas	165,875,060	-	-	22,710,093
Depreciation and amortization	7,257,515	3,616,981	4,245,776	1,624,142
Claims and payments to third party administrators	-	-	-	-
Total operating expenses	194,373,825	13,718,382	14,247,237	31,529,626
Operating income (loss)	7,685,549	1,257,632	2,408,294	6,152,494
Non-operating revenues (expenses):				
Investment earnings	380,865	52,442	70,132	133,665
Restricted intergovernmental revenues	-	-	-	-
Other revenue	1,626,745	313,117	385,692	56,464
Interest expense	(1,136,016)	(1,325,373)	(1,425,900)	(442,519)
Total non-operating revenue (expenses)	871,594	(959,814)	(970,076)	(252,390)
Income (loss) before transfer and contributions	8,557,143	297,818	1,438,218	5,900,104
Transfer in (out) and capital contributions:				
Capital contributions	-	494,960	566,840	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(4,372,709)	-	-	(1,070,081)
Total transfers in (out) and capital contributions	(4,372,709)	494,960	566,840	(1,070,081)
Change in net assets	4,184,434	792,778	2,005,058	4,830,023
Net assets				
Beginning of year	107,950,501	65,790,650	91,852,788	33,597,087
End of year	\$ 112,134,935	\$ 66,583,428	\$ 93,857,846	\$ 38,427,110

See Notes to Financial Statements

Exhibit H
Page 2 of 2

Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 9,462,223	\$ 280,035,076	\$ 16,867,707
59,925	860,111	118,716
9,522,148	280,895,187	16,986,423
27,832	14,783,699	532,022
10,734,724	44,518,360	3,388,019
-	188,585,153	-
603,253	17,347,667	710,950
-	-	7,848,395
11,365,809	265,234,879	12,479,386
(1,843,661)	15,660,308	4,507,037
4,164	641,268	1,283
830,129	830,129	-
-	2,382,018	-
(246,127)	(4,575,935)	-
588,166	(722,520)	1,283
(1,255,495)	14,937,788	4,508,320
1,826,536	2,888,336	-
190,000	190,000	148,201
(3,235,501)	(8,678,291)	-
(1,218,965)	(5,599,955)	148,201
(2,474,460)	9,337,833	4,656,521
10,314,462	309,505,488	8,330,898
\$ 7,840,002	\$ 318,843,321	\$ 12,987,419

See Notes to Financial Statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit I
Page 1 of 4

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Cash Flows from Operating Activities				
Cash received from customers	\$ 202,960,828	\$ 14,596,418	\$ 16,141,274	\$ 37,421,847
Other operating receipts	1,196,889	346,527	262,609	113,319
Cash paid to vendors	(178,957,774)	(5,452,223)	(5,310,840)	(25,777,018)
Cash paid to employees	(9,165,548)	(4,377,897)	(4,288,811)	(3,564,377)
Loans made	-	(2,099)	-	-
Net cash provided by (used in) operating activities	16,034,395	5,110,726	6,804,232	8,193,771
Cash Flows from Non-capital Financing Activities				
Transfer from (to) other funds	(4,370,420)	-	-	(1,070,081)
Restricted governmental operating grants	-	-	-	-
Net cash provided by (used in) non-capital financing activities	(4,370,420)	-	-	(1,070,081)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(6,865,998)	(3,512,272)	(4,706,952)	(1,137,266)
Capital grants	-	2,196,993	202,561	-
Capital related receipts from customers	-	177,705	268,666	-
Interfund transfers on capital assets	(1,321,238)	961,133	990,362	(630,257)
Proceeds from issuance of long-term debt	4,750,441	3,596,504	4,887,401	3,414,954
Principal repayments of long-term debt	(5,603,584)	(4,005,745)	(6,280,354)	(3,943,139)
Interest and other debt related expenses	(1,411,208)	(1,782,464)	(1,818,073)	(667,683)
Net cash used in capital and related financing activities	(10,451,587)	(2,368,146)	(6,456,389)	(2,963,391)
Cash Flows from Investing Activities				
Purchase of investments	(2,723,264)	(372,098)	(538,779)	(1,365,859)
Interest received on investments	332,278	45,488	60,646	110,838
Net cash provided by (used in) investing activities	(2,390,986)	(326,610)	(478,133)	(1,255,021)
Net increase (decrease) in cash and cash equivalents	(1,178,598)	2,415,970	(130,290)	2,905,278
Cash and cash equivalents				
Beginning of year	41,051,722	3,028,849	10,807,582	15,238,071
End of year	\$ 39,873,124	\$ 5,444,819	\$ 10,677,292	\$ 18,143,349

See Notes to Financial Statements

Exhibit I
Page 2 of 4

Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 9,421,364	\$ 280,541,731	\$ 16,249,367
-	1,919,344	-
(3,729,661)	(219,227,516)	(10,366,882)
(6,440,563)	(27,837,196)	(1,015,956)
-	(2,099)	-
(748,860)	35,394,264	4,866,529
(12,770)	(5,453,271)	148,201
830,129	830,129	-
817,359	(4,623,142)	148,201
(488,485)	(16,710,973)	(2,330,510)
-	2,399,554	-
-	446,371	-
-	-	-
-	16,649,300	-
(116,568)	(19,949,390)	-
(246,127)	(5,925,555)	-
(851,180)	(23,090,693)	(2,330,510)
-	(5,000,000)	-
4,164	553,414	1,283
4,164	(4,446,586)	1,283
(778,517)	3,233,843	2,685,503
7,997,933	78,124,157	5,523,626
\$ 7,219,416	\$ 81,358,000	\$ 8,209,129

See Notes to Financial Statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit I
Page 3 of 4

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 7,685,549	\$ 1,257,632	\$ 2,408,294	\$ 6,152,494
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	7,257,515	3,616,980	4,245,776	1,624,142
Miscellaneous income (expense) adjustments	1,626,745	135,412	117,026	56,464
Net change in assets and liabilities				
Accounts receivable	418,225	(373,162)	(330,464)	(275,777)
Notes receivable	-	(2,099)	-	-
Due from other governments	(152,530)	212,136	158,002	14,228
Due from other funds	142,817	-	-	44,361
Inventories	(446,516)	(45,391)	(9,043)	(7,291)
Prepaid expense and deposits	8,664	22,872	23,421	41,212
Accounts payable and accrued expenses	(1,055,028)	143,072	204,589	366,139
Customer deposits	63,086	39,185	250	13,770
Due to other funds	25,627	-	-	-
Compensated absences	(17,392)	(36,464)	(15,321)	4,217
Other post-employment benefits accrual	477,633	187,193	198,164	159,812
Unearned revenue	-	(46,640)	(196,462)	-
Net cash provided by (used i) operating activities	16,034,395	5,110,726	6,804,232	8,193,771
Other disclosures:				
Interest incurred	\$ 1,336,746	\$ 1,448,023	\$ 1,709,134	\$ 618,915
Interest paid	\$ 1,391,930	\$ 1,773,663	\$ 1,808,121	\$ 657,730
Interest capitalized	\$ -	\$ 52,590	\$ 188,734	\$ -
Noncash Capital and Related Financing Activities				
Contributions of capital assets	\$ -	\$ 225,313	\$ 364,279	\$ -
Long-term debt assumed by governmental activities	\$ -	\$ -	\$ -	\$ -
Capital assets transferred to governmental activities	\$ -	\$ -	\$ -	\$ -

See Notes to Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (1,843,661)	\$ 15,660,308	\$ 4,507,037
603,253	17,347,666	710,950
-	1,935,647	-
(43,186)	(604,364)	(125,274)
-	(2,099)	-
(5,406)	226,430	-
(40,864)	146,314	-
-	(508,241)	(110,458)
250	96,419	57,330
145,855	(195,373)	438,726
-	116,291	-
69,637	95,264	(616,559)
1,062	(63,898)	-
361,245	1,384,047	-
2,955	(240,147)	4,777
(748,860)	35,394,264	4,866,529
\$ 232,985	\$ 5,345,803	\$ -
\$ 232,985	\$ 5,864,429	\$ -
\$ -	\$ 241,324	\$ -
\$ 1,302,261	\$ 1,891,853	\$ -
\$ 524,220	\$ 524,220	\$ -
\$ (3,032,730)	\$ (3,032,730)	\$ -

See Notes to Financial Statements

Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

Exhibit J

	<u>OPEB Trust Funds</u>
Assets	
Restricted cash and cash equivalents	\$ 1,124,201
Net Assets	
Net assets	\$ 1,124,201

See Notes to Financial Statements

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2011

Exhibit K

	OPEB Trust Funds
Additions:	
Employer contributions	\$ 2,390,935
Investment earnings	158,544
Total additions	<u>2,549,479</u>
Deductions:	
Benefits	<u>1,940,935</u>
Change in net assets	608,544
Net assets reserved for employees' other post-employment benefits	
Beginning of year	515,657
End of year	<u>\$ 1,124,201</u>

See Notes to Financial Statements

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NOTES, DISCLOSURES & STATEMENTS

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Note 1. Summary of Significant Accounting Policies and Reporting Entity

Summary of significant accounting policies: The City of Greenville, North Carolina (“City”) is located in the coastal plains area of the State and has a population of 84,554. The City, as authorized by its charter, operates its own police and fire departments, provides sanitation and street maintenance services, manages a transit system and maintains public parks and recreation facilities, among other services for its citizens. In addition, the City provides electric, water, sewer, and gas utilities for the incorporated area through the Greenville Utilities Commission (the “Commission”), which is not a separate legal entity. Electricity is purchased from North Carolina Eastern Municipal Power Agency and gas is purchased from Piedmont Natural Gas Corporation and gas marketers.

The accounting policies of the City of Greenville, North Carolina, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting entity: The City of Greenville is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, the City’s financial statements include the operations of all funds, agencies, boards, commissions and authorities for which the City is financially accountable. The City has no component units. The Commission, which is governed by an eight-member Board of Commissioners, was established in 1905 to operate and administer the utility enterprise funds of the City of Greenville, North Carolina.

Basis of presentation:

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the City’s funds, including a fiduciary fund. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

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

The City reports the following major governmental fund:

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, State-shared revenue, and various other taxes and licenses. The primary expenditures are for public safety, public works, parks and recreation, and general government services.

The City reports the following major enterprise funds:

Electric Fund - This fund is used to account for the operation of providing power to residents.

Water Fund - This fund is used to account for the operation of providing water to residents.

Sewer Fund - This fund is used to account for the operation of providing sewer services to residents.

Gas Fund - This fund is used to account for the operation of providing natural gas to residents.

Additionally, the City reports the following non-major funds, by type:

Non-major Enterprise Funds - The non-major enterprise funds are used to account for the operation of providing various City services to residents. The City maintains four non-major enterprise funds: Public Transportation, Bradford Creek Golf Course, Stormwater Utility, and Sanitation.

Special Revenue Funds - The special revenue funds account for specific revenue sources (other than expendable trusts and agency funds or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City maintains fifteen special revenue funds: the Community Development Fund, Sheppard Memorial Library, Housing Trust Fund, Small Business Loan Fund, League of Municipalities Conference Fund, Lead Based Paint Hazard Grant Fund, CDBG Recovery Grant Project Fund, Public Transit Capital Assistance Recovery Grant Fund, Byrne-JAG Grant Recovery Fund, Energy Efficiency Recovery Grant Fund, COPS Hiring Recovery Grant Fund, Arlington Sidewalk Grant Fund, Charles Sidewalk Grant Fund, Arlington Turn Lane Grant Fund and Centralized Grant Fund.

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

Capital Projects Funds - The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). As of June 30, 2011, the City has seventeen capital project funds that were open during the fiscal year, covering various construction projects: Cemetery Development, Affordable Housing Project, City Hall Facility, West Greenville Revitalization, Center City Revitalization, Stantonsburg Road/10th Street Connector, South Tar River Greenway, Way Finding Community Development, Thomas Langston Road Extension Project, Intermodal Transportation Center Project, Employee Parking Lot Expansion Project, Convention Center Expansion Project, Community Oriented Policing Service Project, Technology for Public Safety Project, Public Works Beatty Street Project, Drew Steele Center and Capital Reserve Fund.

Debt Service Fund - The Debt Service Fund accounts for the payment of the City's debt obligations, excluding Greenville Utility Commission's ("Commission") debt. The Commission's debt is paid from their respective funds (ie. Electric, Water, and Sewer).

Internal Service Funds - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City of Greenville has four internal service funds: the Dental Fund, the Health Insurance Fund, the Vehicle Replacement Fund and the Fleet Maintenance Fund.

OPEB Trust Fund -The City maintains the North Carolina OPEB Trust Fund. This fund is used to track all contributions to the State managed Other Post Employment Benefits Trust Fund. Funds are placed in the irrevocable trust for retiree health benefit costs.

Measurement focus and basis of accounting:

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

Government-wide, proprietary, and fiduciary fund financial statements: The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the 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 non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end. Ad valorem taxes receivable that are not collected within 60 days after year-end are not accrued as 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 except as noted above 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, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Greenville. For registered motor vehicles, 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, the City's vehicle taxes for vehicles registered in Pitt 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 in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. 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, followed by 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.

Notes to Financial Statements

For the Year Ended June 30, 2011

Budgetary procedures and budgetary accounting: The City Manager and departments of the City of Greenville prepare the annual budget for city operations on a biennial basis. As required by the North Carolina Budget and Fiscal Control Act, the City Council adopts an annual budget ordinance for all governmental and proprietary fund types except funds authorized by project ordinance. All annual appropriations lapse at the fiscal year-end. All capital project funds except the capital reserve fund and all special revenue funds except Sheppard Memorial Library and the Housing Fund are budgeted under project ordinances spanning more than one fiscal year; therefore, the Governmental Funds that appropriated annually are: General Fund, Debt Service, Capital Reserve, Sheppard Memorial Library, and the Housing Fund. The City's four 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, as is required by the General Statutes. All budget ordinances are prepared on the modified accrual basis of accounting as required by the Act. The budget ordinance must be accepted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Budgeting control is exercised over aggregated funds at the departmental level for governmental funds, and for all other funds the budget is adopted at the fund level. All amendments must be approved by the City Council. Individual amendments were not material in relation to the original appropriations.

Management estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Significant estimates embodied in these financial statements are estimated lives of capital assets, other post-employment benefit plan liabilities, incurred but not reported health insurance liabilities, and allowance for uncollectible accounts.

Assets, Liabilities, and Fund Equity:

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

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust ("NCCMT"). The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are also valued at fair value.

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

General Statute 147-69.4 allows the City to establish an OPEB Trust Fund managed by the staff of the Department of the State Treasurer and G.S. 159-30(g) allows the City to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are held in the State Treasurer's Short Term Investment Fund ("STIF"). Allowable STIF investments are detailed in G.S. 147.69.1. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Cash and cash equivalents: The City and the Commission separately pool substantially all cash and investments from all funds utilizing a single central depository for each entity. Each fund owns a pro rata interest in the depository and interest earned as a result of pooling is distributed to the appropriate funds based on their equity in the pool. Therefore all cash and investments of the City's enterprise funds are essentially demand deposits and are considered cash and cash equivalents. Certain certificates of deposit for the Commission which have a maturity of over one year do not qualify as cash equivalents.

Restricted assets: The City issues general obligation and revenue bonds for capital projects. The amount of unexpended bond proceeds, including investment earnings is shown as restricted assets because the use of the proceeds is completely restricted to the purpose for which the bonds were originally issued. Revenue bond proceeds are placed with a trustee for safekeeping and dispersion as needed. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Certain unexpended revenues are also classified as restricted assets since their use is restricted by law.

Ad valorem taxes receivable: For the fund financial statements, ad valorem taxes receivable are not accrued as revenue, except for collections received in the first 60 days after year-end, because they are not considered to be both "measurable and available". The amount of the receivable is reduced by an allowance for doubtful accounts equal to the percent of the original levy which has normally been written off based upon past experience. An amount equal to the net receivable less amounts collected in the first sixty days after year-end is shown as deferred revenue.

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the City has established a Schedule of Discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts. Uncollected taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

Utility service revenues - unbilled usage: An estimated amount has been recorded for utility services provided but not billed as of the end of the year, and is included in accounts receivable, net of uncollectible amounts.

Allowance for doubtful accounts: An allowance for doubtful accounts is maintained for ad valorem taxes receivable, rescue fees receivable, and other receivables, which historically experience uncollectible accounts. An allowance for doubtful accounts is also maintained for enterprise fund customer receivables. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. All other receivables are generally collectible and any doubtful accounts are considered immaterial.

Inventories and prepaid items: Inventories consist of major items held for consumption by the governmental funds and for all Enterprise Fund materials and supplies. Inventories are valued at cost using the first-in, first-out ("FIFO") method, which approximates market. Disbursements for inventory-type items of the City are considered to be expenditures at the time of use ("consumption method" of accounting). Supplies transferred to and consumed by the individual departments are considered a reduction of the inventory and an expenditure of the user department.

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 expensed as the items are used.

Capital assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are defined by the government as assets with an initial individual cost of more than a certain amount and estimated useful life in excess of two years. The capitalization threshold for assets is \$5,000. Maintenance and repairs are charges to expense as incurred. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated tangible capital assets are recorded at estimated fair market value at the date of donation. Commencing with the fiscal year ended 2010, donated intangible assets which have an indefinite life such as street right-of-ways or utility easements have been recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on business-type construction in progress to the extent that it exceeds income.

The estimated useful lives are as follows:

Asset Class	Estimated Useful Lives
Land improvements	10 years
Buildings	30 - 33 years
Equipment	3 - 20 years
Distribution and transmission systems	20 - 50 years
Infrastructure	50 years

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

The rate structure of the Public Transportation Fund is inadequate to generate sufficient revenues to cover the acquisition and future expansion of its property and equipment. It therefore must seek capital grants from federal, State, and local sources. The estimated useful lives of transportation capital assets, which are depreciated using the straight-line method, are as follows:

Asset Class	Estimated Useful Lives
Plant and structures	30 years
Buses	10 years
Furniture, fixtures, machinery and equipment	5 - 8 years

The Bradford Creek Golf Course Fund assets are depreciated using the straight-line method over estimated useful lives of 5-8 years.

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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. For business-type activities, the debt service requirements are being financed by the revenues of these funds. The full taxing power of the City is pledged to make payments if applicable fund revenues should be insufficient.

Compensated absences: The vacation policy of the City provides for the accumulation of earned vacation leave to full-time employees based upon the number of years of service 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 salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

Deferred revenue: In the fund financial statements, ad valorem taxes receivable are not accrued as revenue because they are not considered to be both “measurable and available”. Ad valorem taxes receivable that are measurable but not available are recorded as deferred revenue in the fund financial statements. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as unearned revenue in the government-wide financial statements and the fund financial statements. Certain receivables are also recorded as deferred revenue in the fund financial statements because they are not considered to be available at year-end. The City also records customer receivables for lot cleaning and demolition liens as deferred revenue and prepaid licenses as unearned revenue. These items have not been accrued as revenues either, because they are not considered to be “available” or because they have been collected in advance of the licensing period. Restricted grants that are received before qualifying expenditures are made are also recorded as unearned revenue.

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 fund types classify fund balances as follows:

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

Prepays and inventories: portion of fund balance that is not an available resource because it represents the year-end balances of ending inventories and prepays, which are not spendable resources.

Restricted fund balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The City’s Restricted fund balance consists of the following:

Restricted for Stabilization by State statute - portion of fund balance which is not available for appropriation under State law [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 general government - portion of fund balance that is restricted for the benefit of third parties and held in the generalized operations of the governments. This includes amounts held for the flexible spending programs, returned checks, and certain payroll and payable amounts which were not disbursed at year end.

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

Restricted for streets - 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 public safety - portion of fund balance that is restricted by revenue source for public safety expenditures. These revenue sources include unexpended federal forfeiture funds and law enforcement block grants in the general fund and JAG grants in the special revenue funds.

Restricted for public works - portion of fund balance that is restricted by revenue source or loan documents for construction of streets, sidewalks and capital assistance for transportation.

Restricted for economic development - portion of fund balance that is restricted by revenue source for convention center, community development and other projects which have an economic impact on the City.

Restricted for culture and recreation - portion of fund balance that is restricted by revenue source for the operation and expansion of the library and construction of the Drew Steele Center.

Committed fund balance: The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Greenville's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires the majority action by the governing body. The City's Committed fund balance consists of the following:

Committed for catastrophic losses - portion of fund balance committed by the City Council in its financial policy guidelines for insurance loss reserves for self-insured amounts that exceed insurance coverages.

Committed for NC League of Municipalities - portion of fund balance committed by the City Council by resolution for hosting a future State conference in the City.

Committed for capital projects - portion of fund balance committed by the City Council for the construction of specific assets held in the capital project funds and capital reserve fund. Specific council action is required to transfer funds out of these projects.

Committed for debt service - portion of fund balance committed by the City Council to pay for future debt expenditures. Specific council action is required to transfer funds out of this fund.

Assigned fund balance: portion of fund balance that the City of Greenville intends to use for specific purposes. The City's Assigned fund balance consists of the following;

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

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

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Continued)

The City has a revenue spending guidelines 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 and City funds. For the purposes of the fund balance classifications, the expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and unassigned fund balances. The finance officer may deviate from this order if it is in the best interest of the City.

The City of Greenville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the city in such a manner that unassigned fund balance is at least 14% of the total annual operating budget. The City Council may, from time-to-time, appropriate unassigned fund balances that will reduce unassigned fund balances below the 14.0% threshold for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the City of Greenville. In such circumstances, the City Council will adopt a plan to restore the unassigned fund balance to or above the threshold within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the City, then the City Council will establish a different but appropriate time period.

Note 2. Stewardship, Compliance, and Accountability

Excess of expenditures over appropriations: Expenditures which exceed the legal level of control at the financial plan level occurred in the Dental Fund by \$73,517 and, at the fund level, in the Bradford Creek Golf Course Fund by \$23,067. All of the excess of expenditures for the Dental Fund was caused by unexpected increases in claim expenditures. The excess of expenditures for the Bradford Creek Golf Course Fund is a result of variations in costs associated with its operation which generally have not been able to be reasonably estimated. In all instances, the City’s management and Council will monitor those funds to ensure that excess expenditures are accounted for properly.

Deficit in Fund Balance or Net Assets of Individual Funds: The following individual funds had a deficit fund balance at June 30, 2011:

Fund	Amount	Management Plans to Address Deficit
Non-major Capital Projects:		
South Tar River Greenway	\$ (304,534)	Reimbursements from grants or transfers
Community Oriented Policing Service Project	(41,453)	Reimbursements from grants or transfers
Non-major Special Revenue Funds:		
League of Municipalities Conference	(7,664)	Reimbursements from grants or transfers
CDBG Recovery Grant Project	(1,404)	Reimbursements from grants or transfers
COPS Hiring Recovery Grant	(33,546)	Reimbursements from grants or transfers
Charles Sidewalk Grant	(7,391)	Reimbursements from grants or transfers
Internal Service Funds:		
Dental	(75,882)	Future payments from operating funds
Fleet Maintenance	(6,625)	Future payments from operating funds
Enterprise Funds:		
Bradford Creek Golf Course	(961,741)	Future charges from customers

Note 3. Detailed Notes on All Funds

Assets

Deposits

All of the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in its 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 agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest 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 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 during 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 formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the City's deposits had a carrying amount of \$17,391,878 and a bank balance of \$20,135,674. Of the bank balance, \$3,487,196 was covered by federal depository insurance and the remainder of \$16,648,478 was covered by collateral held under the pooling method. The City's cash on hand at June 30, 2011 consisted of various petty cash funds totaling \$19,538.

At June 30, 2011, the Commission's deposits had a carrying amount of \$75,460,521 and a bank balance of \$75,681,140. Of the bank balance, \$1,250,130 was covered by Federal depository insurance, and \$74,431,010 was covered by collateral held under the pooling method. The Commission's cash on hand at June 30, 2011 consisted of various petty cash funds totaling \$3,300.

Note 3. Detailed Notes on All Funds Assets (Continued)

Investments

At June 30, 2011, the investments and related maturities of the City were as follows:

Investment Type	Fair Value	Less Than			
		Six Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Capital Management Trust, Cash Portfolio	\$ 10,001,375	\$ 10,001,375	\$ -	\$ -	\$ -
US Treasury notes	6,244,373	-	-	-	6,244,373
Government Agency, FHLB	5,992,827	-	1,380,930	4,611,897	-
Government Agency, FHLMC	2,563,700	-	-	278,832	2,284,868
Government Agency, FNMA	13,481,982	-	-	7,374,806	6,107,176
Total investments	\$ 38,284,257	\$ 10,001,375	\$ 1,380,930	\$ 12,265,535	\$ 14,636,417

At June 30, 2011, the Commission had \$6,874,763 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's formal investment policy specifically limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The policy states investments shall be limited to maturities not exceeding 5 years from the settlement date.

Credit risk: The City's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The policy expressly prohibits investment of stripped instruments ("Derivative Security") and repurchase agreements. The City's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011. The City's investments in US Government Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial credit risk: The City's investment policy explicitly states that all securities purchased by the City shall be held in third-party safekeeping by the bank designated as the primary agent. A detailed receipt shall be issued by the primary agent (bank) for each security transaction, as well as a monthly report detailing all securities held by the Trust Department of this bank. Additionally, all trades, where applicable, will be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian, as evidenced by safekeeping receipts, will hold securities.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Concentration of credit risk: The City's and Commission's investment policy limits the amount of the total portfolio that can be invested in any one type of investment or with a single financial institution. Investments making up more than 5% of the City's investments are as follows:

Issuer	Amount	Percent of Investments
US Treasury Notes	\$ 6,244,373	16.0 %
Federal Home Loan Bank	5,992,827	16.0
Federal Home Loan Mortgage Corporation	2,563,700	7.0
Federal National Mortgage Association	13,481,982	35.0

Concentration of credit risk ("Commission"): The Commission's investment policy limits the amount of the total portfolio that can be invested in any one type of investment to the following percentages: US Treasuries - 100%; US Agencies - 100%; NC Capital Management Trust - 100%; Certificates of Deposit - 70%; Banker's Acceptances - 45%; Commercial Paper - 50%; NC and Local Government Securities with AAA rating or better -20%. In addition, the Commission's investment policy limits the total amount that can be invested any one agency, institution, or entity.

OPEB Trust Fund (City excluding the Commission): At June 30, 2011, the City's OPEB Trust Fund had \$924,201 invested in the State Treasurer's Local Government Other Post-Employment Benefits ("OPEB") Fund pursuant to G.S. 159-30.1. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 25.41%; State Treasurer's Long Term Investment Fund (LTIF) 10.28% and Blackrock's Global Ex-US Alpha Tilts Fund B and Blackrock's Russell 3000 Alpha Tilts Fund B 64.31% (the equities were split with 75% in domestic securities and 25% in international securities).

Interest rate risk: The City does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund ("STIF") is unrated and had a weighted average maturity of 1.9 years at June 30, 2011. The State Treasurer's Long Term Investment Fund ("LTIF") is unrated and had a weighted average maturity of 16.1 years at June 30, 2011.

Credit risk: The City does not have a formal investment policy regarding credit risk for the OPEB Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Receivables

Disaggregate information regarding receivables at June 30, 2011, was as follows:

	Amount	Allowance for Doubtful Accounts	Net Receivable
Governmental activities:			
Taxes receivable	\$ 2,011,786	\$ 795,810	\$ 1,215,976
Accounts receivable:			
Rescue fees receivable	2,862,367	1,612,870	1,249,497
Lot cutting fees receivable	559,878	-	559,878
Parking violations receivable	227,302	-	227,302
Other receivables	1,030,900	492,751	538,149
Due from governments	4,229,780	-	4,229,780
Notes/Loans receivables	491,029	-	491,029
Total governmental activities	\$ 11,413,042	\$ 2,901,431	\$ 8,511,611
Business-type activities:			
Accounts receivable:			
Greenville Utilities Commission	\$ 37,549,827	\$ 8,322,061	\$ 29,227,766
Other non-major enterprise	1,447,068	683,316	763,752
Due from governments	1,168,190	-	1,168,190
Notes/Loans receivables	534,365	-	534,365
Total business-type activities	\$ 40,699,450	\$ 9,005,377	\$ 31,694,073

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

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

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,447,683	\$ 3,037,043	\$ (202,127)	\$ 40,282,599
Right-of-way easements	4,949,532	1,933,600	(136,000)	6,747,132
Construction in progress	15,957,241	3,985,633	(1,048,897)	18,893,977
Total capital asset not being depreciated	58,354,456	8,956,276	(1,387,024)	65,923,708
Capital assets being depreciated:				
Buildings	56,659,927	475,145	(279,101)	56,855,971
Improvements	7,353,735	257,135	(23,935)	7,586,935
Infrastructure	63,738,549	9,663,535	(88,920)	73,313,164
Machinery and equipment	20,777,747	1,274,623	(769,157)	21,283,213
Total capital assets being depreciated	148,529,958	11,670,438	(1,161,113)	159,039,283
Less accumulated depreciation for:				
Buildings	(19,322,668)	(2,253,994)	111,481	(21,465,181)
Improvements	(4,137,590)	(574,810)	(66,304)	(4,778,704)
Infrastructure	(15,106,095)	(1,609,735)	88,920	(16,626,910)
Machinery and equipment	(19,715,504)	(2,104,165)	761,782	(21,057,887)
Total accumulated depreciation	(58,281,857)	(6,542,704)	895,879	(63,928,682)
Total capital assets being depreciated, net	90,248,101			95,110,601
Governmental activity capital assets, net	\$ 148,602,557			\$ 161,034,309
Internal Service Fund:				
(Reported in governmental activities)				
Vehicles	\$ 4,933,378	\$ 2,330,509	\$ (22,546)	\$ 7,241,341
Less accumulated depreciation	(571,012)	(710,950)	22,546	(1,259,416)
Total capital assets being depreciated, net	\$ 4,362,366	\$ 1,619,559	\$ -	\$ 5,981,925

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

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

General government	\$ 1,079,087
Public safety	1,200,782
Cultural and recreational	2,259,132
Transportation	393,968
Transportation, related to infrastructure	1,609,735
Total	\$ 6,542,704
General government, Internal Service Fund	\$ 710,950

A summary of changes in the City's capital assets used in business-type activities follows. This schedule represents business-type activity capital assets managed by the City, excluding the Commission.

