

GREENVILLE NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

for fiscal year ended june 30, 2012

greenville city hall building



mission statement

The City of Greenville is dedicated to providing all citizens with quality services in an open, ethical manner, insuring a community of distinction for the future.

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table of contents

INTRODUCTORY SECTION

	Exhibit	Page
Letter of Transmittal		3
Community Profile		5 - 7
Local Economy		8 - 10
Government Finance Officer's Association (GFOA) Certificate of Achievement		11
Organizational Chart		13
City Officials		14

FINANCIAL SECTION

Independent Auditor's Report		16 - 17
Management's Discussion and Analysis		18 - 27
Government-wide Financial Statements		
Statement of Net Assets	A	31
Statement of Activities	B	32
Fund Financial Statements		
Government Funds		
Balance Sheet	C	33
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets - Governmental Activities	C	34
Statement of Revenues, Expenditures and Changes in Fund Balance	D	35
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	E	36
General Fund		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F	37
Proprietary Funds		
Statement of Net Assets	G	38
Statement of Revenues, Expenses and Changes in Net Assets	H	39
Statement of Cash Flows	I	40 - 41
Fiduciary Funds		
Statement of Fiduciary Net Assets	J	42
Statement of Changes in Fiduciary Net Assets	K	43
Notes to the Financial Statements		47 - 83

REQUIRED SUPPLEMENTARY INFORMATION

	Schedule	Page
Law Enforcement Officers’ Special Separation Allowance	A-1	87
Other Post-Employment Benefits (OPEB) - City	A-2	88
Other Post-Employment Benefits (OPEB) - Greenville Utilities Commission (GUC)	A-3	89

OTHER SUPPLEMENTARY INFORMATION

Schedule of Ad Valorem Taxes Receivable	A-4	90
Analysis of Current Year Levy - City-wide Levy	A-5	91
 Government Fund Financial Statements- General Fund		
Introduction		95
Schedule of Revenues, Expenditures and Changes in Fund Balance	A-6	96 - 98
 Non-Major Governmental Funds		
Combining Balance Sheet	B-1	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	102
 Non-Major Special Revenue Funds		
Introduction		103 - 104
Combining Balance Sheet	C-1	106 - 107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	108 - 109
Schedule of Revenues and Expenditures - Budget and Actual		
Community Development and Home Program	C-3	110 - 111
Sheppard Memorial Library	C-4	112
Housing Trust Fund	C-5	113
Small Business Loan Program	C-6	114
League of Municipalities Conference Fund	C-7	115
Lead-Based Paint Hazard Grant	C-8	116
Community Development Block Grant (CDBG) Recovery Grant Project	C-9	117
Public Transit Capital Assistance Recovery Grant	C-10	118
Byrne-JAG Grant Recovery Fund	C-11	119
Energy Efficiency Recovery Grant	C-12	120
Community Oriented Policing Services (COPS) Hiring Recovery Program Grant	C-13	121
Arlington Sidewalk Project Grant	C-14	122

table of contents

OTHER SUPPLEMENTARY INFORMATION (Continued)

	Schedule	Page
Charles Sidewalk Project Grant	C-15	123
Centralized Grant Project	C-16	124
Hurricane Irene FEMA Grant	C-17	125
Non-Major Capital Project Funds		
Introduction		126 - 127
Combining Balance Sheet	D-1	128 - 129
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	130 - 131
Schedule of Revenues and Expenditures - Budget and Actual		
Cemetery Development	D-3	132
Affordable Housing Capital Project Fund	D-4	133
City Hall Facility	D-5	134
West Greenville Revitalization	D-6	135
Center City Revitalization	D-7	136
Statonsburg Road / 10th Street Connector	D-8	137
South Tar River Greenway Project	D-9	138
Way Finding Community Development	D-10	139
Thomas Langston Road Extension Project	D-11	140
Intermodal Transportation Center Project	D-12	141
Employee Parking Lot Expansion Project	D-13	142
Convention Center Expansion / Streetscape Project	D-14	143
Community Oriented Policing Services (COPS) Project	D-15	144
New Technology for Public Safety Project	D-16	145
Emergency Operations Center	D-17	146
Drew Steele Center	D-18	147
Capital Reserve Fund	D-19	148
King George Bridge	D-20	149
Green Mill Greenway	D-21	150
Public Works Yard, Beatty Street Project	D-22	151

OTHER SUPPLEMENTARY INFORMATION (Continued)

	Schedule	Page
Non-Major Debt Service Fund		
Introduction		155
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-1	156

PROPRIETARY FUND FINANCIAL STATEMENTS

Introduction		159
Major Enterprise Funds		
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)		
Electric Operating Fund - Major Enterprise Fund	F-1	160 - 161
Water Operating Fund - Major Enterprise Fund	F-2	162 - 163
Sewer Operating Fund - Major Enterprise Fund	F-3	164 - 165
Gas Operating Fund - Major Enterprise Fund	F-4	166 - 167
Non-Major Enterprise Funds		
Combining Statement of Net Assets	F-5	168
Combining Statement of Revenues, Expenses and Changes in Net Assets	F-6	169
Combining Statement of Cash Flows	F-7	170 - 171
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)		
Public Transportation Enterprise Fund	F-8	172
Bradford Creek Golf Course Enterprise Fund	F-9	173
Stormwater Utility Enterprise Fund	F-10	174
Stormwater Drainage Capital Project	F-11	175
Stormwater Drainage Maintenance Improvement Capital Project	F-12	176
Sanitation Fund	F-13	177
Internal Service Fund		
Introduction		181
Combining Balance Sheet	G-1	182
Combining Statement of Revenues, Expenses and Changes in Net Assets	G-2	183
Combining Statement of Cash Flows	G-3	184 - 185
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)		
Dental Reimbursement Internal Service Fund	G-4	186
Vehicle Replacement Internal Service Fund	G-5	187

table of contents

PROPRIETARY FUND FINANCIAL STATEMENTS (Continued)

	Schedule	Page
Health Insurance Internal Service Fund	G-6	188
Fleet Maintenance Internal Service Fund	G-7	189

STATISTICAL SECTION

Table

Introduction		193
Net Assets by Component - Last Ten Fiscal Years	1	194
Changes in Net Assets - Last Ten Fiscal Years	2	195 - 196
Fund Balances of Governmental Funds - Last Ten Fiscal Years	3	197 - 198
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	199
Greenville Utilities Commission - Revenue Base - Last Ten Fiscal Years	5	200
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	6	201
Greenville Utilities Commission - Direct and Overlapping Revenue Rates - Last Ten Fiscal Years	7	202
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	8	203
Principal Property Taxpayers - December 31, 2011 for fiscal year 2012	9	204
Top Customers - Greenville Utilities Commission - Current Year and Nine Years Ago	10	205 - 208
General Fund Tax Revenues by Source - Last Ten Fiscal Years	11	209
Property Tax Levies and Collections - Last Ten Fiscal Years	12	210
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	13	211
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	14	212
Legal Debt Margin - Governmental Activities - Last Ten Fiscal Years	15	213
Direct and Overlapping Governmental Activities Debt as of June 30, 2012	16	214
Pledged Revenue Coverage - Last Ten Fiscal Years	17	215
Demographic and Economic Statistics - Last Ten Fiscal Years	18	216
Principle Employers - Current Year and Nine Years Ago	19	217
Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years	20	218
Operating Indicators by Function - Last Ten Fiscal Years	21	219
Capital Asset Statistics by Function	22	220 - 221

SINGLE AUDIT & COMPLIANCE SECTION

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	225
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SINGLE AUDIT AND COMPLIANCE SECTION (Continued)

	Page
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	226 - 227
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	228 - 229
Schedule of Findings and Questioned Costs	230 - 232
Corrective Action Plan	233
Summary Schedule of Prior Year Findings	234
Notes to Schedule of Expenditures of Federal and State Awards	235
Schedule of Expenditures of Federal and State Awards	236 - 238

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introductory section

letter of transmittal

community profile

local economy

certificate of achievement

organizational chart

city officials



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October 31, 2012

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



The City of Greenville's Financial Services Department is pleased to present the Comprehensive Annual Financial Report (CAFR) as of June 30, 2012. 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. 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 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 Annual Financial Report includes:

- Introductory Section - intended to familiarize the reader with the organizational structure of the City, the nature and scope of services it provides, and the specifics of its operating environment within the context of its local economy.
- Financial Section - includes the independent auditor's report, management's discussion and analysis, basic financial statements, notes to financial statements, and combining and individual fund statements and schedules.
- Statistical Section - provides detailed information to help reader further understand the information in the financial statements, note disclosures, required supplementary information, supplementary information, and the City's overall financial health.