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities:				
(Report in non-major funds)				
Capital assets not being depreciated:				
Land	\$ 2,667,190	\$ -	\$ (2,667,190)	\$ -
Construction in progress	4,061,827	488,485	-	4,550,312
Total capital asset not being depreciated	6,729,017	488,485	(2,667,190)	4,550,312
Capital assets being depreciated:				
Buildings	506,722	-	(506,722)	-
Improvements other than buildings	244,365	-	(124,320)	100,045
Machinery and equipment	7,508,913	1,302,261	(352,081)	8,459,093
Infrastructure	80,631	-	-	80,631
Total capital assets being depreciated	8,320,631	1,302,261	(983,123)	8,639,769
Less accumulated depreciation for:				
Buildings	(167,619)	-	167,619	-
Improvements other than buildings	(96,634)	(10,005)	66,307	(40,332)
Machinery and equipment	(6,002,645)	(593,248)	383,658	(6,212,235)
Total accumulated depreciation	(6,266,898)	(603,253)	617,584	(6,252,567)
Total capital assets being depreciated, net	2,053,733			2,387,202
Business-type activity capital assets, net	\$ 8,782,750			\$ 6,937,514

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

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

	Balance July 1, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,603,148	\$ -	\$ (176)	\$ -	\$ 3,602,972
Easements	36,425	14,590	-	-	51,015
Construction in progress	37,856,374	7,636,358	-	(17,228,738)	28,263,994
Total capital asset not being depreciated	41,495,947	7,650,948	(176)	(17,228,738)	31,917,981
Capital assets being depreciated:					
Land rights	403,868	-	176	-	404,044
Buildings	109,500,025	684,837	-	-	110,184,862
Furniture and office equipment	2,169,521	371,272	-	703,112	3,243,905
Computer software	6,252,059	-	-	-	6,252,059
Vehicles and equipment	19,726,169	1,794,459	(576,256)	6,839,747	27,784,119
Distribution systems	374,676,078	5,609,249	-	7,076,813	387,362,140
Transmission systems	30,549,221	141,431	-	2,609,066	33,299,718
Total capital assets being depreciated	543,276,941	8,601,248	(576,080)	17,228,738	568,530,847
Less accumulated depreciation for:					
Land rights	(403,868)	(176)	-	-	(404,044)
Buildings	(41,724,652)	(3,357,134)	-	-	(45,081,786)
Furniture and office equipment	(2,000,040)	(451,359)	-	-	(2,451,399)
Computer software	(4,716,777)	(115,840)	-	-	(4,832,617)
Vehicles and equipment	(15,592,119)	(1,988,526)	576,256	-	(17,004,389)
Distribution systems	(160,012,757)	(9,704,912)	-	-	(169,717,669)
Transmission systems	(15,957,182)	(1,126,467)	-	-	(17,083,649)
Total accumulated depreciation	(240,407,395)	(16,744,414)	576,256	-	(256,575,553)
Total capital assets being depreciated, net	302,869,546				311,955,294
Business-type activity capital assets, net	\$ 344,365,493				\$ 343,873,275

The Commission's depreciation expense is charged to the Electric, Water, Sewer, and Gas Funds. Amounts charged to the four funds for the year ended June 30, 2011 totaled \$7,257,515, \$3,616,981, \$4,245,776 and \$1,624,142, respectively.

Note 3. Detailed Notes on All Funds (Continued)

Construction Commitments (Commission)

The Commission has active construction projects as of June 30, 2011. At year-end, the Commission's commitments with contractors are as follows:

Project Name	Spent-to-Date	Remaining Commitments
Electric distribution system	\$ 1,928,126	\$ 846,831
Water treatment and distribution system	7,468,102	1,096,489
Sewer treatment and collection system	18,738,555	2,886,126
Natural gas distribution system	252,584	-
Totals	\$ 28,387,367	\$ 4,829,446

Liabilities

Pension Plan Obligations

Local Government Employees' Retirement System

Plan description. The City of Greenville and the Commission contribute 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 Government 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, or by calling (919) 981-5454.

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. For the City, 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. For the Commission the amount is 6.41% of annual covered payroll. The contribution requirements of members and of the City of Greenville 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 \$2,443,139, \$1,809,012 and \$1,747,018, respectively. The Commission's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$1,511,899, \$1,124,247 and \$1,137,461, respectively. The contributions made by the City and the Commission equaled the required contributions for each year.

Note 3. Detailed Notes on All Funds (Continued)

Law Enforcement Officers Special Separation Allowance

Plan description: The City of Greenville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	18
Active plan members	188
Total	206

A separate report is not issued for the plan.

Summary of Significant Accounting Policies

Basis of accounting: The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method used to value investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

Funding Policy: The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 21 years.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Annual pension cost and net pension obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 521,156
Interest on net pension obligation	76,200
Adjustment to annual required contribution	(81,589)
Annual pension cost	515,767
Employer contributions made for fiscal year ending June 30, 2011	308,144
Increase (decrease) in net pension obligation	207,623
Net pension obligation:	
Beginning of year, July 1	1,523,992
End of year, June 2011	\$ 1,731,615

Three-Year Trend Information

Historical trend information for the Law Enforcement Officers' annual pension costs is presented below for the past three years.

Fiscal Year Ended	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
2009	\$ 372,356	80.40 %	\$ 1,415,229
2010	409,769	73.46	1,523,992
2011	515,767	59.74	1,731,615

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 the unfunded actuarial accrued liability ("UAAL") was \$4,451,753. The covered payroll (annual payroll of active employees covered by the plan) was \$10,542,874, and the ratio of the UAAL to the covered payroll was 42.23 percent.

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

Note 3. Detailed Notes on All Funds (Continued)

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, or by calling (919) 981-5454.

Funding policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent 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 \$686,558 which consisted of \$521,831 from the City and \$164,727 from the law enforcement officers.

Post-Employment Benefits

Deferred compensation plan: The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation in the plan is at the option of the employee.

Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

Other Postemployment Benefits - Healthcare Benefits Plan (City Except Commission)

Plan description: The City administers a single-employer defined benefit plan for post retirement health care and life insurance benefits for retired or disabled employees. An employee is eligible for retirement when he/she reaches 50 years of age and has completed 20 years of service or reaches age 60 and has completed 5 years of service. Also, an employee is eligible for disability retirement when he/she has completed 5 years of service. Upon service, early or disability retirement as approved by the North Carolina Local Government Employees' Retirement System and upon meeting the criteria established by the City, employees with a minimum of 5 continuous years of service with the City are eligible to continue insurance coverage. Health care and prescription drugs are provided in the City's retiree health care plan. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975. The City obtains post-65 health care and life insurance coverage through a private insurer and is self-funding the health insurance coverage for pre-65 retirees up to \$200,000 per person per year. A separate report is not issued for the plan.

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Membership of the Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	166	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	583	184
Total	749	184

Funding policy: The City's obligation to contribute to the post retirement benefit plan is established and may be amended by the City Council. As of June 30, 2011 the City contributes 95% of the blended rate for pre-65 health care coverage for the retiree for members that retire with at least 20 years of service. For members that retire with less than 20 years of service the retiree contributes 100% of the blended rate for pre-65 health care coverage for the retiree. Retirees who elect to have dependent health care coverage contribute 100% of the cost at the City's group rate. Participating retired employees with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the City continuing to pay the same dollars toward the premium cost as it pays for retirees under the base plan. The City pays 50% of the total life insurance premium cost for those retirees who have that benefit. During June, 2011, the Board adopted a resolution amending the City's obligation to contribute to the post retirement benefit plan, which is effective for employees hired after July 1, 2011. Participating retired employees with a minimum of twenty (20) years of service who qualify for Medicare and/or their eligible dependents who qualify for Medicare are ineligible to continue on the City's group insurance plans. The City will issue to the retiree a \$250 monthly stipend or \$250 contribution to a medical savings account for the purpose of obtaining other insurance coverage. The contribution rates for pre-65 benefits for employees will be based on the employee's age at retirement and their length of service as detailed below:

		Age at Retirement	
		55 - 59	60+
Years of Service	20 - 24	50%	65%
	25+	75%	95%

For members that retire the City pays the percentage of medical costs as described in the previous section under a City resolution that can be amended by the City Council. The City's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The current ARC is 10.20% of annual covered payroll. For the current year, the City contributed \$1,047,977 or 2.8% of annual covered payroll. Per a City resolution, the City is required to contribute an increase of \$50,000 each year to a maximum of \$500,000 for all future years and \$250 stipend for post-65 coverage with tiered structure for pre-65 coverage. The City is self-insured up to certain limits and purchases re-insurance for additional coverage from a private carrier. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 10.2% and 10.20 percentage of covered payroll, respectively. Contributions by employees for the fiscal year ended June 30, 2011 were \$273,634 and included dependent coverage. The City's obligation to contribute to the Plan is established and may be amended by the City Board.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Summary of Significant Accounting Policies: The plan’s financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due which is when the related benefit payments are made and discretionary pre-funded amounts are recognized when contributed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The City participates in the State Treasurer’s Local Government Other Post-Employment Benefits (“OPEB”) Fund pursuant to G.S. 147-69.4, and under a City resolution, the City provides contributions to the State OPEB Plan. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the State OPEB Fund are financed through investment earnings. The City’s participation in the State OPEB Fund is reported as the OPEB Trust Fiduciary Fund in the City’s financial statements.

Annual OPEB cost and net obligation: The City’s annual other post-employment benefit (“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 Statement 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 current year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for the postemployment healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 2,863,589	\$ 460,983	\$ 3,324,572
Interest on net OPEB obligation	283,099	45,573	328,672
Annual OPEB cost (expense)	3,146,688	506,556	3,653,244
Contributions made	(902,665)	(145,312)	(1,047,977)
Increase in net OPEB obligation	2,244,023	361,244	2,605,267
Net OPEB obligation, beginning of year	8,556,087	1,272,608	9,828,695
Net OPEB obligation, end of year	\$ 10,800,110	\$ 1,633,852	\$ 12,433,962

Note: Business-type activities only represent non-major enterprise funds.

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2009, 2010 and 2011 respectively were as follows:

Year Ended June 30,	Annual Pension OPEB Cost	Percentage of Annual		Net OPEB Obligation
		OPEB Cost	Contributed	
2009	\$ 4,298,685	19.60	%	\$ 6,556,141
2010	3,921,273	16.54		9,828,695
2011	3,653,244	28.69		12,433,962

Funded status and funding progress: As of December 31, 2009, the most recent actuarial valuation date, the plan was 1.4 percent funded. The actuarial accrued liability for benefits was \$39,371,279 and the actuarial value of assets was \$542,117, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,829,162. The covered payroll (annual payroll of active employees covered by the plan) was \$37,779,784, and the ratio of the UAAL to the covered payroll was 102.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded 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 multi-year 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: Projections 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.00 percent investment rate of return (net of administrative expenses), 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 annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

The following are the financial statements for the City's Other Postemployment Benefits Trust Fund included in the Fiduciary Funds in the Basic Financial Statements at June 30, 2011:

Statement of Net Assets	
Assets	
Restricted cash and cash equivalents	\$ 924,201
Net Assets	
Net assets	\$ 924,201

Statement of Changes in Fiduciary Net Assets	
Additions:	
Employer contributions	\$889,433
Investment earnings	158,544
Total additions	<u>1,047,977</u>
Deductions:	
Benefits	<u>639,433</u>
Change in net assets	408,544
Net assets reserved for employees' other post-employment benefits	
Beginning of year	<u>515,657</u>
End of year	<u>\$924,201</u>

Other Postemployment benefits - Healthcare Benefits Plan ("Commission")

Plan Description: The Commission administers a single-employer defined benefit plan for post retirement health care and life insurance benefits for retired or disabled employees. An employee is eligible for retirement when he/she reaches 50 years of age and has completed 20 years of service or reaches age 60 and has completed 5 years of service. Also, an employee is eligible for disability retirement when he/she has completed 5 years of service. Upon service, early or disability retirement as approved by the North Carolina Local Government Employees' Retirement System and upon meeting the criteria established by the Commission, employees with a minimum of 5 continuous years of service with the Commission are eligible to continue insurance coverage. Health care and prescription drugs are provided in the Commission's retiree health care plan. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975. The Commission obtains post-65 health care and life insurance coverage through a private insurer and is self-funding the health insurance coverage for pre-65 retirees up to \$200,000 per person per year. A separate report is not issued for the plan.

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Membership of the post retirement benefit plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	117
Active members	423
Total	540

Funding policy: The Utilities Commission's obligation to contribute to the post retirement benefit plan is established and may be amended by the Board of Commissioners. As of June 30, 2011 the Utilities Commission contributes 95% of the blended rate for pre-65 health care coverage for the retiree for members that retire with at least 20 years of service. For members that retire with less than 20 years of service the retiree contributes 100% of the blended rate for pre-65 health care coverage for the retiree. Retirees who elect to have dependent health care coverage contribute 100% of the cost at the Utilities Commission's group rate. Participating retired employees with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the Utilities Commission continuing to pay the same dollars toward the premium cost as it pays for retirees under the base plan. The Utilities Commission pays 50% of the total life insurance premium cost for those retirees who have that benefit. During June 2011, the Board adopted a resolution amending the Utilities Commission's obligation to contribute to the post retirement benefit plan, which is effective for employees hired after June 20, 2011. Under the terms of the resolution the contribution rates for post-65 benefits consists of a \$250 monthly stipend defined contribution amount. The contribution rates for pre-65 benefits for employees will be based on the employee's age at retirement and their length of service as detailed below:

		Age at Retirement	
		55 - 59	60+
Years of Service	20 - 24	50%	65%
	25+	75%	95%

The current annual required contribution rate (ARC) is 9.99% of annual covered payroll. For fiscal year 2011 the Utilities Commission contributed \$1,322,819, or 5.7% of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2011 were \$178,683 and included dependent coverage and a portion of employee coverage. The Utilities Commission is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board.

Summary of significant accounting policies: The plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due which is when the related benefit payments are made and discretionary pre-funded amounts are recognized when contributed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. 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. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through investment earnings.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Annual OPEB cost and net OPEB obligation: The Commission'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 Statement 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 Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation for the post retirement benefits:

	Business-Type Activities
Annual required contribution	\$ 2,308,649
Interest on net OPEB obligation	269,363
Adjustment to annual required contribution	(232,391)
Annual OPEB cost (expense)	2,345,621
Contribution made	(1,322,819)
Increase in net OPEB obligation	1,022,802
Net OPEB obligation, beginning of year	6,734,083
Net OPEB obligation, end of year	\$ 7,756,885

Note: Business-type activities represent major enterprise funds.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2009, 2010 and 2011 were as follows:

Year Ended June 30,	3 Year Trend Information		
	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 2,527,759	17.28 %	\$ 4,909,457
2010	2,539,238	28.14	6,734,083
2011	2,345,621	56.40	7,756,885

Funded status and funding progress: As of December 31, 2009, the most recent actuarial valuation date, the plan was not yet pre-funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$30,330,748. The covered payroll (annual payroll of active employees covered by the plan) was \$23,104,504, and the ratio of the UAAL to the covered payroll was 131.3%.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded 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 multi-year 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: Projections 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included (a) 4.00% investment rate of return, which included an inflation component of 3.75% and (b) a 10.50% - 5.00% medical cost trend rate with 2017 the year of ultimate trend rate. The actuarial value of assets was determined using the market value of assets. The unfunded actuarial accrued liability ("UAAL") is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

The following are the financial statements for the Commission's Other Postemployment Benefits Trust Fund included in the Fiduciary Funds in the Basic Financial Statements at June 30, 2011:

<u>Statement of Net Assets</u>	
Assets	
Restricted cash and cash equivalents	\$ 200,000
Net Assets	
Net assets	\$ 200,000

Note 3. Detailed Notes on All Funds (Continued)

<u>Statement of Changes in Fiduciary Net Assets</u>	
Additions:	
Employer contributions	\$ 1,322,819
Retiree contributions	178,683
Total additions	1,501,502
Deductions:	
Benefits	1,301,502
Change in net assets	200,000
Net assets reserved for employees' other post-employment benefits	
Beginning of year	-
End of year	\$ 200,000

Other employment benefits

The City has also elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System ("Death Trust Plan"), a multiple-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 month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Trust 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 Trust Plan and not by the City, the City does not determine the number of eligible participants. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07 % and 0.14 % of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

Note 3. Detailed Notes on All Funds (Continued)

Deferred/unearned revenues

The balance in deferred/unearned revenues at year-end is composed of the following:

	Deferred Revenue		Unearned Revenue
	General Fund	Other Non-major	Governmental Activities
		Governmental Funds	
Ad valorem taxes receivable	\$ 888,796	\$ -	\$ -
Prepaid property taxes	-	-	9,951
Auto license receivable	91,798	-	-
Pre-billed business licenses	-	-	292,827
Community development receivables	-	261,699	-
Capital project miscellaneous receivables	-	118,768	-
Rescue fees receivables	1,239,497	-	-
Lot cutting/cleaning fees receivable	617,874	-	-
Health insurance fund fees	-	-	14,336
Miscellaneous revenue	-	-	5,027
Miscellaneous receivables	279,449	-	-
Total	\$ 3,117,414	\$ 380,497	\$ 322,141

Unearned revenue in the Water Fund totaling \$221,271 consists of connection fees that were paid in advance for services that have not yet been installed. The fees paid in advance will be recognized as revenue by the Commission at the time the service is installed.

Unearned revenue in the Sewer Fund totaling \$468,358 includes a portion of the \$2,000,000 tapping fee received from the Town of Bethel and connection fees that were paid in advance for services that have not yet been installed. The fees paid in advance will be recognized as revenue by the Commission at the time the service is installed.

Unearned revenue in the Public Transportation Fund totaling \$5,857 consists of prepaid transit passes. The passes will be recognized when the service is rendered.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Obligations

Changes in long-term debt: The following is a summary of changes in the long-term obligations of the City for the year ended June 30, 2011:

	Balance			Balance	
	July 1, 2010	Additions	Retirements	June 30, 2011	Current Portion
Governmental Activities:					
General obligation bonds	\$ 10,485,694	\$ 3,225,000	\$ (729,753)	\$ 12,980,941	\$ 968,543
Certificates of participation	11,380,000	-	(815,000)	10,565,000	815,000
Special obligation revenue	4,475,000	-	(320,000)	4,155,000	335,000
Installment purchase contracts	11,007,333	-	(1,000,063)	10,007,270	991,250
LEO separation allowance	1,523,992	515,767	(308,144)	1,731,615	-
OPEB accrued liability	8,556,087	3,146,688	(902,665)	10,800,110	-
Compensated absences	2,875,165	2,443,890	(2,445,955)	2,873,100	2,011,170
Total governmental	\$ 50,303,271	\$ 9,331,345	\$ (6,521,580)	\$ 53,113,036	\$ 5,120,963
Business-type activities:					
Managed by the City:					
General obligation bonds	\$ 4,829,259	\$ -	\$ (92,283)	\$ 4,736,976	\$ 166,457
Installment purchase	548,556	-	(548,556)	-	-
OPEB accrued liability	1,272,608	506,556	(145,312)	1,633,852	-
Compensated absences	285,735	200,015	(198,953)	286,797	200,758
Total	6,936,158	706,571	(985,104)	6,657,625	367,215
Managed by Commission:					
Revenue bonds	89,072,122	11,005,000	(16,101,051)	83,976,071	5,717,554
General obligation bonds	1,280,000	-	(1,050,000)	230,000	230,000
Other types of debt	28,564,352	5,644,300	(2,681,775)	31,526,877	2,886,233
Discounts and premiums	23,074	(684,665)	94,996	(566,595)	-
OPEB accrued liability	6,734,083	2,345,621	(1,322,819)	7,756,885	-
Compensated absences	1,756,866	1,312,972	(1,377,932)	1,691,906	1,436,805
Total	127,430,497	19,623,228	(22,438,581)	124,615,144	10,270,592
Total business, type	\$ 134,366,655	\$ 20,329,799	\$ (23,423,685)	\$ 131,272,769	\$ 10,637,807

The net pension obligation and OPEB accrued liability typically have been liquidated by the General Fund. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. The City has also issued revenue bonds and pledges the income derived from the acquired or constructed assets to pay debt service.

	Governmental Funds	Enterprise Funds
Serviced by the City:		
1998 Public Improvement, Series 1998, \$3,525,000 original issue, due in semi-annual installments of \$100,000 to \$300,000 through 2017, plus interest from 4.3 to 4.5%.	\$ 1,475,000	\$ -
2004 Refunding Public Improvement, Series, 1993, \$2,835,000 original issue, due in annual installments of \$175,000 to \$275,000 through 2012, plus interest from 2.0 to 3.5%.	515,000	-
2003 Public Improvement, Series 2003, \$1,250,000 original issue due in annual installments of \$65,000 to \$70,000, plus interest through 2021 from 3.0 to 4.5%.	690,000	-
2006 Public Improvement, Series 2006, \$12,715,000 original issue due in annual installments of \$135,000 to \$540,000, plus interest through 2027 from 4.125 to 5.0%.	7,075,941	4,736,976
2011 Public Improvement, Series 2011, \$3,225,000 original issue, due in annual installments of \$160,000 to \$165,000, plus interest through 2031 from 2.0 to 4.0%.	3,225,000	-
Serviced by Commission:		
2003 GO Refunding Bonds, \$13,500,000 original issue, due in annual installments of \$230,000 to \$1,050,000 with varying interest rates from 3.0 to 3.4%, final payment will be made on March 1, 2012.	-	230,000
Total General Fund Obligation Bonds	\$ 12,980,941	\$ 4,966,976

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ended June 30,	Governmental Funds			Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 968,543	\$ 495,835	\$ 1,464,378	\$ 396,435	\$ 214,880	\$ 611,315
2013	963,543	470,168	1,433,711	166,457	200,402	366,859
2014	828,461	434,347	1,262,808	196,539	192,079	388,618
2015	828,461	401,861	1,230,322	196,539	182,252	378,791
2016	825,467	369,032	1,194,499	194,534	172,425	366,959
2017 - 2021	3,732,468	1,395,424	5,127,892	1,652,532	672,988	2,325,520
2022 - 2026	3,495,050	696,704	4,191,754	1,804,950	303,081	2,108,031
2027 - 2031	1,338,948	118,908	1,457,856	358,990	15,342	374,332
Totals	\$ 12,980,941	\$ 4,382,279	\$ 17,363,220	\$ 4,966,976	\$ 1,953,449	\$ 6,920,425

Certificates of participation: A summary of the City's certificates of participation is as follows:

\$ 15,985,000 October 2004 certificate of participation, due in annual installments of \$810,000 to \$815,000 through 2025, plus interest from 3.0 to 5.25%.	\$ 10,565,000
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Annual debt service requirements to maturity for the City's Certificates of Participation are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 815,000	\$ 466,384	\$ 1,281,384
2013	815,000	437,859	1,252,859
2014	815,000	406,046	1,221,046
2015	815,000	335,484	1,150,484
2016	815,000	345,940	1,160,940
2017 - 2021	4,060,000	1,173,800	5,233,800
2022 - 2024	2,430,000	220,320	2,650,320
Total	\$ 10,565,000	\$ 3,385,833	\$ 13,950,833

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Special Obligation Revenue Bonds: A summary of the City's special obligation revenue bonds is as follows:

2001 Special Obligation Revenue Bonds, series 2001, \$6,800,000 original issue amount, due in annual installments of \$335,000 to \$510,000 through 2021, plus interest from 4.0 to 5.0%.	\$ 4,155,000
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Annual debt service requirements to maturity for the City's special obligation revenue bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 335,000	\$ 201,466	\$ 536,466
2013	350,000	186,726	536,726
2014	365,000	170,976	535,976
2015	385,000	154,095	539,095
2016	400,000	136,000	536,000
2017 - 2021	2,320,000	359,250	2,679,250
Total	\$ 4,155,000	\$ 1,208,513	\$ 5,363,513

The City has pledged net occupancy tax revenues and other replacement revenues to repay these revenue bonds, of which \$4,155,000 is currently outstanding. Proceeds from the bonds provided financing for the construction, furnishing, and equipping of a Convention Center. The bonds are payable solely from proceeds from Occupancy Tax Collections and are payable through 2021. Annual principal and interest payments on the debt are expected to require four percent of gross Occupancy Tax. The total principal and interest remaining to be paid on the bonds is \$5,363,513. Principal and interest paid for the current year, debt service revenues from occupancy tax, and total Occupancy Tax were \$535,226, \$733,310 and \$1,450,792, respectively.

Subsequent to year end on August 10, 2011, the City refunded the special obligation revenue bonds with a new issuance of special obligation revenue bonds in the amount of the \$4,290,000 at a rate 2.89% for a term of 10 years through 2021.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Installment purchase contracts: A summary of the installment purchase contracts serviced by the City is as follows:

Original Issue		Payment Information		Outstanding	Security
Date and Amount	Rate	Period	Amount	Balance	
Governmental funds:					
June 2009, \$12,013,000	3.79%	Semi-annual	\$ 1,446,646	\$ <u>10,007,270</u>	Streets

Annual debt service requirements to maturity for the City's installment purchase contracts are as follows:

Year Ended June 30,	Governmental Funds		
	Principal	Interest	Total
2012	\$ 991,250	\$ 376,547	\$ 1,367,797
2013	986,372	308,978	1,295,350
2014	995,982	301,595	1,297,577
2015	989,412	263,847	1,253,259
2016	987,594	226,349	1,213,943
2017 - 2021	3,964,379	597,513	4,561,892
2022 - 2025	1,092,281	83,288	1,175,569
Total	\$ 10,007,270	\$ 2,158,117	\$ 12,165,387

Notes to Financial Statements

For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

A summary of the revenue bonds serviced by the Commission is as follows:

2001 Revenue Bonds, \$25,085,000 original issue amount, due in annual installments of \$1,055,000 to \$2,020,000 with varying interest rates from 4.375 to 5.5%, final payment will be made on September 1, 2016.	\$	6,094,999
2003B Revenue Bonds, \$8,365,000 original issue amount, due in semi-annual installments of \$262,424 to \$301,824 with an interest rate of 3.67%, final payment will be made on May 1, 2018.		4,471,838
2005 Revenue Bonds, \$8,000,000 original issue amount, due in annual installments of \$315,000 to \$545,000 with an interest rate of 3.43%, final payment will be made on September 1, 2025.		6,475,000
2007 Revenue Bonds, \$9,850,000 original issue amount, due in annual installments of \$425,322 to \$585,217 with an interest rate of 3.79%, final payment will be made on May 11, 2027.		8,164,234
2008A Revenue Bonds, \$48,646,238 original issue amount, due in annual installments of \$1,150,000 to \$3,368,450 with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2033.		44,290,000
2008B Taxable Revenue Bonds, \$4,130,000 original issue amount, due in annual installments of \$320,000 to \$525,000 with varying interest rates from 5.3% to 5.78%, final payment will be made on November 1, 2018.		3,475,000
2010 Refunding Revenue Bonds, \$11,005,000 original issue amount, due in annual installments of \$150,000 to \$1,210,000 with an interest rate of 2.51%, final payment will be made on September 1, 2021.		11,005,000
Total	\$	83,976,071

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the Commission’s revenue bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 5,717,554	\$ 3,402,203	\$ 9,119,757
2013	5,942,492	3,170,436	9,112,928
2014	6,157,964	2,940,966	9,098,930
2015	6,404,410	2,694,648	9,099,058
2016	6,646,690	2,430,835	9,077,525
2017 - 2021	27,709,920	8,174,973	35,884,893
2022 - 2026	12,266,824	4,418,284	16,685,108
2027 - 2031	7,840,217	2,260,618	10,100,835
2032 - 2035	5,290,000	405,501	5,695,501
Total	\$ 83,976,071	\$ 29,898,464	\$ 113,874,535

The Commission has pledged future electric, water, sewer, and gas customer revenues and other unrestricted revenues, net of specified operating expenses, to repay revenue bonds, of which \$83,976,071 is currently outstanding. Proceeds from the bonds provided financing for various extension, expansion and improvement projects within the utilities funds. The bonds are payable solely from net Commission revenues and are payable through 2034. Annual principal and interest payments on the bonds serviced by the electric fund are expected to require less than 15 percent of net electric revenues, or less than 2 percent of total electric revenues. Annual principal and interest payments on the debt serviced by the water fund are expected to require less than 55 percent of net water revenues, or less than 20 percent of total water revenues. Annual principal and interest payments on the debt serviced by the sewer fund are expected to require less than 35 percent of net sewer revenues, or less than 15 percent of total sewer revenues. Annual principal and interest payments on the debt serviced by the gas fund are expected to require less than 16 percent of net gas revenues, or less than 4 percent of total gas revenues.

Rate covenants: The Commission’s revenue bond issuances are authorized and secured by the Bond Order adopted on August 11, 1994, and amended and restated as of April 13, 2000. Section 501 of the Bond Order contains covenants as to rates, fees and charges and requires the debt service coverage ratio to be no less than 125% for parity indebtedness (revenue bonds) and no less than 100% for other types of debt. The Commission has been in compliance with the covenants contained in Section 501 of the Bond Order since its adoption. The debt service coverage ratio calculation for the fiscal year ended June 30, 2011 is as follows:

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Operating Revenues	\$	271,373,039
Operating Expenses*		(236,101,854)
Operating Income		35,271,185
Non-operating Revenues (Expenses):		
Interest Income**		643,966
Miscellaneous Revenue**		1,918,994
Bond Service Charges		(47,984)
Income Available for Debt Service	\$	37,786,161
Parity Debt Service (Principal and Interest Paid)	\$	9,396,136
Parity Debt Service Coverage Ratio		402%
Subordinate and Other Debt Service (Principal and Interest Paid)	\$	4,968,467
Total Subordinate and Other Debt Service Coverage Ratio		571%

* Excludes depreciation expense of \$16,744,414 and unfunded OPEB expense of \$1,022,802 in accordance with rate covenants.

** Excludes restricted revenues and revenues received in the capital projects funds in accordance with rate covenants.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Other types of debt: A summary of the other types of debt serviced by the Commission is as follows:

2.55% State Revolving Fund Loan, \$3,000,000 authorized and \$3,000,000 drawn to date, annual installments of \$230,769, issued in 1997 with a final payment on May 1, 2015.	\$	923,077
2.87% State Revolving Fund Loan, \$3,000,000 authorized and \$3,000,000 drawn to date, annual installments of \$200,000, issued in 1998 with a final payment on May 1, 2018.		1,400,000
2.57% State Revolving Fund Loan, \$11,694,486 authorized and \$11,629,783 drawn to date, annual installments of \$775,319, issued in 2001 with a final payment on May 1, 2020.		6,977,870
2.305% State Revolving Fund Loan, \$4,014,597 authorized and \$3,884,913 drawn to date, annual installments of \$194,246, issued in 2004 with a final payment on May 1, 2030.		3,690,667
2.47% State Revolving Fund Loan, \$13,851,680 authorized and \$13,317,613 drawn to date, annual installments of \$665,881, issued in 2008 with a final payment on May 1, 2030.		12,625,029
2.50% State Revolving Fund Loan, \$300,055 authorized and \$269,492 drawn to date, annual installments of \$13,475, issued in 2010 with a final payment on May 1, 2030.		256,017
Bethel Inter-local Agreement with an effective interest rate of 5.53%, annual installments of \$151,382 with a final principal payment on May 1, 2023.		1,816,579
Interest free ARRA loan, \$2,942,152 authorized and \$2,887,765 drawn to date, one-half forgiven and annual installments of \$73,554, issued in 2009 with a final payment on May 1, 2030.		1,370,329
Interest free ARRA loan, \$48,982 authorized and \$44,782 drawn to date, one-half forgiven and annual installments of \$1,120, issued in 2009 with a final payment on May 1, 2031.		22,391
\$320,000 originally issued, 2.74% installment purchase contract, due in annual installments issued in 2009, secured by a lien against the equipment financed with a final payment due on June 15, 2012.		109,563
\$1,271,781 originally issued, 2.56% installment purchase contract, due in annual installments issued in 2010 secured by a lien against the equipment financed with a final payment due on April 26, 2015.		1,027,975
\$1,307,380 originally issued, 1.97% installment purchase contract, due in annual installments issued in 2011 secured by a lien against the equipment financed with a final payment due on April 18, 2016.		1,307,380
Total other debt serviced by the Commission	\$	31,526,877

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the Commission's other types of debt are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 2,886,233	\$ 957,006	\$ 3,843,239
2013	2,813,910	739,309	3,553,219
2014	2,825,490	671,352	3,496,842
2015	2,837,337	603,129	3,440,466
2016	2,345,040	534,632	2,879,672
2017 - 2021	8,992,757	1,906,021	10,898,778
2022 - 2026	5,037,337	904,438	5,941,775
2027 - 2031	3,788,773	211,338	4,000,111
Total	\$ 31,526,877	\$ 6,527,225	\$ 38,054,102

Take or pay contract: The Commission has a long-term take or pay all requirements contract with the North Carolina Eastern Municipal Power Agency ("NCEMPA") for the delivery of wholesale electric power. NCEMPA is a joint agency formed by 32 municipal entities, including the Commission, which has ownership interests in two coal-fired and three nuclear-fueled generation plants. The Commission, through its agreement with NCEMPA, has the right to 16.13% of the combined generating capacity of the agency and is obligated to pay its relative share of the agency's debt. The Commission is obligated to pay its share of the indebtedness regardless of the ability of NCEMPA to provide electricity or to meet the Commission's need for the electricity. This contract constitutes an obligation of the Electric Enterprise Fund to make debt service payments from operating revenues. The Electric Enterprise Fund's share of debt is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses. The Commission's share of NCEMPA's debt at June 30, 2011 was \$363.7 million. As of the date of this report, NCEMPA is satisfying its obligations from its own operations and accordingly, no provision for contingent liability is reported in the City's financial statements.

The City of Greenville issues any debt required by the Commission. As of June 30, 2011, the legal debt margin for the City was \$431,444,000. The City had \$4,860,000 in authorized but unissued bonds which expire in November 2011.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities and other liabilities disaggregated information for the year ended June 30, 2011 is as follows:

Type of Payable	Governmental Activities	Business-Type Activities
Trade payables	\$ 1,241,179	\$ 18,587,932
Accrued salaries and fringes	1,148,469	2,607,700
Other accrued expenses	1,576,380	31,163
Total	\$ 3,966,028	\$ 21,226,795

Interfund Balances and Activity

The composition of internal balances as of June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Reconciliation to Exhibit A		
		Amount	Governmental	Business-Type
General	Internal Service	\$ 206,885	\$ -	\$ -
	Non-Major Enterprise	809,036	809,036	-
	Non-Major Governmental	2,227,484	-	-
	Major Electric	170,015	170,015	-
Major Electric	General	135,449	-	135,449
Major-Electric	Non-Major Governmental	8,369	-	8,369
Non-Major Enterprise	Major Electric	699,924	-	-
		\$ 4,257,162	979,051	143,818
	Internal Balances		\$ 835,233	\$ (835,233)

Amounts due to/from the various funds of the government were primarily for operating purposes.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 3. Detailed Notes on All Funds (Continued)

Interfund transfers for the year ended June 30, 2011 are summarized as follows:

<u>Transfers In</u>	<u>Transfer Out</u>					<u>Totals</u>
	<u>Major General</u>	<u>Non-Major Governmental</u>	<u>Non-Major Enterprise</u>	<u>Major Electric</u>	<u>Major Gas</u>	
Major General Fund	\$ -	\$ 871,303	\$ 104,920	\$ 4,372,709	\$ 1,070,081	\$ 6,419,013
Internal Service Funds	148,201	-	-	-	-	148,201
Non-Major Gov't Funds	6,222,516	-	97,850	-	-	6,320,366
Non-Major Enterprise	190,000	-	-	-	-	190,000
Total Transfer Out	\$ 6,560,717	\$ 871,303	\$ 202,770	\$ 4,372,709	\$ 1,070,081	\$ 13,077,580

Transfers consisted primarily of transfers from the Electric Fund and Gas Fund to the General Fund for turnover and street lighting, transfers from the General Fund to Non-Major Governmental Funds to cover operating, debt service and capital expenditures by those funds, transfers from the General Fund to the Non-Major Enterprise Fund and Internal Service Funds for operations, transfers from the Non-Major Enterprise Funds to Non-Major Governmental Funds for storm-water repairs and transfers from the Non-Major Governmental Funds and Non-Major Enterprise Funds to the General Fund and to cover capital expenditures. The General Fund transferred \$4,447,710 to the Non-Major Debt Service Fund which is included in the above transfer schedule.

In addition to the amounts shown above, the City's governmental activities transferred \$1,302,261 in capital assets acquired during the year to the Public Transit Enterprise Fund. Also, the City's Bradford Creek Golf Course Enterprise Fund transferred the golf course land and building in the amount of \$3,032,731 to the City's governmental activities which also assumed debt of \$435,879 associated with the assets. The City has recorded these amounts as transfers on the Statement of Activities and the proprietary fund statements, but not in the governmental fund statements.

Note 4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To mitigate the financial impact of any losses, the City has established a program to manage its financial risks through a self-funded arrangement in combination with purchased insurance. Liability exposures and workers compensation claims are addressed in the self funded program. Excess insurance (specific stop-loss coverage) is purchased through third party sources to cover catastrophic losses that exceed our self-insured retention funding. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in the past three fiscal years. Commercial coverage is carried by the City for property and liability coverage. The City's retention is on a per claim basis as follows:

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 4. Risk Management (Continued)

<u>Coverages</u>	<u>Liability Coverage Limits</u>
Blanket property and personal property	\$ 67,597,509
Excess liability (general, auto, public official*, law enforcement, firefighters, errors and omission, employees liability)	5,000,000
Workers' compensation	Statutory
Workers' compensation employers' liability	1,000,000
Public officials' legal liability	250,000
Public employees' blanket bond	1,000,000
Public officials' bonds, Director of Financial Services	250,000
Workers' compensation	600,000
Public officials' liability	25,000
Excess liability	250,000

*An additional policy is offered for public officials. It falls under the excess liability, which has \$250,000 retention and a coverage limit of \$5,000,000.

Due to the City being in an area close to a river, it is susceptible to flood damage; therefore, the City carries flood insurance through American Bankers Company for two of its off-site locations. The City has coverage of \$500,000 on the building and \$172,000 on the contents, deductible of \$5,000 at River Park North. Coverage is also maintained at the Bradford Creek Golf Course at \$875,000 on the clubhouse and \$100,000 on the contents. Premiums for both locations are \$2,182.

The City and Commission expanded its risk management program to account for and finance its uninsured risk of a loss in health insurance. Under this program the City and Commission fund coverage up to a maximum of \$200,000 per person per year and a combined maximum stop loss limit of \$14,709,829. The City purchases commercial insurance for amounts incurred in excess of the self-funded claims limits. The City and the Commission participate in this program and make payments to CIGNA Healthcare of North Carolina, Inc., the third party administrator, based on the actuary estimates of the amounts need to pay claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's operating funds are available to pay claims, claims reserve and the administrative costs of the program.

Notes to Financial Statements
For the Year Ended June 30, 2011

Note 4. Risk Management (Continued)

For the City, (except for Commission), the claims liability of \$932,000 reported in the Health Insurance Internal Service Fund at June 30, 2011 is based upon the requirements of Government Accounting Standards Board Statement No 10, which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicate it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in claims liability since inception are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning	\$ 922,000	\$ -
Incurred claims and administrative costs	7,531,530	5,800,874
Claim and administrative payments	(7,521,530)	(4,878,874)
Unpaid claims, ending	<u>\$ 932,000</u>	<u>\$ 922,000</u>

For the Commission, the medical claims liability of \$710,000 at June 30, 2011 is based upon the requirements of Government Accounting Standards Board Statement No 10, which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicate it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in claims liability since inception are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning	\$ 550,000	\$ -
Incurred claims and administrative costs	5,127,513	2,369,457
Claim and administrative payments	(4,967,513)	(1,819,457)
Unpaid claims, ending	<u>\$ 710,000</u>	<u>\$ 550,000</u>

Risk management (Commission): The Commission is exposed to various risks of loss. The Commission carries commercial coverage for these risks of loss. Through this coverage, the Commission obtains general liability and auto liability coverage of \$1 million per occurrence with a general aggregate of \$2 million, property coverage up to \$218 million for real and personal property, workers' compensation coverage up to the statutory limits, and umbrella liability of \$20 million.

The Commission carries flood insurance on certain properties considered to be at risk for loss due to flooding. This coverage is underwritten by the National Flood Insurance Program.

Workers' compensation, general liability and auto liability: A limited risk management program to provide workers' compensation benefits to City employees is accounted for in the General Fund. The General Fund is reimbursed premium costs by other funds. The interfund premiums are based upon the claims experience of the insured funds and are used to reduce the amount of claims expenditure reported in the General Fund. An excess coverage insurance policy provides for individual claims in excess of \$600,000. The "commercial general liability" and the "auto liability protection" are part of the excess liability policy. Total reserves are \$475,860.

Note 4. Risk Management (Continued)

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning	\$ 411,443	\$ 236,796
Incurred claims	221,718	402,332
Claim payments	(157,301)	(227,685)
Unpaid claims, ending	<u>\$ 475,860</u>	<u>\$ 411,443</u>

All reserves and estimated claims reported but not paid are accrued and reported within the General Fund.

Fidelity bonding of finance officer and tax collector: The finance officer for the City of Greenville and tax collector for Pitt County are bonded for \$250,000 each. For all other individuals who handle or have in their custody more than \$100 of the City's funds at anytime or who has access to inventories for the City are bonded under a blanket bond of \$250,000 per incident.

The Commission's employees that have access to \$100 or more at any given time of the Commission's funds are bonded under a blanket bond for \$500,000. The Chief Financial Officer is individually bonded for \$50,000.

Note 5. Jointly Governed Organizations

Pitt-Greenville Convention and Visitors Authority: The City Council appoints five members of the eleven-member board of the Pitt-Greenville Convention and Visitors Authority (the "Authority"). The City's accountability is to approve the annual budget along with the County of Pitt. The City does not contribute funds to the Authority. The Authority's operating funds are derived from a hotel and motel occupancy tax levied by Pitt County. The City has no other fiscal responsibility for the Authority.

North Carolina Eastern Municipal Power Agency: The City, in conjunction with 32 other local governments, is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The 32 members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. The Greenville Utilities Commission has the right to 16.13% of the combined generating capacity of the agency and is obligated to pay its relative share of the agency's debt. This contract constitutes an obligation of our Enterprise Fund, the Greenville Utilities Commission, to make debt service payments from operating revenues. It is not included as an obligation, but is included as a component of its power supply expenses. The Commission's share of the Agencies debt at June 30, 2011 was \$363.7million.

Note 6. Joint Ventures

Convention Center: The City is a participant with Pitt County in a joint venture to purchase and develop property to be used as a convention center. Upon dissolution, the assets would be shared in proportion to each sponsor's original contribution. The City's initial contribution totaled \$1,200,000 which represents three-fifths of the total contribution. In April 2003, the City issued \$6.8 million of Special Obligation Revenue Bonds for the construction of the Convention Center. This debt will be repaid through the collection of hotel and motel occupancy tax. Other than the repayment of the debt, the City has no responsibility for the operations of the Center. The Convention Center opened in May 2003 and is operated by an independent management firm. Pitt County is responsible for the operating and maintenance costs of the Center.

Pitt-Greenville Airport Authority: The City is a participant with Pitt County (the "County") and other participants in a joint venture to operate Pitt-Greenville Airport Authority (the "Authority") for the joint benefit of all participants. Upon dissolution of the Authority, the assets would be shared in proportion to each sponsor's original contribution. The City's initial contribution totaled \$3,250 which represents one-half of the total contribution. The Authority is governed by an eight-member board; four from the City and four from the County. All participants are obligated to contribute funds on an annual basis, as needed, to enable the Authority to operate the airport. The City contributed \$40,465 to the Authority during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Authority can be obtained from the Authority's Administrative Office at Airport Road, Post Office Box 671, Greenville, North Carolina, 27835.

Note 7. Related Organizations

Greenville Housing Authority: The Mayor appoints the seven-member board of the Greenville Housing Authority. The City's accountability does not extend beyond making these appointments.

Note 8. Claims and Judgments

The City, including the Commission, is a defendant in various litigation incidentals to carrying out its functions. In the opinion of the City's chief legal counsel, these claims should not result in judgments which, in the aggregate, would have a material adverse effect on the City's financial statements. In the event of an unfavorable outcome, the City could be liable up to its general liability insurance deductible.

Note 9. Commitments and Contingencies

The City of Greenville has \$988,823 of encumbrances in the general fund as of June 30, 2011. These amounts have been restricted as part of the Stabilization of State Statute.

On November 1, 2005, the Commission entered into an agreement with Piedmont Natural Gas ("PNG") that allows the Commission to purchase all its natural gas requirements on the open market. The terms of the contract require PNG to transport natural gas through its pipeline to the Commission in exchange for annual payments of \$2,987,328. The contract was renewed effective January 5, 2010 for a period of 10 years with an increased Maximum Daily Quantity ("MDQ") and annual payment of \$3,698,544. The Commission may be allowed to exceed its Maximum Daily Quantity to accommodate interruptible demand as capacity is available, and the Commission has the option to purchase firm peaking services during times when demand for natural gas is high.

Note 10. 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. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 11. Pronouncements Issued but not yet effective

The GASB has issued several pronouncements prior to June 30, 2011 that have effective dates that may impact future financial presentations.

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

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 60, "Service Concession Arrangements" will be effective for the City beginning with its year ending June 30, 2013.

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

GASB Statement Number 62, "Governmental Accounting Standards Series" will be effective for the City beginning with its year ending June 30, 2013.

GASB Statement Number 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" will be effective for the City beginning with its year ending June 30, 2013.

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

REQUIRED SUPPLEMENTAL STATEMENTS

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Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 For the Year Ended June 30, 2011

Schedule A-1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2010	\$ -	\$ 4,451,753	\$ 4,451,753	0.00%	\$ 10,524,874	42.23 %
12/31/2009	-	4,960,374	4,960,374	0.00%	10,274,344	48.28
12/31/2008	-	3,766,789	3,766,789	0.00%	9,205,403	40.92
12/31/2007	-	3,448,808	3,448,808	0.00%	8,584,240	40.18
12/31/2006	-	3,156,234	3,156,234	0.00%	8,384,470	37.64
12/31/2005	-	2,757,923	2,757,923	0.00%	7,621,333	36.19

Schedule of Employer Contributions

Year Ending June 30,	Annual		Percentage of ARC Contributed
	Required Contributions (ARC)	Amount Contributed By Employer	
2011	\$ 521,156	\$ 308,144	59.13 %
2010	396,315	301,006	75.95
2009	357,105	299,364	85.00
2008	320,219	271,451	92.00
2007	284,639	262,311	73.00
2006	306,091	222,005	76.00

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.50% - 7.85%
Cost of living adjustments	N/A

Other Post-Employment Benefits - City Plan
 Required Supplementary Information
 For the Year Ended June 30, 2011

Schedule A-2

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ 542,117	\$ 39,371,279	\$ 38,829,162	1.40%	\$ 37,779,784	102.8%
12/31/2008	250,000	43,474,907	43,474,907	0.60	35,295,193	122.5
12/31/2007	-	48,322,035	48,322,035	0.00	32,836,798	147.2

Schedule of Employer Contributions

Year Ending June 30,	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2011	\$ 3,324,572	31.52 %
2010	3,921,273	16.54
2009	3,712,651	16.08
2008	4,281,579	19.60

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
 Additional information as of the latest valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	10.50% - 5.00%
Year of ultimate trend rate	2017

Other Post-Employment Benefits - Utilities Commission Plan
 Required Supplementary Information
 For the Year Ended June 30, 2011

Schedule A-3

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 30,330,748	\$ 30,330,748	0.00 %	\$ 23,104,504	131.30 %
12/31/2008	-	31,995,113	31,995,113	0.00	22,345,440	143.20
12/31/2007	-	35,860,373	35,860,373	0.00	19,489,354	184.00

Schedule of Employer Contributions

Year Ending June 30,	Annual Required Contributions	Percentage of ARC Contributed
2011	\$ 2,308,649	57.298 %
2010	2,512,284	28.445
2009	2,512,284	17.386
2008	3,229,052	12.715

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
 Additional information as of the latest valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of ultimate trend rate	2017

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OTHER SUPPLEMENTARY INFORMATION

Schedule of Ad Valorem Taxes Receivable
Other Supplementary Information
For the Year Ended June 30, 2011

Schedule A-4

Fiscal Year	Balance July 1, 2010	Additions	Collection and Credits	Balance June 30, 2011
2011 - 2010	\$ -	\$ 30,838,534	\$ 29,811,533	\$ 1,027,001
2010 - 2009	836,763	-	597,146	239,617
2009 - 2008	212,702	-	55,523	157,179
2008 - 2007	117,714	-	18,424	99,290
2007 - 2006	116,372	-	10,984	105,388
2006 - 2005	82,932	-	6,487	76,445
2005 - 2004	77,606	-	4,887	72,719
2004 - 2003	87,061	-	3,068	83,993
2003 - 2002	85,182	-	3,913	81,269
2002 - 2001	70,982	-	2,097	68,885
2001 - 2000	67,378	2,690	70,068	-
	<u>\$ 1,754,692</u>	<u>\$ 30,841,224</u>	<u>\$ 30,584,130</u>	<u>2,011,786</u>
Less allowance for uncollectible accounts, General Fund				<u>795,810</u>
Ad valorem taxes receivable net, General Fund				<u>\$ 1,215,976</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund			\$	30,748,647
Reconciling Items:				
Amount written off per statute				(68,705)
Interest collected				(183,813)
Miscellaneous				88,001
Total Collections and Credits			<u>\$</u>	<u>30,584,130</u>

Analysis of Current Year Levy - City-Wide Levy
 Other Supplementary Information
 For the Year Ended June 30, 2011

Schedule A-5

	City-Wide			Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current years rate	\$ 6,002,493,331	\$ 0.52	\$ 31,212,965	\$ 29,107,410	\$ 2,105,555
Penalties	-		11,534	11,534	-
Total	6,002,493,331		31,224,499	29,118,944	2,105,555
Discoveries:					
Current year taxes	12,596,885	0.52	65,504	64,855	649
Penalties	-		16,237	16,237	-
Total	12,596,885		81,741	81,092	649
Abatements	(89,946,362)		(467,705)	(427,663)	(40,042)
Total property valuation	<u>\$ 5,925,146,854</u>				
Net levy			30,838,535	28,772,373	2,066,162
Uncollected taxes as of June 30, 2011			(1,027,001)	(653,030)	(373,971)
Current years taxes collected			<u>\$ 29,811,534</u>	<u>\$ 28,119,343</u>	<u>\$ 1,692,191</u>
Current levy collection percentage			<u>96.67%</u>	<u>97.73%</u>	<u>81.90%</u>
Prior year collection percentage			<u>97.08%</u>	<u>98.67%</u>	<u>83.76%</u>

Note: The motor vehicle abatements are not separable in the tax system utilized in fiscal year ended June 30, 2011.

Tax value of abatements not equal to current year tax rate because of prior years at varying tax rates.

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GOVERNMENT FUND FINANCIAL STATEMENTS

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GENERAL FUND

The General Fund accounts for the revenues and expenditures in operating the general government functions of a nonproprietary nature. This fund receives ad valorem tax revenues, state shared revenues, licenses, permits and fees. The major operating activities include general government, police, fire, public works, parks and recreation as well as other governmental service functions.

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General Fund

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

For the Year Ended June 30, 2011

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2010

Page 1 of 3

	2011		2010	
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year operations		\$ 30,586,450		\$ 30,407,331
Prior year		492,978		528,477
Interest and penalties		183,813		175,360
Tax discounts		(361,192)		(348,221)
Tax refunds		(153,402)		(182,111)
Total ad valorem taxes	31,220,345	30,748,647	(471,698)	30,580,836
Other taxes:				
Local options sales tax		5,288,127		5,170,981
Cable TV franchise tax		912,877		936,147
One-half percent sales tax		5,436,147		5,865,306
Medicaid Hold Harmless payment		2,668,764		1,946,716
Rental vehicle, gross receipt		108,065		95,161
Total other taxes	14,158,652	14,413,980	255,328	14,014,311
Unrestricted intergovernmental:				
Other unrestricted revenues		24,673		8,284
Utilities franchise tax		5,575,851		5,449,403
Beer and wine tax		363,923		115,658
Total unrestricted intergovernmental	6,126,737	5,964,447	(162,290)	5,573,345
Restricted intergovernmental:				
NC DOT traffic control lights		85,553		171,086
Pitt County Fire contribution		-		4,510
Housing Authority Drug Grant		136,461		112,564
Special Federal, State and Local Grants		862,688		136,193
Section 104F Planning Grant		173,930		47,626
Law enforcement block grant		551,237		541,268
Fire and rescue SAFER grant		447,169		397,749
Other restricted intergovernmental		166,237		231,486
Powell Bill, State allocation payment		2,022,578		1,975,384
Total restricted intergovernmental	5,459,395	4,445,853	(1,013,542)	3,617,866
Licenses, permits and fees:				
Privilege licenses		615,943		564,347
Inspection fees		800,481		774,206
State fire protection		356,706		356,706
Planning department fees		78,694		95,447

General Fund

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

For the Year Ended June 30, 2011

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2010

Page 2 of 3

	2011		2010	
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Licenses, permits and fees (continued):				
Police department fees		\$ 238,022		\$ 218,554
Fire and rescue department fees		176,755		163,138
Refuse fees		-		91,816
Other permits and fees		98,821		94,203
Total Licenses, permits and fees	2,358,944	2,365,422	6,478	2,358,417
Sales and services:				
Rescue fees		3,069,058		2,849,763
Recreation department programs and fees		1,089,988		1,164,793
Utilities street cuts		335,344		195,028
Rents and concessions		158,546		156,596
Other sales and services		637,162		522,707
Pitt County Board of Education		-		58,252
Total sale and services	4,709,935	5,290,098	580,163	4,947,139
Investment earnings		1,868,952	(971,816)	1,429,289
Other revenues:				
Parking violation penalty		197,435		279,416
Other revenues		113,716		117,934
Total other revenues	566,883	311,151	(255,732)	397,350
Total revenues	66,469,843	64,436,734	(2,033,109)	62,918,553
Expenditures:				
General government:				
Mayor and City Council	371,514	355,104	16,410	400,607
City Manager	1,091,722	964,054	127,668	976,715
City Clerk	300,600	244,254	56,346	273,257
City Attorney	445,528	418,229	27,299	420,501
Human Resources	2,469,142	2,153,306	315,836	1,895,085
Financial Services	2,285,978	2,189,029	96,949	2,124,159
Information Technology	3,200,339	2,402,788	797,551	2,844,416
Total general government	10,164,823	8,726,764	1,438,059	8,934,740
Public safety:				
Fire and Rescue	12,864,823	12,549,309	315,514	12,119,317
Police	23,276,371	22,160,843	1,115,528	22,109,610
Total public safety	36,141,194	34,710,152	1,431,042	34,228,927

General Fund

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

For the Year Ended June 30, 2011

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2010

Page 3 of 3

	2011		2010	
	Final Budget	Actual	Variance Positive (Negative)	Actual
Public works:				
Other public works	\$ 7,513,580	\$ 7,066,170	\$ 447,410	\$ 7,965,723
Streets	1,138,573	991,116	147,457	914,106
Total public works	8,652,153	8,057,286	594,867	8,879,829
Economic and physical development:				
Community Development	1,923,363	1,573,707	349,656	1,636,284
Cultural and Recreational:				
Recreation	6,236,251	6,156,439	79,812	6,000,801
Capital Outlay	7,065,488	3,646,896	3,418,592	4,133,354
Reimbursement of indirect cost	(373,081)	(373,081)	-	(559,846)
Contribution to OPEB trust	250,000	250,000	-	250,000
Contingency	722,627	-	722,627	-
Total Expenditures	70,782,818	62,748,163	8,034,655	63,504,089
Revenues over (under) expenditures	(4,312,975)	1,688,571	6,001,546	(585,536)
Other financing sources (uses):				
Transfer in:				
Greenville Utilities Commission turnover	4,882,059	4,764,858	(117,201)	4,562,569
Greenville Utilities Commission, lighting	639,447	677,932	38,485	662,211
Other funds	1,344,521	976,223	(368,298)	1,363,846
Transfers out	(7,214,789)	(6,560,717)	654,072	(6,463,202)
Appropriated fund balance	4,661,737	-	(4,661,737)	-
Total other financing sources (uses)	4,312,975	(141,704)	(4,454,679)	125,424
Excess of revenues and other over (under) expenditures and other financing uses	\$ -	1,546,867	\$ 1,546,867	\$ (460,112)
Fund balance, beginning of year, July 1st		27,607,344		28,067,456
Fund balance, end of year, June 30th		<u>\$ 29,154,211</u>		<u>\$ 27,607,344</u>

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NON-MAJOR GOVERNMENTAL FUNDS

**Non-Major Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2011**

Schedule B-1

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Assets				
Cash and cash equivalents	\$ 1,717,013	\$ 943,288	\$ 8,637,520	\$ 11,297,821
Account receivable, net	128,823	-	14,374	143,197
Interest receivable	5,318	-	-	5,318
Loans receivable	373,203	-	117,826	491,029
Due from other governments	1,575,592	-	104,599	1,680,191
Prepaid items and deposits	52,873	-	-	52,873
Restricted cash and investments	-	-	3,431,762	3,431,762
Total assets	\$ 3,852,822	\$ 943,288	\$ 12,306,081	\$ 17,102,191
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 140,400	\$ -	\$ 401,874	\$ 542,274
Due to other funds	1,787,314	-	448,539	2,235,853
Deferred revenue	261,699	-	118,768	380,467
Total liabilities	\$ 2,189,413	\$ -	\$ 969,181	\$ 3,158,594
Fund balances				
Nonspendable				
Prepaid items	52,873	-	-	52,873
Spendable				
Restricted				
Stabilization by State Statute	1,821,237	-	118,838	1,940,075
Restricted for public safety	170,865	-	-	170,865
Restricted for public works	1,392	-	1,986,966	1,988,358
Restricted for economic development	447,521	-	2,689,631	3,137,152
Restricted for culture and recreation	686,098	-	461,152	1,147,250
Committed				
Committed for capital projects	-	-	6,533,566	6,533,566
Committed for debt services	-	943,288	-	943,288
Unassigned	(1,516,577)	-	(453,253)	(1,969,830)
Total fund balances	1,663,409	943,288	11,336,900	13,943,597
Total liabilities and fund balance	\$ 3,852,822	\$ 943,288	\$ 12,306,081	\$ 17,102,191

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2011

Schedule B-2

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Revenues				
Other taxes	\$ -	\$ 569,511	\$ 146,714	\$ 716,225
Restricted intergovernmental	5,829,520	-	772,347	6,601,867
Investment earnings	11,505	3,046	5,390	19,941
Other revenues	195,466	-	389,452	584,918
Total revenues	6,036,491	572,557	1,313,903	7,922,951
Expenditures				
Current:				
Cultural and recreational	2,286,480	-	-	2,286,480
Public safety	546,285	-	-	546,285
Public works	1,374,221	-	-	1,374,221
Economic and physical development	2,971,625	-	-	2,971,625
Capital outlay	-	-	6,213,744	6,213,744
Principal retirement	-	3,389,085	-	3,389,085
Interest and fees	-	1,579,956	-	1,579,956
Total expenditures	7,178,611	4,969,041	6,213,744	18,361,396
Deficiency of revenues under expenditures	(1,142,120)	(4,396,484)	(4,899,841)	(10,438,445)
Other financing sources (uses):				
Debt issued	-	-	3,243,715	3,243,715
Transfers in	1,264,389	4,447,710	648,267	6,360,366
Transfers out	-	-	(911,303)	(911,303)
Total other financing sources (uses)	1,264,389	4,447,710	2,980,679	8,692,778
Net change in fund balances	122,269	51,226	(1,919,162)	(1,745,667)
Fund balances				
Beginning of year	1,541,140	892,062	13,256,062	15,689,264
End of year	\$ 1,663,409	\$ 943,288	\$ 11,336,900	\$ 13,943,597

Note: Due to the reclassification of the Capital Reserve Fund from Special Revenue Funds to Capital Project Funds, beginning fund balances have been adjusted accordingly.

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NON-MAJOR SPECIAL REVENUE FUNDS

COMMUNITY DEVELOPMENT AND HOME PROGRAM FUND - The Community Development and Home Program Fund is established to account for United States Department of Housing and Urban Development (HUD) block grant and home program grant proceeds allocated to the City for community development programs.

SHEPPARD MEMORIAL LIBRARY - The Sheppard Memorial Library Fund is used to account for funds to provide the residents of the City of Greenville and Pitt County with a free public library.

HOUSING TRUST FUND - The Housing Trust Fund is established to account for Department of Housing and Urban Development (HUD) grant proceeds allocated to the City for distribution as home buyer assistance loans to first time home purchasers.

SMALL BUSINESS LOAN PROGRAM - The Small Business Loan Program is established to account for proceeds from area banks for distribution as loans to small businesses meeting criteria established by the loan committee.

LEAGUE OF MUNICIPALITIES CONFERENCE FUND - The League of Municipalities Conference Fund is established to account for donations, from partners and sponsors, and expenditures to fund Conference Activity. The success of the October 2009 conference which marked the first occasion that the City of Greenville hosted the North Carolina League of Municipalities Conference has generated interest in hosting the conference again.

LEAD BASED PAINT HAZARD GRANT - The Lead Based Paint Hazard Grant is used to remove lead paint from dwellings purchased through the Community Development Block Grant for resale.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) RECOVERY GRANT PROJECT - The CDBG Recovery Grant is established to account for Department of Housing and Urban Development grant proceeds allocated to the City for costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings.

PUBLIC TRANSIT CAPITAL ASSISTANCE RECOVERY GRANT - The Public Transit Capital Assistance Recovery Grant is established to account for Department of Transportation and Federal Transit Administration grant proceeds allocated to the City to expand transit services, install an oil/water separator to keep petroleum, oils and lubricants out of the stormwater system, and reduce pollutants escaping into the environment.

BYRNE-JAG GRANT RECOVERY FUND - The Byrne-JAG Grant is established to account for Department of Justice grant proceeds allocated to the City to improve police services and reduce crime through the purchase of updated technology and to enhance community oriented policing services.

ENERGY EFFICIENCY RECOVERY GRANT - The Energy Efficiency Recovery Grant is established to account for Department of Energy grant proceeds allocated to the City to reduce the City's carbon footprint through energy efficiency and conservation.

COMMUNITY ORIENTED POLICING SERVICES (COPS) HIRING RECOVERY GRANT - The COPS Hiring Recovery Grant is established to account for Department of Justice grant proceeds allocated to the City to hire or rehire police officers.

ARLINGTON SIDEWALK GRANT - The Arlington Sidewalk Grant is established to account for Department of Transportation grant proceeds allocated to the City to expand sidewalks along Arlington Avenue.

CHARLES SIDEWALK GRANT - The Charles Sidewalk Grant is established to account for Department of Transportation grant proceeds allocated to the City to expand sidewalks along Charles Boulevard.

ARLINGTON TURN LANE GRANT - The Arlington Turn Lane Grant is established to account for Department of Transportation grant proceeds allocated to the City for turn lane improvements along Arlington Avenue.

CENTRALIZED GRANT - The Centralized Grant is established to account for Department of Crime Control and Public Safety grant proceeds allocated to the City for costs associated with neighborhood policing initiatives as well as other grants which may be awarded to the City.

Non-Major Special Revenue Funds
Combining Balance Sheet
For the Year Ended June 30, 2011

	Community Development & Home Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant	CDBG Recovery Grant Project
Assets							
Cash and cash equivalents	\$ 340,911	\$ 741,009	\$ 50,945	\$ 137,993	\$ -	\$ -	\$ -
Accounts receivable, net	127,918	905	-	-	-	-	-
Interest receivable	-	5,318	-	-	-	-	-
Loans receivable	320,561	-	10,942	41,700	-	-	-
Due from other governments	1,189	46,536	120	-	3	38,561	6
Prepaid items and deposits	1,532	50,284	-	1,057	-	-	-
Total assets	\$ 792,111	\$ 844,052	\$ 62,007	\$ 180,750	\$ 3	\$ 38,561	\$ 6
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 39,694	\$ 54,911	\$ -	\$ -	\$ -	\$ 18,772	\$ -
Due to other funds	323,422	-	-	-	7,667	4,099	1,410
Deferred revenue	209,409	-	10,590	41,700	-	-	-
Total liabilities	572,525	54,911	10,590	41,700	7,667	22,871	1,410
Fund balances							
Nonspendable							
Prepaid items	1,532	50,284	-	1,057	-	-	-
Spendable							
Restricted							
Stabilization by State Statute	240,259	52,759	472	-	3	38,561	6
Restricted for public safety	-	-	-	-	-	-	-
Restricted for public works	-	-	-	-	-	-	-
Restricted for economic development	-	-	50,945	137,993	-	-	-
Restricted for culture and recreation	-	686,098	-	-	-	-	-
Unassigned	(22,205)	-	-	-	(7,667)	(22,871)	(1,410)
Total fund balance	219,586	789,141	51,417	139,050	(7,664)	15,690	(1,404)
Total liabilities and fund balance	\$ 792,111	\$ 844,052	\$ 62,007	\$ 180,750	\$ 3	\$ 38,561	\$ 6

Public Transit								Total
Capital Assistance Recovery Grant	Byrne-JAG Grant Recovery Fund	Energy Efficiency Recovery Grant	COPS Hiring Recovery Grant	Arlington Sidewalk Grant	Charles Sidewalk Grant	Centralized Grant		
\$ -	\$ 170,865	\$ 272,983	\$ -	\$ 1,392	\$ 915	\$ -	\$ 1,717,013	
-	-	-	-	-	-	-	128,823	
-	-	-	-	-	-	-	5,318	
-	-	-	-	-	-	-	373,203	
1,327,379	1,425	-	136,778	563	-	23,032	1,575,592	
-	-	-	-	-	-	-	52,873	
\$ 1,327,379	\$ 172,290	\$ 272,983	\$ 136,778	\$ 1,955	\$ 915	\$ 23,032	\$ 3,852,822	
\$ -	\$ -	\$ 14,400	\$ 12,623	\$ -	\$ -	\$ -	\$ 140,400	
1,278,817	-	-	157,701	-	8,306	5,892	1,787,314	
-	-	-	-	-	-	-	261,699	
1,278,817	-	14,400	170,324	-	8,306	5,892	2,189,413	
-	-	-	-	-	-	-	52,873	
1,327,379	1,425	-	136,778	563	-	23,032	1,821,237	
-	170,865	-	-	-	-	-	170,865	
-	-	-	-	1,392	-	-	1,392	
-	-	258,583	-	-	-	-	447,521	
-	-	-	-	-	-	-	686,098	
(1,278,817)	-	-	(170,324)	-	(7,391)	(5,892)	(1,516,577)	
48,562	172,290	258,583	(33,546)	1,955	(7,391)	17,140	1,663,409	
\$ 1,327,379	\$ 172,290	\$ 272,983	\$ 136,778	\$ 1,955	\$ 915	\$ 23,032	\$ 3,852,822	

Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2011

	Community Development & Home Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant	CDBG Recovery Grant Project
Revenues							
Restricted intergovernmental	\$ 1,877,883	\$ 1,023,077	\$ 4,100	\$ -	\$ -	\$ 642,279	\$ 25,733
Investment earnings	320	11,107	32	12	-	-	-
Other revenues	64,205	113,016	701	17,544	-	-	-
Total revenues	1,942,408	1,147,200	4,833	17,556	-	642,279	25,733
Expenditures							
Current							
Cultural and recreational	-	2,286,480	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Economic and physical development	2,259,511	-	3,126	18,159	36	523,607	(1,975)
Total expenditures	2,259,511	2,286,480	3,126	18,159	36	523,607	(1,975)
Excess (deficiency) of revenues over (under) expenditures	(317,103)	(1,139,280)	1,707	(603)	(36)	118,672	27,708
Other financing sources (uses):							
Transfers from other funds	148,001	1,116,388	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	148,001	1,116,388	-	-	-	-	-
Net change in fund balances	(169,102)	(22,892)	1,707	(603)	(36)	118,672	27,708
Fund balances							
Beginning of year	388,688	812,033	49,710	139,653	(7,628)	(102,982)	(29,112)
End of year	\$ 219,586	\$ 789,141	\$ 51,417	\$ 139,050	\$ (7,664)	\$ 15,690	\$ (1,404)

Public Transit									
Capital Assistance Recovery Fund	Byrne-JAG Grant Recovery Fund	Energy Efficiency Recovery Fund	COPS Hiring Recovery Grant	Arlington Sidewalk Grant	Charles Sidewalk Grant	Arlington Turn Lane Grant	Centralized Grant	Total	
\$ 1,373,300	\$ -	\$ 329,693	\$ 443,655	\$ 12,540	\$ 9,628	\$ 690	\$ 86,942	\$ 5,829,520	
-	17	17	-	-	-	-	-	11,505	
-	-	-	-	-	-	-	-	195,466	
1,373,300	17	329,710	443,655	12,540	9,628	690	86,942	6,036,491	
-	-	-	-	-	-	-	-	2,286,480	
-	84,378	-	461,907	-	-	-	-	546,285	
1,374,221	-	-	-	-	-	-	-	1,374,221	
-	-	71,065	-	10,585	17,019	690	69,802	2,971,625	
1,374,221	84,378	71,065	461,907	10,585	17,019	690	69,802	7,178,611	
(921)	(84,361)	258,645	(18,252)	1,955	(7,391)	-	17,140	(1,142,120)	
-	-	-	-	-	-	-	-	1,264,389	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	1,264,389	
(921)	(84,361)	258,645	(18,252)	1,955	(7,391)	-	17,140	122,269	
49,483	256,651	(62)	(15,294)	-	-	-	-	1,541,140	
\$ 49,562	\$ 172,290	\$ 258,583	\$ (33,546)	\$ 1,955	\$ (7,391)	\$ -	\$ 17,140	\$ 1,663,409	

Community Development and Home Fund
Schedule and Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-3

	Project Authorization	Prior Years	Current Year	Total
Revenues				
CDBG and Home Entitlement Program:				
Property owners matching fund	\$ 146,083	\$ 218,276	\$ -	\$ 218,276
Federal grant, HUD	25,012,844	19,964,769	1,877,883	21,842,652
Other grants	34,000	-	-	-
Consortium members	-	13,666	-	13,666
Loan payments	552,877	564,534	64,205	628,739
Interest income	134,792	207,468	320	207,788
Sale of acquired property	147,930	162,187	-	162,187
Total CDGB entitlement program	26,028,526	21,130,900	1,942,408	23,073,308
Expenditures				
CDBG and Home Entitlement Program:				
Administration	4,465,278	3,711,622	442,743	4,154,365
Rehab, third party owned dwellings	8,741,739	7,306,307	554,434	7,860,741
Rehab, rental	830,076	484,342	299,249	783,591
Outside agency funding	1,879,383	1,592,540	134,857	1,727,397
Acquisition dilapidated	1,123,158	721,882	127,114	848,996
Code enforcement	310,815	290,815	-	290,815
Conversion program	253,000	244,302	-	244,302
Small area revitalization	787,830	787,851	-	787,851
Demolition grants	815,464	352,389	431,114	783,503
Secondary mortgage	689,157	684,951	(332,545)	352,406
Ec. Dev. Study, West Grn./Meadowbrook	269,255	40,993	16,565	57,558
Neighborhood input grants	2,964	2,963	-	2,963
Concentrated needs	1,772,299	1,829,323	15,212	1,844,535
Sewer Oakgrove	25,482	15,130	-	15,130
Other expenses	58,010	58,010	-	58,010
Relocation	181,920	3,391	6,237	9,628
Contribution to other consortium members	5,759,189	4,124,779	564,531	4,689,310
Capital outlay	12,403	11,834	-	11,834
Total CDBG entitlement program	27,977,422	22,263,424	2,259,511	24,522,935
Excess (deficiency) of revenues over under expenditures	(1,948,896)	(1,132,524)	(317,103)	(1,449,627)
Other financing sources (uses):				
Transfers in	2,616,396	2,188,712	148,001	2,336,713
Transfers out	(667,500)	(667,500)	-	(667,500)
Total other financing sources (uses)	1,948,896	1,521,212	148,001	1,669,213
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 388,688	\$ (169,102)	\$ 219,586

Sheppard Memorial Library
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

Schedule C-4

	Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental:			
County of Pitt	\$ 563,504	\$ 558,194	\$ (5,310)
Town of Bethel	27,689	27,689	-
Town of Winterville	135,375	135,375	-
State aid	227,168	251,748	24,580
Housing Authority	10,692	10,692	-
Other miscellaneous grants	46,180	39,379	(6,801)
Total restricted intergovernmental revenue	1,010,608	1,023,077	12,469
Other revenues			
Fines and fees	119,281	113,016	(6,265)
Interest earnings	10,680	11,107	427
Total other revenues	129,961	124,123	(5,838)
Total revenues	1,140,569	1,147,200	6,631
Expenditures			
Cultural and recreational:			
Salaries and benefits		1,410,182	
Capital outlay		324,625	
Maintenance and repairs		181,218	
Other operating expenditures		370,455	
Total expenditures	2,365,327	2,286,480	78,847
Excess (deficiency) of revenues over (under) expenditures	(1,224,758)	(1,139,280)	85,478
Other financing sources (uses):			
Transfers from other funds	1,116,388	1,116,388	-
Appropriated fund balances	108,370	-	(108,370)
Total other financing sources (uses)	1,224,758	1,116,388	(108,370)
Revenues and other financing sources over (under) and other financing uses	\$ -	\$ (22,892)	\$ (22,892)

Housing Trust Fund

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule C-5

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Restricted intergovernmental:				
Grants	\$ 170,500	\$ 173,476	\$ 4,100	\$ 177,576
Other revenues:				
Investment earnings	4,265	12,437	32	12,469
Loan payments	7,210	25,032	701	25,733
Total other revenues	11,475	37,469	733	38,202
Total revenues	181,975	210,945	4,833	215,778
Expenditures				
Small area revitalization		19,978	-	19,978
Rehabilitation		215,374	-	215,374
Loans made		46,883	3,126	50,009
Total expenditures	302,975	282,235	3,126	285,361
Revenues under expenditures	(121,000)	(71,290)	1,707	(69,583)
Other financing sources:				
Transfers from:				
Community Development Fund	121,000	121,000	-	121,000
Revenues and other financing sources over expenditures	\$ -	\$ 49,710	\$ 1,707	\$ 51,417

Small Business Loan Program
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-6

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Other revenues:				
Bank contribution	\$ 475,000	\$ 448,243	\$ -	\$ 448,243
Loan payments	253,552	447,566	17,544	465,110
Application fees	2,000	1,550	-	1,550
Investment earnings	1,706	5,805	12	5,817
Total revenues	732,258	903,164	17,556	920,720
Expenditures				
Administration	2,000	7	-	7
Payments to bank	255,258	452,198	17,514	469,712
Loans made	475,000	448,242	-	448,242
Loan loss reserve	142,500	5,564	645	6,209
Total expenditures	874,758	906,011	18,159	924,170
Revenues under expenditures	(142,500)	(2,847)	(603)	(3,450)
Other financing sources (uses):				
Transfers from:				
Community Development Fund	142,500	142,500	-	142,500
Revenues and other financing sources over (under) expenditures	\$ -	\$ 139,653	\$ (603)	\$ 139,050

League of Municipalities Conference
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule C-7

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Other revenues:				
Other donations	\$ 150,000	\$ 85,970	\$ -	\$ 85,970
Total revenues				
Expenditures				
Administration	30,000	9,085	-	9,085
Contracted services	80,000	74,018	-	74,018
Supplies and materials	69,394	39,889	36	39,925
Total expenditures	179,394	122,992	36	123,028
Revenues under expenditures	(29,394)	(37,022)	(36)	(37,058)
Other financing sources (uses):				
Transfers from:				
General Fund	29,394	29,394	-	29,394
Revenues and other financing sources under expenditures	\$ -	\$ (7,628)	\$ (36)	\$ (7,664)

Lead Based Paint Hazard Grant

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule C-8

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Recovery lead-based paint grant	\$ 1,922,370	\$ 605,603	\$ 642,279	\$ 1,247,882
Expenditures				
Administration	216,894	76,206	65,765	141,971
Operations	1,705,476	632,379	457,842	1,090,221
Total expenditures	1,922,370	708,585	523,607	1,232,192
Revenues under expenditures	\$ -	\$ (102,982)	\$ 118,672	\$ 15,690

CDBG Recovery Grant Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-9

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
CDBG recovery grant	\$ 218,843	\$ 189,731	\$ 25,733	\$ 215,464
Expenditures				
Administration	21,650	6,564	14,822	21,386
Public service	30,000	-	29,302	29,302
Operations	167,193	212,279	(46,099)	166,180
Total expenditures	218,843	218,843	(1,975)	216,868
Revenues over (under) expenditures	\$ -	\$ (29,112)	\$ 27,708	\$ (1,404)

Public Transit Capital Assistance Recovery Grant
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule C-10

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Public transit recovery grant	\$ 1,577,464	\$ 53,330	\$ 1,373,246	\$ 1,426,576
Investment earnings	-	-	4	4
Other revenue	-	-	50	50
Total revenues	1,577,464	53,330	1,373,300	1,426,630
Expenditures				
Capital outlay	1,577,464	3,847	1,374,221	1,378,068
Total expenditures	1,577,464	3,847	1,374,221	1,378,068
Revenues under expenditures	\$ -	\$ 49,483	\$ (921)	\$ 48,562

Byrne-JAG Grant Recovery
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-11

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Byrne-JAG recover grant	\$ 490,323	\$ 490,323	\$ -	\$ 490,323
Investment earnings	-	14	17	31
Total revenues	490,323	490,337	17	490,354
Expenditures				
Operating	63,193	22,404	24,087	46,491
Capital outlay	427,130	211,282	60,291	271,573
Total expenditures	490,323	233,686	84,378	318,064
Revenues under expenditures	\$ -	\$ 256,651	\$ (84,361)	\$ 172,290

Energy Efficiency Recovery Grant
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule C-12

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Energy efficiency recovery grant	\$ 777,600	\$ 29,000	\$ 329,693	\$ 358,693
Investment income	-	-	17	17
Total revenues	777,600	29,000	329,710	358,710
Expenditures				
Administration	-	62	1,735	1,797
Operations	-	29,000	69,330	98,330
Total expenditures	777,600	29,062	71,065	100,127
Revenues under expenditures	\$ -	\$ (62)	\$ 258,645	\$ 258,583

COPS Hiring Recovery Program Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-13

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
COPS Hiring recovery grant	\$ 1,211,803	\$ 156,416	\$ 443,655	\$ 600,071
Expenditures				
Operating	1,621,180	171,710	461,907	633,617
Total expenditures	1,621,180	171,710	461,907	633,617
Revenues under expenditures	(409,377)	(15,294)	(18,252)	(33,546)
Other financing sources:				
Transfers from:				
General Fund	409,377	-	-	-
Revenues and other financing sources under expenditures	\$ -	\$ (15,294)	\$ (18,252)	\$ (33,546)

Arlington Sidewalk Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-14

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Arlington sidewalk recovery grant	\$ 108,897	\$ 63,383	\$ 12,540	\$ 75,923
Expenditures				
Construction	108,897	63,838	10,585	73,968
Total expenditures	108,897	63,838	10,585	73,968
Revenues under expenditures	\$ -	\$ -	\$ 1,955	\$ 1,955

Charles Sidewalk Project

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule C-15

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Charles sidewalk recovery grant	\$ 60,090	\$ 38,365	\$ 9,628	\$ 47,993
Expenditures				
Construction	60,090	38,365	17,019	55,384
Total expenditures	60,090	38,365	17,019	55,384
Revenues under expenditures	\$ -	\$ -	\$ (7,391)	\$ (7,391)

Arlington Turn Lane Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule C-16

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
Arlington turn lane recovery grant	\$ 91,227	\$ 80,562	\$ 690	\$ 81,252
Expenditures				
Construction	91,227	80,562	690	81,252
Total expenditures	91,227	80,562	690	81,252
Revenues under expenditures	\$ -	\$ -	\$ -	-

Centralized Grant Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule C-17

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Restricted intergovernmental:				
EQUAL project grant	\$ 433,115	\$ -	\$ 86,942	\$ 86,942
Expenditures				
Operating	173,333	-	69,802	69,802
Capital outlay	259,782	-	-	-
Total expenditures	433,115	-	69,802	69,802
Revenues under expenditures	\$ -	\$ -	\$ 17,140	\$ 17,140

CAPITAL PROJECT FUND

The purpose of the Capital Project Funds is to account for the financial resources related to the acquisition of capital assets. The budget shown in the accompanying supplementary information is adopted for the life of the project. Proprietary fund capital projects are not reflected in the Capital Project Funds, but in the respective enterprise funds. During June 30, 2011, the City had the following projects, showing activity, in the Capital Project Funds:

CEMETERY DEVELOPMENT PROJECT – The Cemetery Development Project is established to account for funds to be used for the purchase and renovation of land for cemetery use.

AFFORDABLE HOUSING PROJECT - The Affordable Housing Project is established to account for the funds that will increase opportunities for working families to become homeowners.

CITY HALL FACILITY - The City Hall Facility fund is established to account for funds to be used for the renovation of a facility to which the existing City Hall offices and services will be relocated.

WEST GREENVILLE REVITALIZATION - This project involves revitalization of the West Greenville Neighborhood. The City has undertaken an aggressive neighborhood revitalization project, committing all of its entitled Community Development Block Grant (CDBG) and HOME Funds for the next eight years.

CENTER CITY REVITALIZATION - The Center City Revitalization Project funds potential projects under discussion include a Performing Arts Center, a hotel/alumni center, land acquisitions for joint university/city projects, infrastructure improvements and joint use parking structures.

STANTONSBURG ROAD / 10TH STREET CONNECTOR - The Stantonsburg Road / 10th Street Connector Project involves the extension of Tenth Street on new location to Stantonsburg Road at Memorial Drive with a grade separation at the CSX Railroad near Dickinson Avenue.

SOUTH TAR RIVER GREENWAY - The South Tar River Greenway Project involves the planning, design, and construction of a joint use bikeway/greenway along the south side of the Tar River.

WAYFINDING COMMUNITY DEVELOPMENT PROJECT - The Wayfinding Community Development Project is used around the City for purchase and creation of city signage within city limits.

THOMAS LANGSTON ROAD EXTENSION PROJECT - The Thomas Langston Road Extension Project is established as part of the 2004 bond referendum for transportation improvements.

INTERMODAL TRANSPORTATION CENTER PROJECT - The Intermodal Transportation Center Project is established to account for funds used to provide for feasibility study, design, and construction of an Intermodal Transportation Center serving all transportation needs.

EMPLOYEE PARKING LOT EXPANSION PROJECT - The Employee Parking Lot Expansion Project is established to account for funds used to expand and improve the employee parking lot located south of the Police-Fire/Rescue Headquarters building on the Pitt Street-Greene Street Connector.

CONVENTION CENTER EXPANSION / STREETScape PROJECT - The Convention Center Expansion Project is established to account for funds used to construct the addition of 150 parking spaces along with other improvements.

CAPITAL PROJECT FUND (CONTINUED)

COMMUNITY ORIENTED POLICING SERVICE PROJECT - The Community Oriented Policing Services Project is established to account for funds used to purchase a radio system that supports interoperability among Greenville Police, Pitt County Sherriff's Office, and other public safety agencies in Pitt County.

NEW TECHNOLOGY FOR PUBLIC SAFETY PROJECT - The New Technology for Public Safety Project is established to account for funds used to purchase a public safety software system.

PUBLIC WORKS YARD / BEATTY STREET PROJECT - The Public Works Yard / Beatty Street Project is established to account for funds used to replace a storm drainage pipe located on the Public Works yard.

DREW STEELE CENTER - The Drew Steele Center Project is established to account for funds to renovate the Elm Street Gym and create the Drew Steele Center which will be a modern, accessible, multi-use recreation facility open to all, but which will serve a the focal point for the development of City services and programs for those with special needs.

CAPITAL RESERVE FUND - The Capital Reserve Fund is used to accumulate funds to be used for future capital improvements. These improvements consist of construction and other capital projects.

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Non-Major Capital Project Funds
Combining Balance Sheet
For the Year Ended June 30, 2011

	Cemetery Development Fund	Affordable Housing Project	City Hall Facility	West Greenville Revitalization	Center City Revitalization	Statonsburg Road/ 10th Street Connector	South Tar River Greenway	Way Finding Community Development
Assets								
Cash and cash equivalent	\$ 26,441	\$ 750,580	\$ -	\$ -	\$ 136,940	\$ 2,488,818	\$ -	\$ 188,158
Accounts receivable	-	-	-	6,328	-	-	-	-
Loans receivable	-	117,826	-	-	-	-	-	-
Due from other governments	-	135	12,701	-	9,916	-	7,702	-
Restricted cash and investments	-	-	-	375,203	2,164,915	1,379	-	-
Total assets	\$ 26,441	\$ 868,541	\$ 12,701	\$ 381,531	\$ 2,311,771	\$ 2,490,197	\$ 7,702	\$ 188,158
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 33,804	\$ -	\$ 5,542	\$ 61,155	\$ 116,359	\$ 4,777	\$ -
Due to other funds	-	-	-	-	-	-	406,459	-
Deferred revenue	-	118,768	-	-	-	-	-	-
Total liabilities	-	152,572	-	5,542	61,155	116,359	411,236	-
Fund Balances								
Spendable								
Restricted								
Restricted for culture and recreation	-	-	-	-	-	-	-	-
Restricted for public works	-	-	-	-	-	1,430,838	-	-
Restricted for economic development	-	-	-	369,661	2,164,915	-	-	-
Stabilization by State Statute	-	-	12,701	6,328	9,916	-	7,702	-
Committed	26,441	715,969	-	-	75,785	943,000	-	188,158
Unassigned	-	-	-	-	-	-	(411,236)	-
Total fund balance	26,441	715,969	12,701	375,989	2,250,616	2,373,838	(403,534)	188,158
Total liabilities and fund balances	\$ 26,441	\$ 868,541	\$ 12,701	\$ 381,531	\$ 2,311,771	\$ 2,490,197	\$ 7,702	\$ 188,158

ScheduleD-1

Thomas Langston Road Extension Project	Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Public Works Beatty Street Project	Drew Steele Center	Capital Reserve Fund	Total
\$ -	\$ 582,966	\$ 95,331	\$ -	\$ -	\$ 1,087,510	\$ 15,736	\$ 794,601	\$ 2,470,439	\$ 8,637,520
-	4,967	-	-	-	3,079	-	-	-	14,374
-	-	-	-	-	-	-	-	-	117,826
36,286	37,097	-	2	564	-	196	-	-	104,599
599,895	-	-	290,370	-	-	-	-	-	3,431,762
\$ 636,181	\$ 625,030	\$ 95,331	\$ 290,372	\$ 564	\$ 1,090,589	\$ 15,932	\$ 794,601	\$ 2,470,439	\$ 12,306,081
\$ 43,767	\$ -	\$ -	\$ 135,315	\$ -	\$ 1,155	\$ -	\$ -	\$ -	\$ 401,874
-	-	-	-	42,017	-	63	-	-	448,539
-	-	-	-	-	-	-	-	-	118,768
43,767	-	-	135,315	42,017	1,155	63	-	-	969,181
-	-	-	-	-	-	-	461,152	-	461,152
556,128	-	-	-	-	-	-	-	-	1,986,966
-	-	-	155,055	-	-	-	-	-	2,689,631
36,286	42,064	-	2	564	3,079	196	-	-	118,838
-	582,966	95,331	-	-	1,086,355	15,673	333,449	2,470,439	6,533,566
-	-	-	-	(42,017)	-	-	-	-	(453,253)
592,414	625,030	95,331	155,057	(41,453)	1,089,434	15,869	794,601	2,470,439	11,336,900
\$ 636,181	\$ 625,030	\$ 95,331	\$ 290,372	\$ 564	\$ 1,090,589	\$ 15,932	\$ 794,601	\$ 2,470,439	\$ 12,306,081

Non-Major Capital Project Funds
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2011

	Cemetery Development Fund	Affordable Housing Project	City Hall Facility	West Greenville Revitalization	Center City Revitalization	Statonsburg Road/ 10th Street Connector	South Tar River Greenway	Way Finding Community Development
Revenues								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 25,250	\$ 126,397	\$ 577,357	\$ -
Other taxes and licenses	-	-	-	-	-	-	-	-
Investment earnings	6	49	10	39	1,445	299	-	19
Other revenues	-	355,983	-	23,169	-	-	3,700	-
Total revenues	6	356,032	10	23,208	26,695	126,696	581,057	19
Expenditures								
Current:								
Capital outlay	1,319	55,360	423,168	910,909	1,370,085	516,044	784,149	29,819
Total expenditures	1,319	55,360	423,168	910,909	1,370,085	516,044	784,149	29,819
Excess (deficiency) of revenues over (under) expenditures	(1,313)	300,672	(423,158)	(887,701)	(1,343,390)	(389,348)	(203,092)	(29,800)
Other financing sources (uses):								
Bonds issued	-	-	-	1,232,109	2,011,606	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(36,862)	-	-	-	-	(40,000)
Total other financing sources (uses)	-	-	(36,862)	1,232,109	2,011,606	-	-	(40,000)
Net change in fund balances	(1,313)	300,672	(460,020)	344,408	668,216	(389,348)	(203,092)	(69,800)
Fund Balances								
Beginning of year	27,754	415,297	472,721	31,581	1,582,400	2,763,186	(200,442)	257,958
End of year	\$ 26,441	\$ 715,969	\$ 12,701	\$ 375,989	\$ 2,250,616	\$ 2,373,838	\$ (403,534)	\$ 188,158

Thomas Langston Road Extension Project	Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Public Works Beatty Street Project	Drew Steele Center	Capital Reserve Fund	Total
\$ -	\$ 43,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 772,347
-	-	-	146,714	-	-	-	-	-	146,714
2,078	44	8	-	-	98	6	36	1,253	5,390
1,600	-	-	5,000	-	-	-	-	-	389,452
3,678	43,387	8	151,714	-	98	6	36	1,253	1,313,903
1,581,715	53,230	338	113,262	18,215	194,313	159,133	2,685	-	6,213,744
1,581,715	53,230	338	113,262	18,215	194,313	159,133	2,685	-	6,213,744
(1,578,037)	(9,843)	(330)	38,452	(18,215)	(194,215)	(159,127)	(2,649)	1,253	(4,899,841)
-	-	-	-	-	-	-	-	-	3,243,715
176,968	-	-	40,000	-	-	97,850	333,449	-	648,267
-	-	-	-	-	(81,930)	-	-	(752,511)	(911,303)
176,968	-	-	40,000	-	(81,930)	97,850	333,449	(752,511)	2,980,679
(1,401,069)	(9,843)	(330)	78,452	(18,215)	(276,145)	(61,277)	330,800	(751,258)	(1,919,162)
1,993,483	634,873	95,661	76,605	(23,238)	1,365,579	77,146	463,801	3,221,697	13,256,062
\$ 592,414	\$ 625,030	\$ 95,331	\$ 155,057	\$ (41,453)	\$ 1,089,434	\$ 15,869	\$ 794,601	\$ 2,470,439	\$ 11,336,900

Cemetery Development

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule D-3

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Special Federal/State/Local grants	\$ 105,000	\$ 107,521	\$ -	\$ 107,521
Interest earnings	-	12,337	6	12,343
Total revenues	105,000	119,858	6	119,864
Expenditures				
Capital improvements	390,000	377,104	1,319	378,423
Excess (deficiency) of revenues over (under) expenditures	(285,000)	(257,246)	(1,313)	(258,559)
Other financing sources (uses):				
Bonds issued	75,000	75,000	-	75,000
Transfer to General Fund	(10,000)	(10,000)	-	(10,000)
Transfer from General Fund	220,000	220,000	-	220,000
Total other financing sources (uses)	285,000	285,000	-	285,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 27,754	\$ (1,313)	\$ 26,441

Affordable Housing Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule D-4

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ 160,500	\$ 190,875	\$ 49	\$ 190,924
Loan payments	142,100	212,002	11,610	223,612
Sale of Property	1,176,000	1,369,676	344,373	1,714,049
Total revenues	1,478,600	1,772,553	356,032	2,128,585
Expenditures				
Bond administration cost		6,349	-	6,349
Home ownership		1,789,590	55,289	1,844,879
Land banking		831,256	71	831,327
Rehabilitation		255,536	-	255,536
Total expenditures	3,003,600	2,882,731	55,360	2,938,091
Deficiency of revenues over (under) expenditures	(1,525,000)	(1,110,178)	300,672	(809,506)
Other financing sources:				
Bonds issued	1,000,000	1,000,475	-	1,000,475
Transfers from General Fund	525,000	525,000	-	525,000
Total other financing sources	1,525,000	1,525,475	-	1,525,475
Revenues and other financing sources over expenditures	\$ -	\$ 415,297	\$ 300,672	\$ 715,969

City Hall Facility

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule D-5

	Project Authorization	Prior Years	Current Year	Total
Revenue				
Federal and State grants	\$ 121,028	\$ 121,028	\$ -	\$ 121,028
Other income	32,216	32,216	-	32,216
Interest earnings	850,841	850,830	10	850,840
Total revenues	1,004,085	1,004,074	10	1,004,084
Expenditures				
Construction		9,993,346	423,026	10,416,372
Capital outlay		1,247,868	142	1,248,010
Acquisition		950,000	-	950,000
Bond administration cost		102,049	-	102,049
Design		771,445	-	771,445
Total expenditures	13,500,579	13,064,708	423,168	13,487,876
Deficiency of revenues under expenditures	(12,496,494)	(12,060,634)	(423,158)	(12,483,792)
Other financing sources (uses):				
Bonds issued	590,805	425,000	-	425,000
Certificate of participation issued	10,723,942	10,889,747	-	10,889,747
Transfer out	(36,861)	-	(36,862)	(36,862)
Transfer in	1,218,608	1,218,608	-	1,218,608
Total other financing sources (uses)	12,496,494	12,533,355	(36,862)	12,496,493
Revenues and other financing sources over (under) expenditures	\$ -	\$ 472,721	\$ (460,020)	\$ 12,701

West Greenville Revitalization
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule D-6

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Other income	\$ 439,817	\$ 439,312	\$ (9,500)	\$ 429,812
Sales and services	382,020	382,025	32,669	414,694
Investment earnings	105,798	121,297	39	121,336
Total revenues	927,635	942,634	23,208	965,842
Expenditures				
Acquisition		2,623,677	1,430	2,625,107
Demolition		404,280	-	404,280
Construction		581,175	(1,000)	580,175
Infrastructure		405,564	857,629	1,263,193
Development financing		128,416	42,395	170,811
Relocation assistance		269,149	-	269,149
Owner occupied rehabilitation		212,071	524	212,595
Furnishings		44,968	-	44,968
Bond administration		33,487	9,931	43,418
Total expenditures	5,927,635	4,702,787	910,909	5,613,696
Deficiency of revenues under expenditures	(5,000,000)	(3,760,153)	(887,701)	(4,647,854)
Other financing sources:				
Premium received on debt issue	-	16,734	7,109	23,843
Bonds issued	5,000,000	3,775,000	1,225,000	5,000,000
Total other financing sources	5,000,000	3,791,734	1,232,109	5,023,843
Revenues and other financing sources over expenditures	\$ -	\$ 31,581	\$ 344,408	\$ 375,989

Center City Revitalization
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-7

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Restricted intergovernmental	\$ 25,000	\$ -	\$ 25,250	\$ 25,250
Interest earnings	-	268,440	1,445	269,885
Total revenues	25,000	268,440	26,695	295,135
Expenditures				
Acquisition		302,778	379,843	682,621
Demolition		-	-	-
Infrastructure		1,235,729	842,239	2,077,968
Construction		64,919	21,788	86,707
Development financing		69,895	110,000	179,895
Bond administration		26,017	16,215	42,232
Business retention		-	-	-
Total expenditures	5,025,000	1,699,338	1,370,085	3,069,423
Deficiency of revenues under expenditures	(5,000,000)	(1,430,898)	(1,343,390)	(2,774,288)
Other financing sources (uses):				
Premium received on debt issue	-	13,298	11,606	24,904
Bonds issued	5,000,000	3,000,000	2,000,000	5,000,000
Total other financing sources (uses)	5,000,000	3,013,298	2,011,606	5,024,904
Revenues and other financing sources over expenditures	\$ -	\$ 1,582,400	\$ 668,216	\$ 2,250,616

Stantonsburg Road / 10th Street Connector
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-8

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Restricted intergovernmental revenue	\$ 4,000,000	\$ 1,663,846	\$ 126,397	\$ 1,790,243
Interest earnings	22,000	1,906	299	2,205
Total revenues	4,022,000	1,665,752	126,696	1,792,448
Expenditures				
Bond administration		55,610	-	55,610
Engineering		1,815,693	516,044	2,331,737
Total expenditures	6,022,000	1,871,303	516,044	2,387,347
Excess (deficiency) of revenues over (under) expenditures	(2,000,000)	(205,551)	(389,348)	(594,899)
Other financing sources:				
Transfers in	-	943,000	-	943,000
Bonds issued	2,000,000	2,025,737	-	2,025,737
Total other financing sources	2,000,000	2,968,737	-	2,968,737
Revenues and other financing sources over (under) expenditures	\$ -	\$ 2,763,186	\$ (389,348)	\$ 2,373,838

South Tar River Greenway Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-9

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 1,480,000	\$ 301,859	\$ 577,357	\$ 879,216
	-	-	3,700	3,700
Total revenues	1,480,000	301,859	581,057	882,916
Expenditures				
Construction		333,213	784,005	1,117,218
Engineering		159,395	11,718	171,113
Right of way		10,693	(11,574)	(881)
Total expenditures	1,481,000	503,301	784,149	1,287,450
Deficiency of revenues under expenditures	(1,000)	(201,442)	(203,092)	(404,534)
Other financing sources (uses):				
Transfers in	1,000	1,000	-	1,000
Total other financing sources (uses)	1,000	1,000	-	1,000
Revenues and other financing sources under expenditures	\$ -	\$ (200,442)	\$ (203,092)	\$ (403,534)

Way Finding Community Development
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-10

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ -	\$ 2,517	\$ 19	\$ 2,536
Expenditures				
Construction	215,700	259	29,819	30,078
Excess (deficiency) of revenues over (under) expenditures	(215,700)	2,258	(29,800)	(27,542)
Other financing sources:				
Transfers out	(40,000)	-	(40,000)	(40,000)
Transfers in	255,700	255,700	-	255,700
Total other financing sources	215,700	255,700	(40,000)	215,700
Revenues and other financing sources over (under) expenditures	\$ -	\$ 257,958	\$ (69,800)	\$ 188,158

Thomas Langston Road Extension Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-11

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 705,968	\$ -	\$ -	\$ -
Interest earnings	11,440	2,926	2,078	5,004
Other income	-	102,567	1,600	104,167
Total revenues	717,408	105,493	3,678	109,171
Expenditures				
Engineering		187,647	481,261	668,908
Bond administration		38,886	-	38,886
Construction		893,157	1,100,454	1,993,611
Total expenditures	3,900,677	1,119,690	1,581,715	2,701,405
Deficiency of revenues under expenditures	(3,183,269)	(1,014,197)	(1,578,037)	(2,592,234)
Other financing sources (uses):				
Bonds issued	2,896,803	2,896,803	-	2,896,803
Transfers in	286,466	110,877	176,968	287,845
Total other financing sources (uses)	3,183,269	3,007,680	176,968	3,184,648
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,993,483	\$ (1,401,069)	\$ 592,414

Intermodal Transportation Center Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-12

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 950,500	\$ 149,429	\$ 43,343	\$ 192,772
Interest earnings	-	64	44	108
Total revenues	950,000	149,493	43,387	192,880
Expenditures				
Construction	1,685,618	167,455	53,230	220,685
Deficiency of revenues under expenditures	(735,118)	(17,962)	(9,843)	(27,805)
Other financing sources:				
Transfers in	735,118	652,835	-	652,835
Total other financing sources	735,118	652,835	-	652,835
Revenues and other financing sources over expenditures	\$ -	\$ 634,873	\$ (9,843)	\$ 625,030

Employee Parking Lot Expansion Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-13

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ -	\$ 1,478	\$ 8	\$ 1,486
Total revenues	-	1,478	8	1,486
Expenditures				
Renovations	94,183	-	338	338
Total expenditures	94,183	-	338	338
Excess (deficiency) of revenues over (under) expenditures	(94,183)	1,478	(330)	1,148
Other financing sources (uses):				
Sale of property	175,500	175,500	-	175,500
Transfers in	193,683	193,683	-	193,683
Transfers out	(275,000)	(275,000)	-	(275,000)
Total other financing sources (uses)	94,183	94,183	-	94,183
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 95,661	\$ (330)	\$ 95,331

Convention Center Expansion / Streetscape Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-14

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
Occupancy taxes	1,062,202	958,151	146,714	1,104,865
Interest earnings	-	1,025	-	1,025
Other revenue	-	30,342	5,000	35,342
Total revenues	1,092,202	1,019,518	151,714	1,171,232
Expenditures				
Allocation to Convention and Visitor Authority		223,566	-	223,566
Construction		2,448,618	113,262	2,561,880
Total expenditures	2,861,473	2,672,184	113,262	2,785,446
Revenues over (under) expenditures	(1,769,271)	(1,652,666)	38,452	(1,614,214)
Other financing sources:				
Transfers in	1,769,271	1,729,271	40,000	1,769,271
Total other financing sources	1,769,271	1,729,271	40,000	1,769,271
Revenues and other financing sources over expenditures	\$ -	\$ 76,605	\$ 78,452	\$ 155,057

Community Oriented Policing Services (COPS) Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-15

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 3,308,159	\$ 3,033,284	\$ -	\$ 3,033,284
Interest earnings	-	1,862	-	1,862
Total revenues	3,308,159	3,035,146	-	3,035,146
Expenditures				
Administration		2,280,964	-	2,280,964
Capital outlay		1,439,051	18,215	1,457,266
Total expenditures	3,969,790	3,720,015	18,215	3,738,230
Deficiency of revenues under expenditures	(661,631)	(684,869)	(18,215)	(703,084)
Other financing sources (uses):				
Transfers in	661,631	661,631	-	661,631
Total other financing sources (uses)	661,631	661,631	-	661,631
Revenues and other financing sources under expenditures	\$ -	\$ (23,238)	\$ (18,215)	\$ (41,453)

New Technology for Public Safety Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule D-16

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ -	\$ 6,077	\$ 98	\$ 6,175
Other revenue	-	120	-	120
Total revenues	-	6,197	98	6,295
Expenditures				
Testing		1,700,599	142,941	1,843,540
Capital outlay		424,019	51,372	475,391
Total expenditures	3,484,000	2,124,618	194,313	2,318,931
Deficiency of revenues under expenditures	(3,484,000)	(2,118,421)	(194,215)	(2,312,636)
Other financing sources:				
Transfers out	-	-	(81,930)	(81,930)
Transfers in	3,484,000	3,484,000	-	3,484,000
Total other financing sources	3,484,000	3,484,000	(81,930)	3,402,070
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,365,579	\$ (276,145)	\$ 1,089,434

Public Works Yard, Beatty Street Project
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-17

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ -	\$ 246	\$ 6	\$ 252
Total revenues	-	246	6	252
Expenditures				
Construction	501,550	326,800	159,133	485,933
Deficiency of revenues under expenditures	(501,550)	(326,554)	(159,127)	(485,681)
Other financing sources (uses):				
Transfers in	501,550	403,700	97,850	501,550
Total other financing sources (uses)	501,550	403,700	97,850	501,550
 Revenues and other financing sources over expenditures	 \$ -	 \$ 77,146	 \$ (61,277)	 \$ 15,869

Drew Steele Center

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2011

Schedule D-18

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Federal and State grants	\$ 500,000	\$ 18	\$ 36	\$ 54
Investment earnings	-			
Other revenue - donations	500,000	463,783	-	463,783
Total revenues	1,000,000	463,801	36	463,837
Expenditures				
Construction	1,333,449	-	2,685	2,685
Revenue over (under) expenditures	\$ (333,449)	\$ 463,801	\$ (2,649)	\$ 461,152
Other financing sources:				
Transfers in	333,449	-	333,449	333,449
Total other financing sources	333,449	-	333,449	333,449
Revenues and other financing sources over (under) expenditures	\$ -	\$ 463,801	\$ 330,800	\$ 794,601

Capital Reserve Fund
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2011

Schedule D-19

	Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 1,253	\$ 1,253
Other financing sources (uses):			
Appropriated fund balance	952,911	-	(952,911)
Transfers to other funds	(952,911)	(752,511)	200,400
Total other financing sources (uses)	-	(752,511)	(752,511)
Revenues and other financing sources over expenditures	\$ -	\$ (751,258)	\$ (751,258)

PROPRIETARY FUND FINANCIAL STATEMENTS

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ENTERPRISE FUNDS

Enterprise Funds are established to account for enterprise operations that are financed and operated in a manner similar to private business. The intent is that the cost of providing goods and services to the general public will be recovered primarily through user charges.

MAJOR FUNDS

ELECTRIC FUND

The Electric Fund is established to account for the enterprise operation of providing power to the residents of the City.

WATER FUND

The Water Fund is established to account for the enterprise operation of providing water to the residents of the City.

SEWER FUND

The Sewer Fund is established to account for the enterprise operation of providing sewer services to the residents of the City.

GAS FUND

The Gas Fund is established to account for the enterprise operation of providing natural gas to the residents of the City.

NON-MAJOR FUNDS

PUBLIC TRANSPORTATION FUND

The Public Transportation Fund is established to account for the user charges, fees, federal contributions, and all operating costs associated with the operation of the transit system of the City.

BRADFORD CREEK GOLF COURSE FUND

The Bradford Creek Golf Course Fund is established to account for the operations of the golf course located on Old Pactolus Road.

STORMWATER UTILITY FUND

The Stormwater Utility Fund is established to account for the operations of the Stormwater Utility operated through the Public Works Department of the City. This fund has two affiliating capital project funds.

STORMWATER DRAINAGE PROJECT - The Stormwater Drainage Project is established to account for funds used in correcting drainage problems throughout the City. This is considered an enterprise fund capital project.

STORMWATER DRAINAGE MAINTENANCE IMPROVEMENT PROJECT - The Stormwater Drainage Maintenance Improvement Project is established to account for funds used in the correction and maintenance of drainage issues for the southwest corridor of the City. This is considered an enterprise fund capital project.

SANITATION

The Sanitation Fund is established to account for the user charges, fees, and all operating costs associated with sanitation collection and maintenance operation of the City.

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Electric Operating Fund - Major Enterprise Fund
 Year Ended June 30, 2011
 With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-1
 Page 1 of 2

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Operating revenues:				
Rates and charges	\$ 201,563,955	\$ 200,357,626	\$ (1,206,329)	\$ 192,716,425
Fees and charges	1,058,397	1,054,095	(4,302)	1,004,252
U.G. temp service charges	106,319	111,168	4,849	140,140
Miscellaneous	473,728	536,485	62,757	483,335
Total operating revenues	203,202,399	202,059,374	(1,143,025)	194,344,152
Non-operating revenues				
Interest on investments	420,000	382,884	(37,116)	519,435
Miscellaneous	873,714	1,626,104	752,390	186,478
Total non-operating revenues	1,293,714	2,008,988	715,274	705,913
Total revenues	204,496,113	204,068,362	(427,751)	195,050,065
Expenditures				
Governing Body department	2,101,376	2,087,137	14,239	1,687,736
Finance department	4,314,946	4,235,483	79,463	4,267,268
Human Resources department	1,615,672	1,592,343	23,329	1,382,488
Information Technology department	2,689,025	2,359,259	329,766	1,431,412
Customer Relations department	3,699,703	3,521,339	178,364	3,336,484
Electric department	187,856,973	184,063,928	3,793,045	178,378,657
Meter department	1,443,782	1,225,117	218,665	1,316,750
Utility Locating Services	116,981	108,864	8,117	120,148
Total expenditures	203,838,458	199,193,470	4,644,988	191,920,943
Excess of revenues over expenditures	657,655	4,874,892	4,217,237	3,129,122
Other financing sources (uses):				
Installment debt issued	842,345	848,231	5,886	514,460
Intra-fund transfers out	(1,500,000)	(1,500,000)	-	-
Total other financing sources (uses)	(657,655)	(651,769)	5,886	514,460
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 4,223,123	\$ 4,223,123	\$ 3,643,582

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Electric Operating Fund - Major Enterprise Fund (Continued)
 Year Ended June 30, 2011
 With Comparative Actual Amounts for Year Ended June 30, 2010**

**Schedule E-1
 Page 2 of 2**

	<u>2011</u>	<u>2010</u>
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 4,223,123	\$ 3,643,582
Budgetary appropriations, capital	5,103,069	4,573,413
Budgetary appropriations, debt principal	1,910,579	1,961,105
Depreciation	(7,257,515)	(6,892,378)
Debt issued	(848,231)	(514,460)
Amortization of bond premium/discount/issue costs	(22,764)	(15,464)
Capitalization of bond interest	-	244,748
Changes in accrued interest payable	55,184	15,645
Intra-fund transfers	1,500,000	-
Changes in OPEB liability	(477,633)	(850,933)
Revenue recognized in Capital Projects	(1,378)	3,148
	<u> </u>	<u> </u>
Net income	\$ 4,184,434	\$ 2,168,406

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Water Operating Fund - Major Enterprise Fund
 Year Ended June 30, 2011
 With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-2
 Page 1 of 2

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Operating revenues:				
Rates and charges	\$ 14,026,527	\$ 14,568,726	\$ 542,199	\$ 12,921,434
Fees and charges	323,660	321,294	(2,366)	398,169
Miscellaneous	107,400	85,994	(21,406)	79,354
Total operating revenues	14,457,587	14,976,014	518,427	13,398,957
Non-operating revenues				
Interest on investments	60,235	63,086	2,851	56,706
Capacity fees	165,000	-	(165,000)	-
Miscellaneous	114,078	135,400	21,322	219,891
Total non-operating revenues	339,313	198,486	(140,827)	276,597
Total revenues	14,796,900	15,174,500	377,600	13,675,554
Expenditures				
Governing Body department	613,557	618,169	(4,612)	626,229
Finance department	4,670,320	4,628,098	42,222	3,846,507
Human Resources department	769,468	777,294	(7,826)	701,239
Information Technology department	509,958	522,868	(12,910)	534,705
Customer Relations department	113,106	117,234	(4,128)	214,186
Meter department	316,327	303,590	12,737	397,030
Water department	8,291,328	8,158,056	133,272	7,707,591
Utility Locating Services	116,981	107,616	9,365	120,282
Total expenditures	15,401,045	15,232,925	168,120	14,147,769
Deficiency of revenues under expenditures	(604,145)	(58,425)	545,720	(472,215)
Other financing sources (uses):				
Capital contributed	-	225,313	225,313	370,783
Installment Purchase	100,145	98,022	(2,123)	125,459
Intra-fund transfers in	504,000	504,000	-	172,998
Total other financing sources (uses)	604,145	827,335	223,190	669,240
Revenues and other financing sources over expenditures	\$ -	\$ 768,910	\$ 768,910	\$ 197,025

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Water Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010**

**Schedule E-2
Page 2 of 2**

	2011	2010
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 768,910	\$ 197,025
Budgetary appropriations, capital	1,221,657	772,806
Budgetary appropriations, debt principal	2,400,987	2,010,962
Depreciation	(3,616,980)	(3,231,417)
Debt issued	(98,022)	(125,459)
Amortization of bond premium/discount/issue costs	(26,633)	(22,054)
Capitalization of bond interest	71,691	286,621
Intra-fund transfers	(504,000)	(172,998)
Changes in accrued interest payable	325,640	(68,975)
Changes in OPEB liability	(187,193)	(378,522)
Revenue recognized in Capital Projects	436,721	2,394,486
Net income	\$ 792,778	\$ 1,662,475

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund
Year Ended June 30, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-3

Page 1 of 2

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Operating revenues:				
Rates and charges	\$ 15,733,490	\$ 16,251,177	\$ 517,687	\$ 13,982,944
Fees and charges	313,920	319,025	5,105	366,945
Miscellaneous	107,400	85,329	(22,071)	77,579
Total operating revenues	16,154,810	16,655,531	500,721	14,427,468
Non-operating revenues				
Interest on investments	70,000	65,280	(4,720)	95,480
Acreage fees	-	-	-	103,753
Pitt County	65,219	65,219	-	130,438
Miscellaneous	45,132	51,807	6,675	41,259
Total non-operating revenues	180,351	182,306	1,955	370,930
Total revenues	16,335,161	16,837,837	502,676	14,798,398
Expenditures				
Governing Body department	574,146	565,464	8,682	623,839
Finance department	6,493,097	6,408,507	84,590	5,505,522
Human Resources department	741,929	742,036	(107)	671,241
Information Technology department	624,039	637,926	(13,887)	420,898
Customer Relations department	228,107	252,404	(24,297)	114,016
Meter department	316,327	303,019	13,308	137,313
Sewer department	7,423,307	7,351,345	71,962	7,723,622
Utility Locating Services	116,981	107,614	9,367	120,273
Total expenditures	16,517,933	16,368,315	149,618	15,316,724
Excess (deficiency) of revenues over (under) expenditures	(182,772)	469,522	652,294	(518,326)
Other financing sources (uses):				
Capital contributed	-	364,279	364,279	929,452
Debt issued	182,772	180,653	(2,119)	297,034
Intra-fund transfers in	-	-	-	276,247
Total other financing sources (uses)	182,772	544,932	362,160	1,502,733
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 1,014,454	\$ 1,014,454	\$ 984,407

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010**

**Schedule E-3
Page 2 of 2**

	<u>2011</u>	<u>2010</u>
Reconciliation to Full Accrual Basis		
Accrual Basis:		
Revenues over (under) expenditures	\$ 1,014,454	\$ 984,407
Budgetary appropriations, capital	657,923	1,134,197
Budgetary appropriations, debt principal	4,224,190	3,587,504
Depreciation	(4,245,776)	(4,068,592)
Debt proceeds	(180,653)	(297,034)
Amortization of bond premium/discount/issue costs	(30,717)	(27,084)
Capitalization of bond interest	188,734	335,105
Changes in accrued interest payable	98,987	(79,670)
Intra-fund transfers	-	(276,247)
Changes in OPEB liability	(198,164)	(340,494)
Revenue recognized in Capital Projects	<u>476,080</u>	<u>213,647</u>
Net income	<u>\$ 2,005,058</u>	<u>\$ 1,165,739</u>

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -

Gas Operating Fund - Major Enterprise Fund

Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-4

Page 1 of 2

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Operating revenues:				
Rates and charges	\$ 36,328,312	\$ 37,440,126	\$ 1,111,814	\$ 37,491,825
Fees and charges	145,500	149,616	4,116	159,339
Miscellaneous	104,803	92,378	(12,425)	89,329
Total operating revenues	36,578,615	37,682,120	1,103,505	37,740,493
Non-operating revenues				
Interest on investments	130,000	132,716	2,716	137,904
Miscellaneous	37,670	56,464	18,794	221,709
Total non-operating revenues	167,670	189,180	21,510	359,613
Total revenues	36,746,285	37,871,300	1,125,015	38,100,106
Expenditures				
Governing Body department	669,524	646,388	23,136	679,107
Finance department	1,898,788	1,776,533	122,255	1,781,392
Human Resources department	589,026	592,244	(3,218)	527,827
Information Technology department	757,602	765,003	(7,401)	601,029
Customer Relations department	456,213	410,945	45,268	411,343
Meter department	342,665	394,571	(51,906)	379,047
Gas department	32,097,603	28,496,812	3,600,791	28,668,097
Utility Locating Services	116,982	109,368	7,614	120,300
Total expenditures	36,928,403	33,191,864	3,736,539	33,168,142
Excess (deficiency) of revenues over (under) expenditures	(182,118)	4,679,436	4,861,554	4,931,964
Other financing sources (uses):				
Debt issued	182,118	180,474	(1,644)	334,828
Total other financing sources (uses)	182,118	180,474	(1,644)	334,828
Revenues and other financing sources over expenditures	\$ -	\$ 4,859,910	\$ 4,859,910	\$ 5,266,792

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Gas Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010**

**Schedule E-4
Page 2 of 2**

	<u>2011</u>	<u>2010</u>
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 4,859,910	\$ 5,266,792
Budgetary appropriations, capital	1,027,593	1,225,398
Budgetary appropriations, debt principal	882,066	846,750
Depreciation	(1,624,142)	(1,456,607)
Bond proceeds	(180,474)	(334,828)
Amortization of bond premium/discount/issue costs	(14,882)	(3,976)
Capitalization of bond interest	-	33,252
Changes in accrued interest payable	38,815	8,366
Changes in OPEB liability	(159,812)	(254,677)
Revenue recognized in Capital Projects	949	1,500
	<u> </u>	<u> </u>
Net income	\$ 4,830,023	\$ 5,331,970

Non-Major Enterprise Funds
Combining Statement of Net Assets
For the Year Ended June 30, 2011

Schedule E-5

	Public Transportation Fund	Bradford Creek Golf Course Fund	Stomwater Utility Fund	Sanitation Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,178,297	\$ -	\$ 4,097,371	\$ 409,214	\$ 5,684,882
Accounts receivable, net	181,755	-	210,660	371,337	763,752
Due from other governments	2,511	10,577	7,525	5,935	26,548
Due from other funds	-	-	247,447	452,477	699,924
Inventories	-	14,197	-	-	14,197
Prepaid items and deposits	-	-	-	-	-
Total current assets	1,362,563	24,774	4,563,003	1,238,963	7,189,303
Noncurrent Assets:					
Restricted cash and investments	-	-	1,534,534	-	1,534,534
Land and construction in progress	-	17,265	4,533,047	-	4,550,312
Other capital assets, net of depreciation	1,781,801	61,713	165,044	378,644	2,387,202
Total noncurrent assets	1,781,801	78,978	6,232,625	378,644	8,472,048
Total assets	3,144,364	103,752	10,795,628	1,617,607	15,661,351
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	46,407	52,463	93,535	156,429	348,834
Due to other funds	-	809,036	-	-	809,036
Unearned revenue	5,857	-	-	-	5,857
Compensated absences payable	42,179	21,237	-	137,342	200,758
Current maturities of long-term debt	-	-	166,457	-	166,457
Total current liabilities	94,443	882,736	259,992	293,771	1,530,942
Noncurrent Liabilities:					
Noncurrent portion of compensated absences	18,076	9,102	-	58,861	86,039
Noncurrent portion of other post employment benefits	171,369	173,655	390,996	897,833	1,633,853
Noncurrent portion of long-term debt	-	-	4,570,515	-	4,570,515
Total noncurrent liabilities	189,445	182,757	4,961,511	956,694	6,290,407
Total liabilities	283,888	1,065,493	5,221,503	1,250,465	7,821,349
Net Assets					
Investment in capital assets, net of related debt	1,781,801	78,978	1,495,653	378,644	3,735,076
Unrestricted net assets	1,078,675	(1,040,719)	4,078,472	(11,502)	4,104,926
Total net assets	\$ 2,860,476	\$ (961,741)	\$ 5,574,125	\$ 367,142	\$ 7,840,002

Non-Major Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2011

Schedule E-6

	Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Operating revenues:					
Charges for services	\$ 274,137	\$ 750,095	\$ 3,065,890	\$ 5,372,101	\$ 9,462,223
Other operating revenues	258	-	-	59,667	59,925
Total operating revenue	274,395	750,095	3,065,890	5,431,768	9,522,148
Operating expenses:					
Administrative and general	27,832	-	-	-	27,832
Operations and maintenance	1,433,600	903,965	2,642,332	5,754,827	10,734,724
Depreciation and amortization	375,473	10,005	11,609	206,166	603,253
Total operating expenses	1,836,905	913,970	2,653,941	5,960,993	11,365,809
Operating income (loss)	(1,562,510)	(163,875)	411,949	(529,225)	(1,843,661)
Nonoperating revenues (expenses):					
Investment earnings	104	-	2,671	1,389	4,164
Restricted intergovernmental revenues	830,129	-	-	-	830,129
Interest expenses	-	-	(245,809)	(318)	(246,127)
Total nonoperating revenues (expenses)	830,233	-	(243,138)	1,071	588,166
Income (loss) before transfers and contributions	(732,277)	(163,875)	168,811	(528,154)	(1,255,495)
Transfers to other funds	-	(3,032,731)	(97,850)	(104,920)	(3,235,501)
Transfers from other funds	-	-	-	190,000	190,000
Capital contributions - governmental activities	1,302,261	435,879	42,550	45,846	1,826,536
Change in net assets	569,984	(2,760,727)	113,511	(397,228)	(2,474,460)
Beginning of year	2,290,492	1,798,986	5,460,614	764,370	10,314,462
End of year	\$ 2,860,476	\$ (961,741)	\$ 5,574,125	\$ 367,142	\$ 7,840,002

Non-Major Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2011

Schedule E-7
Page 1 of 2

	Public Transportation Fund	Bradford Creek Golf Course Fund	Stomwater Utility Fund	Sanitation Fund	Total
Cash Flows From Operating Activities					
Cash received from customers	\$ 218,358	\$ 750,095	\$ 3,058,152	\$ 5,394,759	\$ 9,421,364
Cash paid to vendors	(655,748)	(301,095)	(847,031)	(1,925,787)	(3,729,661)
Cash paid to employees	(744,113)	(449,000)	(1,671,909)	(3,575,541)	(6,440,563)
Net cash provided by (used in) operating activities	(1,181,503)	-	539,212	(106,569)	(748,860)
Cash From Noncapital Financing Activities					
Transfer (to)/from other funds	-	-	(97,850)	85,080	(12,770)
Restricted intergovernmental revenues	830,129	-	-	-	830,129
Net cash provided by (used in) noncapital financing activities	830,129	-	(97,850)	85,080	817,359
Cash From Capital and Related Financing Activities					
Repayment of principal of long-term debt	-	-	(92,283)	(24,285)	(116,568)
Interest paid	-	-	(245,809)	(318)	(246,127)
Acquisition and construction of capital assets	-	-	(488,485)	-	(488,485)
Net cash provided by (used in) capital and related financing activities	-	-	(826,577)	(24,603)	(851,180)
Cash From Investing Activities					
Interest received on investments	104	-	2,671	1,389	4,164
Net cash provided by investing activities	104	-	2,671	1,389	4,164
Net increase in cash and cash equivalents	(351,270)	-	(382,544)	(44,703)	(778,517)
Cash and cash equivalents/investments:					
Beginning of year	1,529,567	-	6,014,449	453,917	7,997,933
End of year	\$ 1,178,297	\$ -	\$ 5,631,905	\$ 409,214	\$ 7,219,416

Non-Major Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2011

	Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities					
Operating income (loss)	\$ (1,562,510)	\$ (163,875)	\$ 411,949	\$ (529,225)	\$ (1,843,661)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	375,473	10,005	11,609	206,166	603,253
Change in assets and liabilities:					
Accounts receivable	(58,106)	-	(7,738)	22,658	(43,186)
Due from other governments	(886)	(4,284)	4,198	(4,434)	(5,406)
Due from other funds	-	-	(5,019)	(35,845)	(40,864)
Prepays	-	250	-	-	250
Accounts payable and accrued expenses	14,751	21,221	50,050	59,833	145,855
Due to other funds	-	69,637	-	-	69,637
Unearned revenue	2,955	-	-	-	2,955
Compensated absences	6,150	(2,332)	-	(2,756)	1,062
Other post employment benefits accrual	40,670	69,378	74,163	177,034	361,245
Net cash provided by (used in) operating activities	\$ (1,181,503)	\$ -	\$ 539,212	\$ (106,569)	\$ (748,860)

Public Transportation Enterprise Fund
 Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
 Year Ended June 30, 2011
 With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-8

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Charges for services	\$ 212,803	\$ 274,137	\$ 61,334	\$ 234,519
Public transportation planning and operating grants	1,884,034	830,129	(1,053,905)	787,580
Investment earnings	-	104	104	60
Other operating revenues	150	258	108	216
Total operating revenues	2,096,987	1,104,628	(992,359)	1,022,375
Expenditures				
Administrative and general	36,644	27,832	8,812	20,606
Operations and maintenance	374,158	377,386	(3,228)	169,626
Salaries and benefits	797,381	766,800	30,581	767,904
Capital outlay	1,398,729	265,221	1,133,508	266,717
Total operating expenses	2,606,912	1,437,239	1,169,673	1,224,853
Revenues over (under) expenditures	(509,925)	(332,611)	177,314	(202,478)
Other financing sources (uses):				
Appropriated fund balance	509,925	-	(509,925)	-
Transfers from General Fund	-	-	-	352,744
Total other financing sources (uses)	509,925	-	(509,925)	352,744
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(332,611)	\$ (332,611)	150,266
Reconciliation from budgetary basis to full accrual basis:				
Depreciation		(375,473)		(437,486)
Donated assets - governmental activities		1,302,261		-
Change in OPEB liability		(40,670)		(40,269)
Change in accrued compensated absences		16,477		-
Net income - full accrual basis		\$ 569,984		\$ (327,489)

Bradford Creek Golf Course Enterprise Fund
 Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
 Year Ended June 30, 2011
 With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-9

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Charges for services	\$ 813,352	\$ 750,095	\$ (63,257)	\$ 753,478
Total operating revenues	813,352	750,095	(63,257)	753,478
Expenditures				
Operations and maintenance	373,976	387,917	(13,941)	366,179
Salaries and benefits	439,376	449,002	(9,626)	432,003
Capital outlay	500	-	500	17,265
Retirement of long-term debt	-	-	-	144,105
Interest expense	-	-	-	16,320
Total operating expenditures	813,852	836,919	(23,067)	975,872
Revenues under expenditures	(500)	(86,824)	(86,324)	(222,394)
Other financing sources (uses):				
Appropriated fund balance	500	-	(500)	-
Revenues and other financing sources under expenditures	\$ -	(86,824)	\$ (86,824)	(222,394)
Reconciliation from budgetary basis to full accrual basis:				
Depreciation		(10,005)		(32,059)
Capital outlay		-		17,265
Capital contributed - governmental activities		435,879		-
Transfer to governmental activities		(3,032,731)		-
Change in accrued compensated absences		2,332		-
Change in OPEB liability		(69,378)		(59,062)
Retirement of long-term debt		-		144,105
Net income - full accrual basis	\$ (2,760,727)		\$ (86,824)	(152,145)

Stormwater Utility Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-10

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Charges for services	\$ 2,942,000	\$ 3,058,151	\$ 116,151	\$ 3,004,142
Grant revenue	-	-	-	-
Investment earnings	60,616	852	(59,764)	624
Total operating revenues	3,002,616	3,059,003	56,387	3,004,766
Expenditures				
Operations and maintenance	617,658	544,216	73,442	451,123
Salaries and benefits	1,802,610	1,671,909	130,701	1,595,183
Capital outlay	2,313,804	407,247	1,906,557	623,492
Retirement of long-term debt	90,248	92,283	(2,035)	94,196
Interest paid	210,670	245,809	(35,139)	214,569
Indirect cost reimbursement	262,902	262,902	-	255,245
Total operating expenses	5,297,892	3,224,366	2,073,526	3,233,808
Revenues over (under) expenditures	(2,295,276)	(165,363)	(2,017,139)	(229,042)
Other financing sources (uses):				
Transfer to other funds	-	-	-	(1,195,000)
Appropriated fund balance	2,295,276	-	(2,295,276)	-
Total other financing sources (uses)	2,295,276	-	(2,295,276)	(1,195,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(165,363)	\$ (165,363)	(1,424,042)
Reconciliation from budgetary basis to full accrual basis:				
Depreciation		(11,609)		(38,258)
Transfer to capital projects		-		1,195,000
Transfer to other funds		(97,850)		
Capital contribution - governmental activity		42,550		-
Capital project interest earnings		1,819		2,940
Deferred revenue		7,739		202,922
Other capital project activity		(29,004)		(697)
Capital asset additions		347,109		623,492
Change in OPEB liability		(74,163)		(83,223)
Retirement of long-term debt		92,283		94,196
Net income - full accrual basis	\$	113,511	\$	572,330

Stormwater Drainage Capital Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule E-11

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ 204,000	\$ 305,264	\$ 1,729	\$ 306,993
Total revenues	204,000	305,264	1,729	306,993
Expenditures				
Stormwater drainage projects	5,384,232	3,490,559	139,726	3,630,285
Excess (deficiency) of revenues over (under) expenditures	(5,180,232)	(3,185,295)	(137,997)	(3,323,292)
Other financing sources (uses):				
Premium received on debt issue	-	22,607	-	22,607
Bonds issued	5,100,000	5,100,000	-	5,100,000
Transfers in	80,232	-	-	-
Total other financing sources (uses)	5,180,232	5,122,607	-	5,122,607
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 1,937,312	 \$ (137,997)	 \$ 1,799,315

SW Drainage Maintenance Improvement Capital Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2011

Schedule E-12

	Project Authorization	Prior Years	Current Year	Total
Revenues				
Interest earnings	\$ -	\$ 58	\$ 90	\$ 148
Total revenues	-	58	90	148
Expenditures				
Stormwater drainage projects	1,097,150	697	30,654	31,351
Deficiency of revenues over (under) expenditures	(1,097,150)	(639)	(30,564)	(31,203)
Other financing sources (uses):				
Transfers out	(97,850)	-	(97,850)	(97,850)
Transfers in	1,195,000	1,195,000	-	1,195,000
Total other financing sources (uses)	1,097,150	1,195,000	(97,850)	1,097,150
 Revenues and other financing sources over (under) expenditures	 \$ -	 \$ 1,194,361	 \$ (128,414)	 \$ 1,065,947

Sanitation Fund

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)

Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

Schedule E-13

	2011		2010	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Charges for services	\$ 5,558,999	\$ 5,372,101	\$ (186,898)	\$ 5,447,325
Grant revenue	12,000	-	(12,000)	19,733
Investment earnings	-	1,389	1,389	20
Other revenue	55,000	59,667	4,667	82,820
Total operating revenues	5,625,999	5,433,157	(192,842)	5,549,898
Expenditures				
Operations and maintenance	2,070,003	1,830,077	239,926	1,342,401
Salaries and benefits	3,561,070	3,575,542	(14,472)	3,402,385
Capital outlay	190,000	64,751	125,249	-
Retirement of long-term debt	29,201	24,285	4,916	47,110
Interest paid	382	318	64	2,096
Indirect cost reimbursement	110,179	110,179	-	304,601
Total operating expenses	5,960,835	5,605,152	355,683	5,098,593
Revenues over (under) expenditures	(334,836)	(171,995)	162,841	451,305
Other financing sources (uses):				
Appropriated fund balance	249,756	-	(249,756)	-
Transfers from General Fund	190,000	190,000	-	-
Transfers to General Fund	(104,920)	(104,920)	-	-
Total other financing sources (uses)	334,836	85,080	(249,756)	-
Revenues and other financing sources over (under) expenditures and other financing uses				
	<u>\$ -</u>	<u>(86,915)</u>	<u>\$ (86,915)</u>	<u>451,305</u>
Reconciliation from budgetary basis to full accrual basis:				
Depreciation		(206,166)		(250,634)
Contributed Capital		45,846		-
Deferred revenue		-		383,594
Change in accrued compensation absences		2,756		-
Change in OPEB liability		(177,034)		(193,293)
Retirement of long-term debt		24,285		47,110
Net income - full accrual basis	\$	(397,228)	\$	438,082

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INTERNAL SERVICE FUNDS

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INTERNAL SERVICE FUND

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

DENTAL FUND

The Dental Fund is established to account for the financing of the City's dental insurance program.

VEHICLE REPLACEMENT FUND

The Vehicle Replacement Fund is established to account for financing the City's replacement vehicles and certain capital equipment greater than or equal to \$5,000.

HEALTH INSURANCE FUND

The Health Insurance Fund is established to account for the self-insured financing of the City's health insurance program.

FLEET MAINTENANCE FUND

The Fleet Maintenance Fund is established to account for financing the City's fleet maintenance costs.

Internal Service Fund
Combining Balance Sheet
For the Year Ended June 30, 2011

Schedule F-1

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Assets					
Current Assets					
Cash, cash equivalents and investments	\$ -	\$ 6,121,232	\$ 2,087,897	\$ -	\$ 8,209,129
Receivables	1,961	-	38,221	-	40,182
Due from other governments	-	1,518	20,537	83,139	105,194
Inventory	-	-	-	110,458	110,458
Total current assets	1,961	6,122,750	2,146,655	193,597	8,464,963
Noncurrent Assets					
Other capital assets, net	-	5,981,925	-	-	5,981,925
Total assets	1,961	12,104,675	2,146,655	193,597	14,446,888
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	-	-	1,167,068	71,180	1,238,248
Due to other funds	77,843	-	-	129,042	206,885
Unearned revenue	-	-	14,336	-	14,336
Total current liabilities	77,843	-	1,181,404	200,222	1,459,469
Net Assets					
Investment in capital assets	-	5,981,925	-	-	5,981,925
Unrestricted net assets	(75,882)	6,122,750	965,251	(6,625)	7,005,494
Total net assets	\$ (75,882)	\$ 12,104,675	\$ 965,251	\$ (6,625)	\$ 12,987,419

Internal Service Fund

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2011

Schedule F-2

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Operating revenues:					
Charges for services	\$ 315,506	\$ 3,106,147	\$ 10,174,374	\$ 3,271,680	\$ 16,867,707
Other operating revenues	-	118,716	-	-	118,716
Total operating revenues	315,506	3,224,863	10,174,374	3,271,680	16,986,423
Operating expenses:					
Administration	-	-	532,022	-	532,022
Operations and maintenance	-	109,714	-	3,278,305	3,388,019
Depreciation	-	710,950	-	-	710,950
Claims and payments to third party administrators	326,865	-	7,521,530	-	7,848,395
Total operating expenses	326,865	820,664	8,053,552	3,278,305	12,479,386
Operating income (loss)	(11,359)	2,404,199	2,120,822	(6,625)	4,507,037
Nonoperating revenues:					
Investment earnings	10	438	835	-	1,283
Total nonoperating revenue	10	438	835	-	1,283
Income (loss) before transfers	(11,349)	2,404,637	2,121,657	(6,625)	4,508,320
Transfers in	-	73,201	75,000	-	148,201
Net Income (Loss)	(11,349)	2,477,838	2,196,657	(6,625)	4,656,521
Net assets:					
Beginning of year	(64,533)	9,626,837	(1,231,406)	-	8,330,898
End of year	\$ (75,882)	\$ 12,104,675	\$ 965,251	\$ (6,625)	\$ 12,987,419

Internal Service Fund
Combining Statement of Cash Flows
For the Year Ended June 30, 2011

Schedule F-3

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Operating Activities					
Cash received from customers	\$ 322,986	\$ 3,223,345	\$ 9,514,495	\$ 3,188,541	\$ 16,249,367
Cash paid to vendors and employees	(326,865)	(116,278)	(7,751,154)	(3,188,541)	(11,382,838)
Net cash provided by (used in) operating activities	(3,879)	3,107,067	1,763,341	-	4,866,529
Noncapital Financing Activities					
Transfers in	-	73,201	75,000	-	148,201
Net cash provided by capital and related financing activities	-	73,201	75,000	-	148,201
Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(2,330,510)	-	-	(2,330,510)
Investing Activities					
Interest received on investments	10	438	835	-	1,283
Net cash provided by (used in) investing activities	10	438	835	-	1,283
Net increase (decrease) in cash and cash equivalents/investments	(3,869)	850,196	1,839,176	-	2,685,503
Cash and cash equivalents/investments:					
Beginning of year	3,869	5,271,036	248,721	-	5,523,626
End of year	\$ -	\$ 6,121,232	\$ 2,087,897	\$ -	\$ 8,209,129
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ (11,359)	\$ 2,404,199	\$ 2,120,822	\$ (6,625)	\$ 4,507,037
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation	-	710,950	-	-	710,950
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,961)	(1,518)	(38,656)	(83,139)	(125,274)
(Increase) decrease in inventories	-	-	-	(110,458)	(110,458)
(Increase) decrease in prepaids	-	-	57,330	-	57,330
Increase (decrease) in due to other funds	9,441	-	(626,000)	-	(616,559)
Increase (decrease) in unearned revenue	-	-	4,777	-	4,777
Increase (decrease) in accrued salaries	-	-	-	129,042	129,042
Increase (decrease) in accounts payable	-	(6,564)	245,068	71,180	309,684
Net cash provided by (used in) operating activities	\$ (3,879)	\$ 3,107,067	\$ 1,763,341	\$ -	\$ 4,866,529

Dental Internal Service Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2011

Schedule F-4

	2011		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Charges for services	\$ 253,348	\$ 313,545	\$ 60,197
Investment earnings	-	10	10
Total revenues	<u>253,348</u>	<u>313,555</u>	<u>60,207</u>
Expenditures			
Claims	253,348	326,865	(73,517)
Total operating expenses	<u>253,348</u>	<u>326,865</u>	<u>(73,517)</u>
Revenues under expenditures	<u>\$ -</u>	<u>(13,310)</u>	<u>\$ (13,310)</u>
Reconciliation from budgetary basis to full accrual basis:			
Deferred revenue		1,961	
Net income - full accrual basis		<u>\$ (11,349)</u>	

Vehicle Replacement Internal Service Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2011

Schedule F-5

	2011		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Charges for services	\$ 3,069,340	\$ 3,106,147	\$ 36,807
Investment earnings	-	438	438
Other operating revenues	-	118,716	118,716
Total revenues	<u>3,069,340</u>	<u>3,225,301</u>	<u>155,961</u>
Expenditures			
Capital outlay	4,353,881	2,440,224	1,913,657
Revenues over (under) expenditures	<u>(1,284,541)</u>	<u>785,077</u>	<u>2,069,618</u>
Other financing sources (uses):			
Transfers in	146,402	73,201	(73,201)
Fund balance appropriated	1,138,139	-	(1,138,139)
Other financing sources over	<u>1,284,541</u>	<u>73,201</u>	<u>(1,221,340)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>858,278</u>	<u>\$ 858,278</u>
Reconciliation from budgetary basis to full accrual basis:			
Depreciation		(710,950)	
Capital asset purchased		2,330,510	
Net income - full accrual basis		<u>\$ 2,477,838</u>	

Health Insurance Internal Service Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2011

Schedule F-6

	2011		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Charges for services	\$ 14,252,239	\$ 10,136,153	\$ (4,116,086)
Investment earnings	-	835	835
Total revenues	<u>14,252,239</u>	<u>10,136,988</u>	<u>(4,115,251)</u>
Expenditures			
Administration		532,022	
Payment to third party administrator		6,589,530	
Total expenditures	<u>14,439,739</u>	<u>7,121,552</u>	<u>7,318,187</u>
Revenues over (under) expenditures	<u>(187,500)</u>	<u>3,015,436</u>	<u>3,202,936</u>
Other financing sources (uses):			
Transfers in	187,500	75,000	(112,500)
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,090,436</u>	<u>\$ 3,090,436</u>
Reconciliation from budgetary basis to full accrual basis:			
Deferred revenue		38,221	
Accrual of IBNR		(932,000)	
Net income - full accrual basis		<u>\$ 2,196,657</u>	

Fleet Maintenance Internal Service Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2011

Schedule F-7

	2011		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Charges for services	\$ 3,350,397	\$ 3,271,680	\$ (78,717)
Total revenues	3,350,397	3,271,680	(78,717)
Expenditures			
Salaries and benefits		1,058,894	
Operating and maintenance		2,211,476	
Capital outlay		7,935	
Total expenditures	3,350,397	3,278,305	72,092
Revenues and other financing sources over expenditures	\$ -	\$ (6,625)	\$ (6,625)

DEBT SERVICE FUND

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DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of the City's debt.

Non-Major Debt Service Fund

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

For the Year Ended June 30, 2011

Schedule G-1

	2011		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Other taxes	\$ 535,226	\$ 569,511	\$ 34,285
Investment earnings	-	3,046	3,046
Total revenues	535,226	572,557	37,331
Expenditures			
Current:			
Principal retirement	3,399,664	3,389,085	10,579
Interest and fees	1,599,390	1,579,956	19,434
Total expenditures	4,999,054	4,969,041	30,013
Deficiency of revenues under expenditures	(4,463,828)	(4,396,484)	67,344
Other financing sources (uses):			
Transfers in	4,463,828	4,447,710	(16,118)
Revenues and other financing sources over expenditures	\$ -	\$ 51,226	\$ 51,226

STATISTICAL SECTION

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STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

CONTENTS:

FINANCIAL TRENDS INFORMATION

These schedules contain trend information intended to help the reader understand how the City's financial position has changed over time.

REVENUE CAPACITY INFORMATION

These schedules contain information intended to help the reader assess the City's most significant revenue sources, tax collections, and Greenville Utilities Commission's revenue base.

DEBT CAPACITY INFORMATION

These schedules present information intended to assist users in understanding and assessing the City's current levels of outstanding debt and the ability to issue additional debt.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules provide demographic and economic indicators intended to help the reader understand the socio-economic environment within which the City's financial activities take place.

Notes at the bottom of charts and tables will indicate when the data amounts provided are in thousands. In some cases, notes will also indicate whether the data is based on the Accrual or Modified Accrual Basis of Accounting.

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City of Greenville
Net Assets by Component
Last Ten Fiscal Years

Table 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 39,714	\$ 39,947	\$ 45,056	\$ 38,196	\$ 83,851	\$ 81,844	\$ 89,239	\$ 98,830	\$ 119,769	\$ 132,450
Restricted	334	383	416	1,243	1,223	1,572	2,889	2,053	2,927	10,690
Unrestricted	22,973	27,703	25,704	44,355	40,333	49,998	42,823	44,182	30,243	24,196
Total Governmental activities net assets	<u>\$ 63,021</u>	<u>\$ 68,033</u>	<u>\$ 71,176</u>	<u>\$ 83,794</u>	<u>\$ 125,407</u>	<u>\$ 133,414</u>	<u>\$ 134,951</u>	<u>\$ 145,065</u>	<u>\$ 152,939</u>	<u>\$ 167,336</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 168,376	\$ 182,803	\$ 184,616	\$ 198,000	\$ 207,485	\$ 219,968	\$ 229,538	\$ 235,068	\$ 241,246	\$ 239,156
Unrestricted	52,029	49,837	55,442	50,194	54,312	61,850	64,285	63,578	68,260	79,687
Total business-type activities net assets	<u>\$ 220,405</u>	<u>\$ 232,640</u>	<u>\$ 240,058</u>	<u>\$ 248,194</u>	<u>\$ 261,797</u>	<u>\$ 281,818</u>	<u>\$ 293,823</u>	<u>\$ 298,646</u>	<u>\$ 309,506</u>	<u>\$ 318,843</u>
Primary government										
Invested in capital assets, net of related debt	\$ 208,090	\$ 222,750	\$ 229,672	\$ 236,196	\$ 291,336	\$ 301,812	\$ 318,777	\$ 333,898	\$ 361,015	\$ 371,606
Restricted	334	383	416	1,243	1,223	1,572	2,889	2,053	2,927	10,690
Unrestricted	75,002	77,540	81,146	94,549	94,646	111,848	107,108	107,760	98,503	\$ 103,883
Total primary government net assets	<u>\$ 283,426</u>	<u>\$ 300,673</u>	<u>\$ 311,234</u>	<u>\$ 331,988</u>	<u>\$ 387,205</u>	<u>\$ 415,232</u>	<u>\$ 428,774</u>	<u>\$ 443,711</u>	<u>\$ 462,445</u>	<u>\$ 486,179</u>

Note 1: Amounts are based on the Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Table 2
Page 1 of 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:										
Governmental activities:										
General government	\$ 11,108	\$ 11,115	\$ 12,750	\$ 13,023	\$ 16,353	\$ 18,144	\$ 16,290	\$ 12,826	\$ 10,721	\$ 10,172
Public safety	19,998	20,493	21,925	23,705	23,624	28,366	29,719	32,621	37,866	36,159
Transportation	5,793	4,503	3,543	2,897	5,720	3,190	9,703	8,253	11,994	9,344
Environmental protection	3,058	3,172	3,290	3,568	3,855	4,295	4,366	1,068	-	-
Economic development	7,568	6,197	7,698	1,932	7,652	3,528	5,139	6,006	5,199	4,625
Culture and recreation	5,731	4,006	2,125	6,626	5,044	4,926	6,690	10,360	11,192	11,398
Interest on long-term debt	1,575	1,317	1,168	1,697	1,714	1,937	1,788	1,440	1,842	1,602
Total governmental activities expenses	\$ 54,831	\$ 50,803	\$ 52,499	\$ 53,448	\$ 63,962	\$ 64,386	\$ 73,695	\$ 72,574	\$ 78,814	\$ 73,301
Business-type activities:										
Electric	\$ 115,479	\$ 126,098	\$ 130,598	\$ 133,698	\$ 148,006	\$ 157,151	\$ 163,119	\$ 183,301	\$ 188,681	\$ 195,510
Water	8,825	9,023	10,019	12,302	11,584	11,836	13,170	14,437	14,778	15,044
Sewer	9,748	10,053	10,233	10,931	12,227	12,800	12,972	14,524	14,776	15,673
Gas	16,653	19,383	22,752	28,357	36,630	37,068	38,148	38,330	31,749	31,972
Public Transportation	864	830	919	1,000	1,366	1,389	1,412	1,791	1,703	1,837
Bradford Creek	896	809	791	825	841	871	878	911	906	914
Stormwater Utility	-	133	1,277	1,546	1,704	1,848	2,367	2,720	2,638	2,899
Sanitation	-	-	-	-	-	-	-	5,959	5,495	5,961
Total business-type activities expenses	\$ 152,465	\$ 166,329	\$ 176,589	\$ 188,659	\$ 212,358	\$ 222,963	\$ 232,066	\$ 261,973	\$ 260,726	\$ 269,811
Total primary governmental expenses	\$ 207,296	\$ 217,132	\$ 229,088	\$ 242,107	\$ 276,320	\$ 287,349	\$ 305,761	\$ 334,547	\$ 339,540	\$ 343,112
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,547	\$ 1,387	\$ 1,583	\$ 3,328	\$ 4,109	\$ 4,392	\$ 4,112	\$ 2,323	\$ 447	\$ 886
Public safety	2,210	2,486	2,603	2,518	3,811	4,189	3,709	4,221	5,060	4,564
Transportation	1,148	1,060	1,049	161	311	275	210	264	264	309
Environmental protection	2,694	3,655	3,984	3,881	3,719	4,004	4,634	81	-	-
Economic development	434	422	455	876	505	668	768	1,280	170	738
Culture and recreation	20	12	9	356	24	31	516	19	1,324	1,247
Operating grants and contributions	3,425	3,078	3,564	3,772	4,538	4,578	3,101	3,952	7,492	9,502
Capital grants and contributions	14,264	6,553	3,065	2,770	3,360	3,022	3,691	5,657	13,735	10,258
Total governmental activities revenues	\$ 25,742	\$ 18,653	\$ 16,332	\$ 17,662	\$ 20,377	\$ 21,159	\$ 20,741	\$ 17,797	\$ 28,492	\$ 27,505

City of Greenville
Changes in Net Assets, Last Ten Years

Table 2
Page 2 of 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
Charges for services:										
Electric	\$ 121,460	\$ 131,900	\$ 136,506	\$ 138,528	\$ 154,577	\$ 164,380	\$ 168,993	\$ 187,204	\$ 194,531	\$ 203,686
Water	9,398	9,498	9,670	10,298	11,557	11,977	13,714	13,955	13,829	15,289
Sewer	10,171	10,105	11,486	12,206	12,833	13,613	14,111	14,310	14,905	17,041
Gas	19,312	21,981	24,208	30,896	37,219	38,267	41,109	44,476	37,962	37,739
Public Transportation	90	91	115	114	132	166	185	218	235	274
Bradford Creek	945	778	848	885	850	843	876	800	753	750
Stormwater Utility	-	-	1,919	2,669	2,944	2,823	2,933	2,968	3,207	3,066
Sanitation	-	-	-	-	-	-	-	5,427	5,914	5,431
Operating grants and contributions	646	3,150	569	907	1,081	930	699	1,538	807	830
Capital grants and contributions	2,125	1,720	372	3,112	7,043	12,350	5,074	5,301	3,501	1,062
Total business-type activities revenues	\$ 164,147	\$ 179,223	\$ 185,693	\$ 199,615	\$ 228,236	\$ 245,349	\$ 247,694	\$ 276,187	\$ 275,644	\$ 285,169
Total primary governmental revenues	\$ 189,889	\$ 197,876	\$ 202,025	\$ 217,277	\$ 248,613	\$ 266,508	\$ 268,435	\$ 293,984	\$ 304,136	\$ 312,674
Net (expense)/revenue	\$ (17,407)	\$ (19,256)	\$ (27,063)	\$ (24,830)	\$ (27,707)	\$ (20,841)	\$ (37,326)	\$ (40,563)	\$ (35,404)	\$ (30,437)
Governmental activities	\$ (29,089)	\$ (32,150)	\$ (36,167)	\$ (35,786)	\$ (43,585)	\$ (43,227)	\$ (52,954)	\$ (54,777)	\$ (50,322)	\$ (45,796)
Business-type activities	11,682	12,894	9,104	10,956	15,878	22,386	15,628	14,214	14,918	15,358
Total primary governmental net expense	\$ (17,407)	\$ (19,256)	\$ (27,063)	\$ (24,830)	\$ (27,707)	\$ (20,841)	\$ (37,326)	\$ (40,563)	\$ (35,404)	\$ (30,437)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 17,585	\$ 18,440	\$ 18,624	\$ 21,439	\$ 22,965	\$ 24,054	\$ 26,033	\$ 29,461	\$ 30,517	\$ 30,891
Other Taxes, grants & contributions	11,773	13,777	15,138	16,469	18,466	19,708	20,712	20,915	20,853	21,722
Investment earnings	852	342	283	964	1,908	2,765	2,706	2,455	1,486	918
Miscellaneous	709	1,151	662	-	-	-	-	-	469	-
Transfers	3,634	3,450	4,601	4,145	4,349	4,469	5,039	10,864	4,872	6,662
Total General revenues	\$ 34,553	\$ 37,160	\$ 39,308	\$ 43,017	\$ 47,688	\$ 50,996	\$ 54,490	\$ 63,695	\$ 58,197	\$ 60,193
Business-type activities:										
Unrestricted grants & contributions	\$ 9	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	3,001	1,330	501	1,341	2,097	3,088	2,377	1,472	813	641
Miscellaneous	2,525	1,593	2,426	-	-	-	-	-	-	-
Transfers	(3,634)	(3,450)	(4,601)	(4,145)	(4,349)	(4,469)	(5,039)	(10,864)	(4,872)	(6,662)
Total business-type activities	\$ 1,901	\$ (520)	\$ (1,674)	\$ (2,804)	\$ (2,252)	\$ (1,381)	\$ (2,662)	\$ (9,392)	\$ (4,059)	\$ (6,020)
Total primary government	\$ 36,454	\$ 36,640	\$ 37,634	\$ 40,213	\$ 45,436	\$ 49,615	\$ 51,828	\$ 54,303	\$ 54,138	\$ 54,172
Change in Net Assets										
Governmental activities	\$ 5,464	\$ 5,010	\$ 3,141	\$ 7,231	\$ 4,103	\$ 7,771	\$ 1,536	\$ 8,918	\$ 7,875	\$ 14,397
Business-type activities	13,583	12,374	7,430	8,152	13,626	20,020	12,966	4,822	10,859	9,338
Total primary government	\$ 19,047	\$ 17,384	\$ 10,571	\$ 15,383	\$ 17,729	\$ 27,791	\$ 14,502	\$ 13,740	\$ 18,734	\$ 23,735

Note 1: Amounts are based on the Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Note 3: Net Asset information not available for years 1998-2001. GASB 34 implementation began in 2002.

Note 4: Environmental Protection balances show significant decrease due to the change in accounting for the Sanitation Division. Amounts are now categorized as Business-Type

City of Greenville
Fund Balances of Governmental Funds
Last Nine Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund									
Reserved	\$ 9,955	\$ 9,549	\$ 8,726	\$ 9,749	\$ 10,379	\$ 10,002	\$ 11,315	\$ 9,671	\$ 10,404
Unreserved	7,192	10,930	14,305	16,773	18,299	17,457	15,657	18,396	17,203
Total General Fund	<u>\$ 17,147</u>	<u>\$ 20,479</u>	<u>\$ 23,031</u>	<u>\$ 26,522</u>	<u>\$ 28,678</u>	<u>\$ 27,459</u>	<u>\$ 26,972</u>	<u>\$ 28,067</u>	<u>\$ 27,607</u>
All other governmental funds									
Reserved	\$ 704	\$ 62	\$ 87	\$ 83	\$ 761	\$ 123	\$ 108	\$ 116	\$ 709
Unreserved, reported in:									
Subsequent Year's	-	-	-	-	-	-	-	-	108
Special revenue funds	5,674	5,091	5,230	7,158	7,965	9,430	6,901	5,990	3,987
Debt Service Funds	334	383	2,734	11,775	1,409	1,756	806	916	892
Capital Project Funds	2,859	3,688	416	1,313	3,622	9,333	11,822	14,166	9,993
Total all other governmental funds	<u>\$ 9,571</u>	<u>\$ 9,224</u>	<u>\$ 8,467</u>	<u>\$ 20,329</u>	<u>\$ 13,757</u>	<u>\$ 20,642</u>	<u>\$ 19,637</u>	<u>\$ 21,188</u>	<u>\$ 15,689</u>
Total Governmental funds	\$ 26,718	\$ 29,703	\$ 31,498	\$ 46,851	\$ 42,435	\$ 48,101	\$ 46,609	\$ 49,255	\$ 43,296

See next page for Fiscal Year 2011 information.

Note 1: Amounts are based on the Modified Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Table 3
Page 2 of 2

City of Greenville
Fund Balances of Governmental Funds
Fiscal Year 2011

		<u>2011</u>
General Fund	\$	
Nonspendable		161,421
Restricted		10,690,549
Committed		2,830,743
Assigned		2,090,585
Unassigned		13,380,913
		Total general fund \$ 29,154,211
All Other Governmental Funds		
Nonspendable		52,873
Restricted		8,383,700
Committed		7,476,854
Assigned		-
Unassigned		(1,969,830)
		Total all other governmental funds \$ 13,943,597

Note 1: Amounts are based on the Modified Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Note 3: The City chose the option to adopt GASB 54 fund balance presentation prospectively.

City of Greenville
Changes in Fund Balances of Governmental Funds

Table 4

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Ad Valorem Taxes	\$ 17,185	\$ 18,297	\$ 19,031	\$ 21,325	\$ 22,565	\$ 23,896	\$ 26,296	\$ 29,715	\$ 30,581	\$ 30,749
Other Taxes	9,556	9,918	11,307	12,484	14,227	15,002	15,794	15,355	14,715	15,130
Unrestricted Intergovernmental	2,217	3,859	3,832	3,985	4,239	4,706	4,918	5,560	5,573	5,965
Restricted Intergovernmental	17,672	9,631	6,649	6,542	7,683	6,331	6,509	10,031	7,522	11,048
Licenses, Permits and fees	5,409	6,220	6,699	7,199	7,687	7,927	7,742	2,398	2,358	2,365
Sales and Services	2,885	2,908	2,984	4,051	4,023	4,360	5,474	5,604	4,947	5,290
Investment Earning	852	342	283	962	1,906	2,743	2,685	2,450	1,486	917
Other Revenue	613	968	662	623	729	1,941	725	424	1,137	896
Total revenues	\$ 56,389	\$ 52,143	\$ 51,447	\$ 57,171	\$ 63,059	\$ 66,906	\$ 70,143	\$ 71,537	\$ 68,319	\$ 72,360
Expenditures										
General government	\$ 10,861	\$ 10,470	\$ 11,693	\$ 13,022	\$ 14,609	\$ 8,451	\$ 8,843	\$ 8,991	\$ 8,935	\$ 8,727
Public safety	20,004	20,076	21,631	23,763	26,332	27,363	29,553	32,747	34,634	35,256
Public works	3,820	3,331	3,393	3,465	3,803	8,385	8,893	8,874	8,884	9,432
Environmental Protection	3,160	3,060	3,561	3,367	3,740	3,950	4,162	-	-	-
Cultural and Recreation	4,861	4,888	5,600	6,129	6,732	3,653	3,938	3,886	8,235	8,443
Economic and physical development	1,814	1,835	2,125	1,932	2,382	6,219	6,733	7,560	4,328	4,545
Capital Outlay	23,699	7,349	4,006	7,978	10,274	7,471	8,158	11,454	9,631	9,861
Reimbursement of indirect cost	-	-	-	-	-	-	-	(528)	(560)	(373)
Contribution to OPEB Trust	-	-	-	-	-	-	-	250	250	250
Debt service										
Principal	\$ 2,639	\$ 2,549	\$ 2,576	\$ 3,612	\$ 3,904	\$ 3,693	\$ 4,108	\$ 10,636	\$ 3,130	\$ 3,389
Interest and fees	1,029	1,272	1,165	1,697	1,714	1,967	1,787	1,440	1,682	1,580
Other charges	-	72	-	-	-	-	-	-	-	-
Total expenditures	\$ 71,887	\$ 54,902	\$ 55,750	\$ 64,965	\$ 73,490	\$ 71,152	\$ 76,175	\$ 85,310	\$ 79,149	\$ 81,110
Excess of revenues over (under) expenditures	\$ (15,498)	\$ (2,759)	\$ (4,303)	\$ (7,794)	\$ (10,431)	\$ (4,246)	\$ (6,032)	\$ (13,773)	\$ (10,830)	\$ (8,750)
Other financing sources (uses)										
Transfers from other funds	\$ 8,300	\$ 10,221	\$ 10,884	\$ 13,148	\$ 15,331	\$ 14,519	\$ 23,048	\$ 23,854	\$ 12,999	\$ 12,739
Transfers to other funds	(4,666)	(6,771)	(6,282)	(9,002)	(10,982)	(12,488)	(18,509)	(19,124)	(8,127)	(7,432)
Sale of Property	-	-	-	-	-	-	-	175	-	-
Long Term debt issued	1,805	2,293	1,496	18,396	1,667	7,645	-	12,014	-	3,244
Total other financing sources (uses)	\$ 5,439	\$ 5,743	\$ 6,098	\$ 22,542	\$ 6,016	\$ 9,676	\$ 4,539	\$ 16,919	\$ 4,872	\$ 8,551
Net change in fund balances	\$ (10,059)	\$ 2,984	\$ 1,795	\$ 14,748	\$ (4,415)	\$ 5,430	\$ (1,493)	\$ 3,146	\$ (5,958)	\$ (199)
Debt services as a percentage of noncapital expenditures	8.2%	8.8%	7.8%	10.3%	9.8%	9.8%	9.5%	19.5%	7.4%	7.5%

Note 1: Amounts are based on the Modified Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Table 5

City of Greenville
Revenue Base - Greenville Utilities Commission
Last Ten Fiscal Years

Fiscal Year	Electric kWh Sold		Water Kgal Sold		Gas ccf Sold	
	Residential	Commercial & Industrial	Residential	Commercial & Industrial	Residential	Commercial & Industrial
2002	536,391,466	893,732,885	1,920,024	1,358,111	6,348,872	14,399,275
2003	592,984,144	912,641,446	1,833,556	1,343,366	8,524,065	14,878,955
2004	605,165,310	913,099,749	1,849,412	1,368,166	8,189,959	12,818,087
2005	600,001,241	900,185,280	1,877,758	1,280,264	7,907,363	14,946,889
2006	626,475,047	910,780,491	1,959,878	1,303,545	7,017,145	15,070,393
2007	632,461,374	929,415,069	2,018,787	1,212,248	7,483,501	18,800,489
2008	660,765,253	968,854,997	2,154,763	1,440,881	7,052,603	19,715,238
2009	688,061,414	945,415,302	2,133,699	1,410,934	8,544,675	20,245,245
2010	701,375,321	948,750,414	2,101,457	1,343,535	9,071,756	22,171,860
2011	735,045,523	976,964,873	2,189,035	1,516,854	9,204,734	23,200,508

Table 6

City of Greenville
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property		Total Taxable Assessed Value	(2)		(1)	
	Residential and Commercial Property		Motor Vehicle and Other Personal Property			Total Direct Tax Rate	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value	
	2002	2,260,269,501	587,530,809	2,847,800,310	0.0615	3,467,007,925	82.14%		
2003	2,377,777,793	610,040,201	2,987,817,994	0.0615	3,755,899,427	79.55%			
2004	2,486,194,940	621,986,475	3,108,181,415	0.0615	3,898,872,824	79.72%			
2005	3,216,339,298	624,081,173	3,840,420,471	0.0056	3,883,920,379	98.88%			
2006	3,363,220,215	705,595,820	4,068,816,035	0.0056	4,205,494,610	96.75%			
2007	3,926,388,821	580,382,679	4,506,771,500	0.0056	4,866,923,866	92.60%			
2008	4,160,752,821	596,214,107	4,756,966,929	0.0056	5,401,961,082	88.06%			
2009	5,190,768,565	616,651,923	5,807,420,488	0.0052	5,840,125,189	99.44%			
2010	5,389,644,817	576,155,778	5,965,800,595	0.0052	6,086,930,512	98.01%			
2011	5,597,578,846	404,914,485	6,002,493,331	0.0052	6,083,402,585	98.67%			

(1) Source Pitt County Tax Assessor's Office

Public service companies appraised each year included in total values on this schedule.

Total assessed values are net of abatements.

(2) Per \$100 value

Table 7

City of Greenville
 Greenville Utilities Commission
 Direct and Overlapping Revenue Rates
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Electric (per kWh)										
Residential	\$ 0.0966	\$ 0.0991	\$ 0.1015	\$ 0.1031	\$ 0.1111	\$ 0.1151	\$ 0.1145	\$ 0.1241	\$ 0.1280	\$ 0.1290
Commercial & Industrial	0.0730	0.0750	0.0769	0.0785	0.0860	0.0897	0.0886	0.0993	0.1031	0.1038
Water (per kgal)										
Residential	3.1499	3.3911	3.4133	3.5513	3.7398	3.7640	4.0708	4.2999	4.3392	4.5887
Commercial & Industrial	2.1105	2.2282	2.2364	2.3560	2.4885	2.4955	2.5912	2.7337	2.7720	2.8823
Gas (per ccf)										
Residential	1.3668	1.2010	1.4087	1.6255	2.0860	1.9046	2.0073	1.8639	1.5896	1.4856
Commercial & Industrial	0.7293	0.7839	0.9665	1.1842	1.4503	1.2560	1.3225	1.4106	1.0519	1.0119

Source: Greenville Utilities Commission

Table 8

City of Greenville
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates								
	City of Greenville				Pitt County				Total Direct & Overlapping Rates
	Rate Per \$100	Total City Levy	Rate Per \$100	Total County Levy	Rate Per \$100	Total County Levy	Rate Per \$100	Total County Levy	
2002	0.615	17,426,583	0.680	43,399,920	0.680	43,399,920	0.680	60,826,503	
2003	0.615	18,295,565	0.680	43,369,414	0.680	43,369,414	0.680	61,664,979	
2004	0.615	19,048,466	0.700	45,509,940	0.700	45,509,940	0.700	64,558,406	
2005	0.560	21,426,583	0.700	54,824,840	0.700	54,824,840	0.700	76,251,423	
2006	0.560	22,714,734	0.700	57,424,150	0.700	57,424,150	0.700	80,138,884	
2007	0.560	25,237,917	0.700	60,298,700	0.700	60,298,700	0.700	85,536,617	
2008	0.560	26,650,553	0.700	65,331,289	0.700	65,331,289	0.700	91,981,842	
2009	* 0.520	30,211,997	0.665	78,367,343	0.665	78,367,343	0.665	108,579,340	
2010	0.520	31,039,086	0.665	75,642,267	0.665	75,642,267	0.665	106,681,353	
2011	0.520	30,838,534	0.665	80,929,875	0.665	80,929,875	0.665	111,768,409	

* Last date for revaluation. Revaluation occurs every four years

Table 9

City of Greenville
Principal Property Taxpayers
12/31/2010 for Fiscal Year 2011

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
North Campus Crossing Sprint	\$ 45,418,511	1	0.76%	\$ 32,000,000	1	1.18%
Copper Beech Townhouse Communities	\$ 43,132,107	2	0.72%	\$ 23,631,000	2	0.87%
Colonial Realty LP (Plaza)	\$ 41,868,724	3	0.70%	\$ 16,924,000	3	0.62%
Marelda Greenville Mall	\$ 39,542,426	4	0.66%	\$ 16,173,000	4	0.60%
Wachovia	\$ 31,292,627	5	0.52%	\$ 13,078,000	5	0.48%
PL Greenville LP (Bellamy)	\$ 29,909,333	6	0.50%	\$ 12,107,000	6	0.45%
Pirates Cove of Greenville	\$ 21,899,283	7	0.37%	\$ 10,459,000	7	0.39%
Carolina Telephone	\$ 21,400,965	8	0.36%	\$ 10,096,000	8	0.37%
Speight, Joseph D.	\$ 20,710,833	9	0.35%	\$ 10,358,000	9	0.38%
Corridor Greenville LLC	\$ 20,407,167	10	0.34%	\$ 9,850,000	10	0.36%
Treybrook, LLC (Apartments)						
Southeast Region (Pirates Cove)						
Heritage Property Investments (Shopping Center)						
Waterford Place Apartment (I, II, III, & IV)						
Shadow Lake Properties (Carolina East Mall)						
Centro Heritage UC Greenville (University Commons)						
Walmart						
Lowes Home Centers (Two Locations)						
Ward Family, LLC						
Totals	\$ 315,581,976		5.29%	\$ 154,676,000		5.70%

Note: Information as of December 31, 2001 for FY 2002 and December 31, 2010 for FY 2011

Source: Pitt County Government

Table 10
 Page 1 of 2

Electric Fund	Customer	Product/Service	Fiscal Year 2011		Fiscal Year 2012	
			Amount Billed	% of Total Revenue	Amount Billed	% of Total Revenue
	DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 7,149,961	3.68%	\$ 6,261,289	5.35%
	Pitt County Memorial Hospital	Health Care	5,255,268	2.70%	3,489,374	2.98%
	East Carolina University	Education	4,651,127	2.39%	2,397,863	2.05%
	DSM Dyneema, LLC	High Performance Fibers	4,126,972	2.12%		
	Attends Healthcare Products	Medical Products	3,236,970	1.67%	1,539,058	1.31%
	East Carolina University	Education	3,126,809	1.61%	1,595,805	1.36%
	East Carolina University	Education	2,297,192	1.18%	1,847,166	1.58%
	Pitt County Memorial Hospital	Health Care	1,493,186	0.77%		
	ASMO of Greenville	Motors	1,212,182	0.62%	1,016,284	0.87%
	NACCO Material Handling	Fork Lift Trucks	1,159,043	0.60%		
	Robert Bosch Tool Corp.	Drill Bits			1,265,442	1.08%
	Town of Winterville	Government			1,192,757	1.02%
	TRW	Steering Components			1,157,655	0.99%
	Totals		\$ 33,708,710	17.34%	\$ 21,762,693	18.59%
	Water Fund					
	Customer	Product/Service	Amount Billed	% of Total Revenue	Amount Billed	% of Total Revenue
	DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 203,306	5.66%	\$ 392,519	4.40%
	Pitt County Memorial Hospital	Health Care	89,052	2.48%	174,028	1.95%
	Town of Winterville	Government	53,728	1.50%		
	DSM Dyneema, LLC	High Performance Fibers	28,849	0.80%		
	East Carolina University	Education	28,619	0.80%	33,182	0.37%
	Pitt County Memorial Hospital	Health Care	28,288	0.79%		
	DSM Dyneema, LLC	High Performance Fibers	24,187	0.67%		
	Pitt County Memorial Hospital	Health Care	23,720	0.66%		
	Fuji Silysia Chemical USA, LTD	Silica Gel	22,958	0.64%	27,060	0.30%
	Pitt County	Government	13,605	0.38%	25,552	0.29%
	Karastan Bigelow	Carpet Yarn			70,839	0.79%
	Greenville Housing Authority	Apartments			53,017	0.59%
	Greenville Housing Authority	Apartments			38,829	0.44%
	East Carolina University	Education			37,642	0.42%
	East Carolina University	Education			28,250	0.32%
	Totals		\$ 516,312	14.38%	\$ 880,918	9.87%

Table 10
 Page 2 of 2

Customer	Product/Service	Fiscal Year 2011		Fiscal Year 2002	
		Amount Billed	% of Total Revenue	Amount Billed	% of Total Revenue
DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 138,118	4.95%	\$	
Town of Bethel	Government	96,626	3.46%		
Pitt County Memorial Hospital	Health Care	83,264	2.98%	308,608	3.18%
DSM Dyneema, LLC	High Performance Fibers	32,343	1.16%		
East Carolina University	Education	26,759	0.96%	58,634	0.61%
Pitt County Memorial Hospital	Health Care	26,450	0.95%		
Pitt County Memorial Hospital	Health Care	21,607	0.77%		
Fuji Silyesia Chemical USA, LTD	Silica Gel	21,465	0.77%	49,141	0.51%
Pitt County	Government	12,721	0.46%		
Town of Grimesland	Government	9,810	0.35%		
Karastan Bigelow	Carpet Yam			133,633	1.38%
Greenville Housing Authority	Apartments			69,988	0.72%
East Carolina University	Education			66,650	0.69%
Greenville Housing Authority	Apartments			51,348	0.53%
East Carolina University	Education			43,948	0.45%
Robert Bosch Tool Corp.	Drill Bits			34,705	0.36%
Greystone Mobile Home Park	Mobile Home Park			32,574	0.34%
Totals		\$ 469,163	16.81%	\$ 849,229	8.77%
Gas Fund					
Customer	Product/Service	Amount Revenue	% of Total Revenue	Amount Revenue	% of Total Revenue
DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 3,972,332	12.27%	1,681,959	8.77%
East Carolina University	Education	3,648,969	11.27%	655,169	3.42%
Pitt County Memorial Hospital	Health Care	1,962,676	6.06%	537,488	2.80%
East Carolina University	Education	1,191,434	3.68%	290,694	1.52%
DSM Dyneema, LLC	High Performance Fibers	1,112,719	3.44%		
DSM Dyneema, LLC	High Performance Fibers	1,013,063	3.13%		
Pitt County Memorial Hospital	Health Care	725,388	2.24%		
Fuji Silyesia Chemical USA, LTD	Silica Gel	517,358	1.60%		
Greenville Paving & Contracting	Highway and Street Paving	480,083	1.48%		
Metrics, Inc.	Pharmaceuticals Manufacturing	476,617	1.47%		
TRW	Steering Components			175,084	0.91%
DSM Pharmaceuticals, Inc.	Pharmaceuticals			386,599	2.02%
Prince Manufacturing Corp.	Metal Finishing			219,482	1.14%
Karastan Bigelow	Carpet Yam			204,966	1.07%
Greenville Housing Authority	Apartments			198,501	1.04%
Totals		\$ 15,100,639	46.64%	\$ 4,519,380	23.57%

Source: Greenville Utility Commission billing system

Table 11

City of Greenville
General Fund Tax Revenues By Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Other Taxes	Total
2002	17,184,908	8,071,763	2,303,736	-	1,222,674	28,783,081
2003	18,297,257	8,772,606	4,047,097	258,879	832,940	32,208,779
2004	19,031,401	10,111,043	4,086,532	272,651	864,077	34,365,704
2005	21,324,960	11,414,678	4,121,389	291,246	868,001	38,020,274
2006	22,564,688	12,693,295	4,729,698	298,254	782,888	41,068,823
2007	23,896,190	13,592,797	5,068,888	311,689	107,038	42,976,602
2008	26,295,736	14,321,873	5,190,851	332,734	108,852	46,250,046
2009	29,715,153	13,552,575	6,104,795	345,500	104,950	49,822,973
2010	30,580,836	12,983,004	6,385,550	115,658	103,446	50,168,494
2011	30,748,643	13,393,038	6,488,728	363,923	132,731	51,127,063

* Franchise Tax includes Cable TV and Utilities Franchise taxes

** Other Taxes Includes Motor Vehicle Municipality Tax until 2007 when moved to Property Tax category

** Prior to 2003 Other Taxes Includes Intangibles Tax

*** Net of Collection Fees

Note: Beginning fiscal year 2006-2007 Motor Vehicle Tax included as part of Property Tax

Table 12

City of Greenville
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Total Levy for	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
	(1)						
June 30	Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2002	17,426,583	16,538,241	94.90%	720,341	17,258,582	99.04%	
2003	18,295,565	17,434,864	95.30%	571,612	18,006,476	98.42%	
2004	19,048,466	18,293,964	96.04%	667,440	18,961,404	99.54%	
2005	21,426,583	20,592,449	96.11%	677,097	21,269,546	99.27%	
2006	22,714,734	21,946,245	96.62%	692,045	22,638,290	99.66%	
2007	25,237,917	24,356,252	96.51%	776,277	25,132,529	99.58%	
2008	26,650,553	25,866,384	97.06%	684,879	26,551,263	99.63%	
2009	30,211,997	29,330,914	97.08%	723,904	30,054,818	99.48%	
2010	31,039,086	30,202,323	97.30%	597,146	30,799,469	99.23%	
2011	30,838,534	29,811,533	96.67%	-	29,811,533	96.67%	

(1) Analysis of Current Year Tax and Pitt County Tax Collections Report - Net of Abatements

Table 13

City of Greenville
 Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Certificates of Participation	Installment Purchase Contracts	Revenue Bonds	General Obligation Bonds	Installment Purchase Contracts	Other Debt			
2002	7,285	6,640	11,805	2,166	77,809	10,200	1,600	7,920	125,425	3.51%	1,900
2003	8,120	6,405	10,955	2,169	73,422	9,355	1,524	13,996	125,946	3.38%	1,880
2004	7,455	6,160	10,305	2,668	69,219	8,090	1,486	17,757	123,140	3.12%	1,811
2005	6,805	5,905	25,105	3,557	64,946	6,885	1,406	18,201	132,710	3.13%	1,923
2006	6,085	5,640	23,640	3,770	68,271	5,710	1,208	19,669	133,993	2.94%	1,861
2007	12,990	5,365	22,180	2,522	74,136	9,665	992	20,287	148,137	3.03%	2,057
2008	12,150	5,080	20,715	1,004	99,942	8,460	805	18,882	166,938	3.19%	2,197
2009	11,315	4,785	12,195	12,182	94,882	7,304	744	19,926	163,333	3.10%	2,016
2010	10,486	4,475	11,380	11,007	89,072	6,109	549	28,587	161,665	(1)	1,972
2011	12,980	4,155	10,565	10,007	83,976	230	2,445	29,082	153,440	(1)	1,827

Note 1: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note 2: Debt excludes OPEB liability, LEO separation allowances and compensated absences

Note 3: Percentage of Personal Income based on income for Greenville MSA (Obtained from BEA - US Dept of Commerce).

Note 4: Population amounts are as of July 1 of the fiscal year.

Note 5: GO Bond amounts exclude bonds approved but unissued.

(1) Information not available to complete the analysis

Table 14

City of Greenville
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property		Per Capita
					Income	Property	
2002	22,723	287	22,436	0.67%	0.79%	\$ 351	
2003	27,649	291	27,358	0.78%	0.92%	\$ 415	
2004	26,588	416	26,172	0.70%	0.84%	\$ 391	
2005	41,372	1,313	40,059	1.00%	1.04%	\$ 589	
2006	39,135	1,409	37,726	0.88%	0.93%	\$ 547	
2007	43,057	1,756	41,301	0.88%	0.92%	\$ 574	
2008	38,949	806	38,143	0.73%	0.80%	\$ 530	
2009	40,478	916	39,562	0.75%	0.68%	\$ 521	
2010	37,347	892	36,455	(1)	0.61%	\$ 445	
2011	37,708	943	36,765	(1)	0.61%	\$ 438	

Note 1: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note 2: Percentage of Personal Income based on income for the County (Obtained from the BEA-US Dept. of Commerce).

Note 3: Population amounts are as of July 1 of the fiscal year.

Note 4: GO Bond amounts include bonds approved but unissued.

(1) Information not available for this period

Table 15

City of Greenville
 Legal Debt Margin- Governmental Activities
 Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 226,591	\$ 237,648	\$ 247,481	\$ 304,705	\$ 325,000	\$ 360,000	\$ 380,000	\$ 464,000	\$ 477,264	\$ 474,012
Total net debt applicable to limit	<u>33,057</u>	<u>32,124</u>	<u>34,019</u>	<u>47,759</u>	<u>39,135</u>	<u>43,057</u>	<u>38,949</u>	<u>40,478</u>	<u>45,433</u>	<u>42,568</u>
Legal debt margin	<u>\$ 193,534</u>	<u>\$ 205,524</u>	<u>\$ 213,462</u>	<u>\$ 256,946</u>	<u>\$ 285,865</u>	<u>\$ 316,943</u>	<u>\$ 341,051</u>	<u>\$ 423,522</u>	<u>\$ 431,831</u>	<u>\$ 431,444</u>
Total net debt applicable to the limit as a percentage of debt limit	14.59%	13.52%	13.75%	15.67%	12.04%	11.96%	10.25%	8.72%	9.52%	8.98%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	
Debt Limit (8% of total assessed value)	\$ 474,012
Debt applicable to limit:	
General obligation bonds	12,981
Certificates of Participation	10,565
Special obligation revenue	4,155
Authorized/Unissued	4,860
Other Debt	10,007
Legal debt margin	<u>\$ 431,444</u>

Note 1: Amounts are expressed in thousands

Note 2: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 16

City of Greenville
Direct and Overlapping Governmental Activities Debt

Governmental Unit	Net General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping			
Pitt County	\$ 172,636,875	48.73%	\$ 84,125,949
Direct			
City of Greenville			37,708,211
Total direct and overlapping debt			\$ 121,834,160

Note 1: Amounts are expressed in thousands

Note 2: Information as of June 30, 2011

Note 3: Debt outstanding data provided by Pitt County

Note 4: Assessed value data used to estimate applicable percentages provided by the County Website, Analysis of Adopted Tax Levy

CITY OF GREENVILLE, NORTH CAROLINA
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utility Fund Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirement (3)			Special Assessment Bonds				
				Principal	Interest	Total	Coverage	Special Assessment Collections	Debt Service Principal	Interest	Coverage
2002	163,024	137,080	25,944	2,939	3,733	6,672	1.88	559	160	374	1.05
2003	175,453	150,644	24,809	4,256	3,934	8,190	1.84	584	235	303	1.09
2004	183,609	157,695	25,914	4,770	3,829	8,599	3.26	571	245	293	1.06
2005	192,272	167,660	24,612	5,074	3,451	8,525	2.95	557	255	284	1.03
2006	217,706	189,991	27,715	6,050	4,007	10,057	2.76	695	265	273	1.29
2007	229,213	200,430	28,783	5,392	3,624	9,016	3.19	661	275	263	1.23
2008	239,417	206,067	33,350	5,972	3,799	9,771	3.41	758	285	252	1.41
2009	260,505	229,007	31,498	6,375	3,364	9,739	3.23	795	295	240	1.49
2010	261,518	228,538	32,980	7,331	4,567	11,898	2.77	807	310	228	1.50
2011	274,671	236,102	38,569	8,368	4,905	13,273	2.91	839	320	215	1.57

Note 1: Amounts are expressed in thousands

(1) Total revenues including interest and exclusive of any restricted revenue. Includes revenues for the electric, water, sewer and gas funds.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds and subordinate debt exclusive of the general obligation bonds reported in the electric, water, sewer and gas funds.

City of Greenville
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 18

Fiscal Year	Population (2)	Personal Income (amounts expressed in thousands)	Capita		Median Age	School Enrollment	Unemployment Rate
			Personal Income	School Enrollment			
2002	65,647	3,372,784	24,476	20,412	31	20,412	5.5%
2003	67,048	3,502,422	25,096	20,665	31	20,665	5.7%
2004	68,371	3,726,829	26,289	21,812	31	21,812	5.5%
2005	69,517	3,986,104	27,595	22,116	32	22,116	5.1%
2006	72,052	4,310,900	29,031	22,609	32	22,609	5.4%
2007	72,233	4,713,839	30,984	22,994	31	22,994	5.3%
2008	76,058	5,229,974	33,539	23,240	31	23,240	7.5%
2009	81,092	5,263,078	33,089	23,022	30	23,022	10.9%
2010	81,747	(1)	(1)	(1)	(1)	23,267	9.8%
2011	84,554	(1)	(1)	(1)	(1)	(1)	7.8%

Note 1: Population and Personal Income obtained from U.S. Census Bureau 2008 Data was provided by the Community Development Department

Note 2: Personal Income and Per Capita information is calculated on a County Level. Information not maintained at City level

Note 3: Median age, and educational level information are based on surveys conducted during the last quarter of the calendar year.

Note 4: School information obtained from the Superintendent's Office of the Pitt County School Administrative Unit

Note 5: Unemployment rates obtained from Employment Security Commission

Note 6: According to the U.S. Census Bureau, economic census is published every 5 years from national to local level.

(1) Information unavailable for this period

(2) Information is provided as of July 1 of the fiscal year

Table 19

City of Greenville
Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pitt County Memorial Hospital	7,868	1	11.08%	4,150	2	6.68%
East Carolina University	5,455	2	7.68%	4,176	1	6.73%
Pitt County Public Schools	3,111	3	4.38%	3,200	3	5.15%
DSM Pharmaceuticals (Catalytica)	1,100	4	1.55%	1,300	4	2.09%
County of Pitt	968	5	1.36%	925	7	1.49%
NACCO Materials Handling Group	1,000	6	1.41%	1,100	5	1.77%
Pitt Community College	861	7	1.21%	650	9	1.05%
Alliance One International	850	8	1.20%			0.00%
City of Greenville	743	9	1.05%	675	8	1.09%
Physicians East	500	10	0.70%			0.00%
Collins & Aikman Corp			0.00%	1,000	6	1.61%
ASMO Greenville of NC, Inc			0.00%	550	10	0.89%
Total	22,456		31.62%	17,726		28.55%

Source: Pitt County Development Commission

Table 20

City of Greenville
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	50	51	51	56	59	58	66	67	68	68
Public safety										
Police	194	197	210	212	219	211	214	230	238	239
Fire	124	124	130	142	143	143	145	145	157	157
Public Works	180	185	186	188	192	199	200	203	203	205
Recreation and Parks	61	59	59	57	59	61	61	62	62	62
Planning and Comm. Dev.	35	30	25	24	24	32	32	26	26	26
Electric	189	182	181	183	182	196	196	200	142	105
Water and Sewer	87	92	87	91	92	85	98	102	116	111
Gas	64	66	68	67	68	65	82	66	51	41
Total Employees	984	986	997	1,020	1,038	1,050	1,094	1,101	1,063	1,014

Source: Financial Services Department and Greenville and Greenville Utilities Commission.

Note: Electric, Water, Sewer, and Gas prior years numbers has changed due to Greenville Utilities Commission add Supporting Departments.

Table 21

City of Greenville
Operating Indicators by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrests	4,380	4,397	4,599	4,722	3,507	4,497	4,756	5,141	4,826	4,888
Parking violations	*	*	*	*	*	2,303	13,392	15,112	11,862	4,658
Traffic violations	23,180	30,163	22,003	21,908	24,508	19,998	18,088	17,527	20,326	16,235
Fire										
Number of calls answered	1,549	3,461	2,530	3,062	3,598	4,152	4,388	4,711	4,114	4,746
Inspections	3,325	3,672	*	3,500	3,400	2,162	3,500	2,340	2,644	2,787
EMS										
Number of calls answered	8,857	9,136	9,136	9,190	9,885	10,725	11,198	11,227	13,035	15,149
Sanitation										
Refuse collected (tons/day)	24,652	26,375	28,120	25,676	27,182	27,322	27,442	28,458	29,163	28,286
Recyclables collected (tons/day)	1,631	1,839	1,804	1,850	1,792	1,816	3,056	3,030	3,599	4,038
Culture and recreation										
Facility reservations issued	349	382	467	393	715	817	916	1,140	1,560	1,936
Water										
Connections (of service connect)	27,426	27,991	28,538	29,540	30,829	32,065	33,051	33,733	34,336	34,419
Water Lines (miles)	531	538	550	565	580	593	615	618	626	626
Average daily consumption (thousands of gallons)	10,579	9,766	9,476	9,845	8,941	10,264	10,797	10,785	10,977	11,850
Wastewater										
Average daily sewage treatment (thousands of gallons)	8,299	9,492	9,944	8,895	9,345	10,587	9,152	8,879	10,120	9,593

Sources: Various government and GUC departments.

* Information unavailable

Table 22

City of Greenville
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	2	3
Patrol units	138	151	151	159	160	174	177	180	183	192
Fire stations	5	5	5	6	6	6	6	6	6	6
Sanitation										
Collection trucks	38	33	36	36	37	37	37	42	42	42
Highways and streets										
Streets (miles)	204.0	212.0	212.0	220.0	230.1	234.3	235.0	255.0	263.8	269.9
Streetlights	5,171	5,529	5,529	5,785	5,983	6,166	6,482	6,672	6,672	6,993
Traffic signals	26	26	26	26	27	27	33	33	33	33
Culture and recreation										
Parks acreage	1,308	1,300	1,300	1,475	1,500	1,511	1,120	1,450	1,450	1,455
Parks	21	27	27	30	31	32	25	29	29	29
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24	24	24	24	24	24	24	24	24	24
Community centers	7	11	11	13	13	13	5	5	5	2
Recreation Centers	-	-	-	-	-	-	6	6	6	6
Specialty Centers	-	-	-	-	-	-	-	-	-	3
Electric										
Number of distribution stations	17	17	17	17	17	17	18	18	19	19
Miles of service lines	2,300	2,300	2,384	2,447	2,474	2,509	2,575	2,575	2,575	2,672
Water										
Water lines (miles)	531	538	550	565	580	593	615	618	618	626
Maximum daily treatment capacity (millions of gallons)	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Sewer										
Sanitary sewers (miles)	364	389	404	423	435	448	464	466	468	469
Maximum daily treatment capacity (millions of gallons)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Gas										
Miles of pipeline	486	500	509	530	545	562	581	593	597	600
Miles of service lines	330	344	359	375	398	394	421	423	422	424

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SINGLE AUDIT & COMPLIANCE SECTION

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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 Greenville, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Greenville, North Carolina as of and for the year ended June 30, 2011, which collectively comprise City of Greenville's basic financial statements, and have issued our report thereon dated October 31, 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 Greenville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Greenville'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 Greenville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 Greenville'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 management, others within the organization, members of the Greenville City Council, and federal and State awarding agencies and pass-through entities 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 31, 2011



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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 Greenville, North Carolina

Compliance

We have audited City of Greenville, 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 City of Greenville's major federal programs for the year ended June 30, 2011. City of Greenville's major federal programs are identified in the summary of auditors' 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 Greenville's management. Our responsibility is to express an opinion on City of Greenville'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 Greenville'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 of City of Greenville's compliance with those requirements.

In our opinion, City of Greenville 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.

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Internal Control over Compliance

Management of City of Greenville 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 Greenville'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 the City'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 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 management, others within the organization, members of the Greenville City Council, and federal and State awarding agencies and pass-through entities 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 31, 2011



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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 Greenville, North Carolina

Compliance

We have audited City of Greenville, 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 each of City of Greenville's major State programs for the year ended June 30, 2011. City of Greenville's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of City of Greenville's management. Our responsibility is to express an opinion on City of Greenville'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 Greenville'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 of City of Greenville's compliance with those requirements.

In our opinion, City of Greenville 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 State programs for the year ended June 30, 2011.

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Internal Control over Compliance

Management of City of Greenville 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 Greenville's internal control over compliance with the requirements that could have a direct and material effect on a major State 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 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 the City'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 identify 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 management, others within the organization, members of the Greenville City Council, and federal and State awarding agencies and pass-through entities 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 31, 2011

City of Greenville, North Carolina

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

1. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not not considered to be material weakness(es)?	_____ Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No	

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	<u> X </u> 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) OMB Circular A-133?	_____ Yes	<u> X </u> No	
Identification of major federal programs:			

Program Name

CFDA

Community Development Home Investment Partnership	14.239
Lead-Based Paint Hazard Control	14.907
Federal Transit Formula Grant Cluster	20.507
Public Safety Partnership and Community Policing Grant (COPS)	16.710
Highway Planning and Construction	20.205
GUC - Clean Water State Revolving Fund	66.458
GUC - Drinking Water State Revolving Fund	66.468

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
--	----------------------	----------------------

(Continued)

City of Greenville, North Carolina

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

1. Summary of Independent Auditor's Results (Continued)

State Awards

Internal control over major State programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ None Reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

_____ Yes

_____ X _____ No

Identification of major State programs:

Program Name

Nonstate System Street Aid Allocation

2. Financial Statement Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

City of Greenville, North Carolina

**Corrective Action Plan
Year Ended June 30, 2011**

No corrective action plan is required for the current year.

City of Greenville, North Carolina

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

None. No uncorrected prior year findings.

City of Greenville, North Carolina

Notes to Schedule of Expenditures of Federal and State Award Year Ended June 30, 2011

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all Federal and State financial assistance programs of the City of Greenville, North Carolina. The City of Greenville, North Carolina reporting entity is defined in Note 1 of the City's basic financial statements. All Federal and State financial assistance received directly from Federal and State agencies as well as Federal financial assistance passed through other governmental agencies is included on the schedule.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in the notes of the City's basic financial statements.

**City of Greenville, North Carolina
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title Federal Assistance	Federal CFDA Number	Grantor's Number	Expenditures			Total
			Federal	State	Local	
U. S. Department of Housing and Urban Development (U.S. HUD)						
Passed through NC Department of Commerce:						
Community Development Block Grant (CDBG) Cluster:						
CDBG Entitlement Grant-2003	14.218	B-03-MC-37-0020	\$ 4,579	\$ -	\$ 723	\$ 5,302
CDBG Entitlement Grant-2005	14.218	B-05-MC-37-0020	-	-	-	-
CDBG Entitlement Grant-2006	14.218	B-06-MC-37-0020	3,901	-	616	4,517
CDBG Entitlement Grant-2007	14.218	B-07-MC-37-0020	65,560	-	10,349	75,909
CDBG Entitlement Grant-2008	14.218	B-08-MC-37-0020	381,652	-	60,244	441,896
CDBG Entitlement Grant-2009	14.218	B-09-MC-37-0020	367,881	-	58,070	425,951
CDBG Entitlement Grant-2010	14.218	B-10-MC-37-0020	67,165	-	10,602	77,767
CDBG Entitlement Grant (ARRA)	14.253	B-09-MY-37-0020	23,688	-	-	23,688
Total CDBG Cluster Total			914,426	-	140,604	1,055,030
HOME Investment Partnership-2003	14.239	M03-DC370211	1,022	-	22	1,044
HOME Investment Partnership-2004	14.239	M04-DC370211	659	-	14	673
HOME Investment Partnership-2005	14.239	M05-DC370211	2,443	-	53	2,496
HOME Investment Partnership-2006	14.239	M06-DC370211	154,796	-	3,330	158,126
HOME Investment Partnership-2007	14.239	M07-DC370211	214,850	-	4,623	219,473
HOME Investment Partnership-2008	14.239	M08-DC370211	294,344	-	6,333	300,677
HOME Investment Partnership-2009	14.239	M08-DC370211	168,445	-	3,624	172,069
HOME Investment Partnership-2010	14.239	M09-DC370211	2,182	-	47	2,229
Total Home Investment Partnership Grants			838,741	-	18,046	856,787
Lead-Based Paint Hazard Control (ARRA)	14.907	NCLHB0432-08	642,279	-	57,525	699,804
U. S. HUD Total			\$ 2,395,446	\$ -	\$ 216,175	\$ 2,611,621
U. S. Department of Transportation (U.S. DOT)						
Direct Programs:						
Planning Work Program	20.205	PL-104 (2009)	\$ 157,600	\$ -	\$ 39,400	\$ 197,000
Charles Blvd Sidewalk (ARRA)	20.205	STM-0043(12)	8,713	-	-	8,713
Arlington Blvd Sidewalk (ARRA)	20.205	STM-1323(4)	11,148	-	-	11,148
Arlington Blvd Improvements (ARRA)	20.205	STM-0264(42)	690	-	-	690
Total Transportation Grants			178,151	-	39,400	217,551

(Continued)

City of Greenville, North Carolina
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2011

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures			
			Federal	State	Local	Total
Federal Assistance						
U. S. Department of Transportation (U.S. DOT) (Continued)						
Planning Work Program (Section 5305)	20.505	36230-7-7.6	25,904	3,238	3,238	32,380
Federal Transit Administration (473-Operating)	20.507	NC-90-0473	296,894	-	296,894	593,788
Federal Transit Administration (473-Capital)	20.507	NC-90-0473	88,800	-	22,200	111,000
Federal Transit Administration (473-ADA)	20.507	NC-90-8473	97,831	-	24,458	122,289
Federal Transit Administration (0032)	20.507	NC-04-0032	37,096	-	4,637	41,733
Public Transportation Assistance (ARRA)	20.507	NC-96-X005	1,373,246	-	-	1,373,246
Total Federal Transit Administration Grants			1,893,867	-	348,189	2,242,056
U.S. DOT Total			\$ 2,097,922	\$ 3,238	\$ 390,827	\$ 2,491,987
U. S. Department of Justice (U.S. DOJ)						
Direct Programs:						
Office of Justice Programs						
COPS Technology Grant	16.710	2007-CK-WX-0045	13,661	\$ -	\$ 4,554	\$ 18,215
COPS Technology Grant	16.710	2009-CK-WX-0511	129,379	-	-	129,379
COPS Technology Grant	16.710	2010-CK-WX-0521	65,699	-	-	65,699
COPS Hiring Recovery (ARRA)	16.710	2009-RK-WX-0573	426,634	-	35,274	461,908
Total COPS Grants			635,373	-	39,828	675,201
Bureau of Justice Assistance						
JAG 2009	16.592	2009-JV-FX-0078	1,069	-	-	1,069
JAG 2010	16.592	2010-DJ-BX-0301	168,876	-	-	168,876
Total JAG Grants			169,945	-	-	169,945
Pass-Through: NC Department of Crime Control and Public Safety						
Division of Governor's Crime Prevention						
Pitt County Re-Entry Program	16.738	074-0-09-003-BH-123	64,291	-	21,430	85,721
Enhanced Victim Services	16.558	074-1-09-2VA-AW-472	86,821	-	28,940	115,761
High Incident Targeted Strikes	16.523	074-1-08-001-SG-338	184,087	20,454	68,180	272,721
Total Division of Governor's Crime Prevention			335,199	20,454	118,550	474,203
U.S. DOJ Total			\$ 1,140,517	\$ 20,454	\$ 158,378	\$ 1,319,349
U.S. Department of Homeland Security						
Federal Emergency Management Agency						
SAFR Grant	97.083	EMW-2008-FF-00449	511,815	-	56,835	568,650
(Continued)						

**City of Greenville, North Carolina
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2011**

Federal Assistance					
U.S. Department of Homeland Security (Continued)					
Pass-through: NC Department of Crime Control and Public Safety	97,073	2008-GE-T80033	87,872	-	87,872
Urban Search and Rescue Equipment	97,073	2009-SS-T9-0046	36,924	-	36,924
Urban Search and Rescue Equipment	97,067	2009-SS-T9-0046	12,678	-	12,678
NC Helo Aquatic Rescue Team			137,474	-	137,474
Total Pass Through NC Department of Crime Control and Public Safety			649,289	-	706,124
			56,835	-	
U.S. Department of Homeland Security Total					
	81,128	DE-SC002370	25,693	-	25,693
U.S. Department of Energy					
Direct Programs:					
Energy Efficiency Conservation Block Grant (ARRA)					
	81,128	DE-SC002370	25,693	-	25,693
U. S. Environmental Protection Agency (U.S.EPA)					
Direct Programs:					
Office of Solid Waste and Emergency Response					
Brownfields Assessment Cooperative Agreement	66,818	BF 96486507-0	28,759	\$ -	\$ 28,759
Brownfields Assessment Cooperative Agreement	66,818	BF 96486509-0	91,729	-	91,729
Total Brownfields Assessment Grants			120,488	-	120,488
Pass-through: NC Department of Environment and Natural Resources (NC DENR)					
Public Water Supply Division					
Drinking Water State Revolving Fund	66,468	H-LRX-F-04-0991	3,334	834	62,882
Drinking Water State Revolving Fund	66,468	DEH-1074	237,916	59,479	297,395
Drinking Water State Revolving Fund	66,468	DEH-1108	(17,514)	(4,378)	21,892
Drinking Water State Revolving Fund (ARRA)	66,468	DEH-1074	117,850	-	117,850
Drinking Water State Revolving Fund (ARRA)	66,468	H-ARRA-09-1318	44,782	-	44,782
Total Drinking Water State Revolving Fund			386,368	55,935	108,804
Division of Water Quality					
Clean Water State Revolving Fund	66,458	E-SRF-T-08-01080	763,562	190,891	964,365
Total Pass-Through NC DENR			1,149,930	246,826	1,515,472
			\$ 1,270,418	\$ 246,826	\$ 1,635,960
U. S. EPA Total					
State Grants (all direct):					
Department of Transportation - Division of Highways					
Nonstate System Street Aid Allocation	NA		-	1,851,617	1,851,617
State Maintenance Assistance Program	NA	07-SM-010	-	271,790	271,790
Total Department of Transportation			-	2,123,407	2,123,407

(Continued)

City of Greenville, North Carolina
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2011

State Grants (all direct):						
Department of Crime Control and Public Safety						
Division of Governor's Crime Commission	NA	074-1-09-013-AK-280	-	87,682	29,227	116,909
Project EQUAL						
Department of Environment and Natural Resources						
Division of Environmental Health	NA	DEH-1072	-	(150)	150	-
Public Water Supply Grant						
Department of Cultural Resources						
State Historic Preservation Office	NA		5,400		3,600	9,000
Rural Economic Development Center						
NC Economic Infrastructure Program Grant	NA	2008-052-40401-107	-	184,243	(39,273)	144,970
NC General Assembly						
Department of Public Instruction	NA		-	31,211	-	31,211
Dropout Prevention 2009						
Dropout Prevention 2010	NA		-	102,574	-	102,574
Total General Assembly			-	133,785	-	133,785
State Library of North Carolina						
Pass through Pitt County, NC	NA		-	22,720	-	22,720
Library Services and Technology Act	NA			20,655		
Smart Start						
State Aid to Public Libraries	NA		-	208,373	-	208,373
Total State Library of North Carolina			-	251,748	-	231,093
Total Federal and State Expenditures			\$ 7,579,285	\$ 3,056,633	\$ 934,635	\$ 11,570,553

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

GREENVILLE, NORTH CAROLINA