Included in this report is an overview of the City and its various social and economic units. Informa-

tion 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 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 statements have been audited by McGladrey, 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 work of the City Financial Services employees whose daily efforts contribute to the sustainable financial condition of the City. Sincere appreciation is also extended to the elected officials, city employees, and the community volunteers who assist with maintaining the highest standards of professionalism while managing the various programs of the City.

Respectfully submitted,

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



GREENVILLE
North Carolina



MATERIALS HANDLING GROUP, INC.



community profile *local economy*



HERMAN SIMON



EAST CAROLINA UNIVERSITY

history

Greenville was founded in 1771 as “Martinsborough” after the Royal Governor, Josiah Martin. In 1774, the town was moved to its present location on the south bank of the Tar River, three miles west of its original location. In 1786, the name was changed to Greenville in honor of General Nathanael Greene, the Revolutionary War hero, and later shortened to Greenville.

During Greenville’s early years, the Tar River was a navigable waterway; and by the 1860’s there were several established riverboat lines transporting passengers and goods. Cotton was the leading agricultural crop, and Greenville became a major cotton export center. Before the turn of the century, however, tobacco surpassed cotton and became the leading money crop. Greenville became one of the State’s leading tobacco marketing and warehouse centers.

Home to a wide range of cultural and recreational opportunities, first-class health care facilities, and top notch higher education institutions, Greenville continues to be one of the fastest growing cities in the state of North Carolina. Being the health, entertainment, and educational hub of North Carolina’s Tidewater and Coastal Plains, Greenville is also recognized as the center of growth for the eastern region of North Carolina. Consistently “holding its own” with the qualities of a large city, Greenville ranked among the top 10 “Best Small Places for Business and Careers” in 2012 by Forbes Magazine. Since its earliest days in the 1770’s, the City’s population has grown to approximately 89,016 covering over 35 square miles. It is no surprise that many endorse this community as the best place to live, work, and play.

government

The City operates under a council-manager form of government. The Mayor and City Council are the governing body of the city. The Mayor acts as the official head of the government and spokesperson for the Council. The Mayor presides at all City Council meetings and signs all documents authorized by the Council. The Mayor Pro-Tem is selected by each newly-elected council. This person assumes mayoral duties in the absence of the Mayor. The Mayor and City Council are responsible for establishing general policies for the operation of the City as well as appointing the City Manager, City Attorney, City Clerk, and members of the volunteer Boards and Commissions. The Council enacts ordinances, resolutions and orders; adopts the annual budget; approves the financing of all City operations; and authorizes contracts on behalf of the City.

A mayor and six council members are elected by Greenville residents every two years. Five of the council members serve individual districts and the sixth is elected by the entire city and serves at-large, much like the mayor.

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 50 most “livable communities” in the United States.



The popular neighborhood of **Cobblestone** is very close to Vidant Medical Center. Townhouses are located in the front of this large community, and attached patio homes are in the back. The patio homes are unique in design, as they offer garages in the rear and each patio home is connected to another.

Conveniently located near the hospital, this condo community is located on Spring Forest Road. **Spring Forest** offers spacious, one-story condos set in a colony themed layout. A three-story building overlooking the community pool helps to create an exciting, resort-like atmosphere. Even with several buildings placed next to the pool, the bulk of the complex surrounds a gorgeous pond featuring a sparkling fountain in the middle. Several benches are scattered around the pond that offer a great place to sit and enjoy the relaxing view.

Tucker Estates includes the mini-subdivisions Tucker North and Tucker East. This established neighborhood is quite large and has conveniently located entrances at 14th Street and Red Banks Road, as well as being close to East Carolina University. Homes in this neighborhood range from traditional, ranch, and neoelectic and offer an abundant amount of floorplan options. Many of these homes have been custom built.

An equestrian neighborhood at heart, **Blue Banks** stands out as one of the front runners for Greenville’s most exclusive communities. These luxury homes are custom built in a variety of styles. Blue Banks has estate size lots with many being set in the woods for a very private feeling. In the front of the subdivision you will also find the Blue Banks Equestrian Center, aside from the fact that many of the homes already have their own private barns with pastures.

culture and 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 univ-

community profile

ersity 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. Randolph 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 ECU's School of Art and Design's educational mission by sponsoring six to eight exhibits each year. It also sponsors 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.

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, River Birch Tennis Center, and it's newest addition, the West Greenville Dream Park.

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, 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.

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, it 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 been 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 a 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.

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 2011 with 523,429 items borrowed and 475,126 patron visits. The library is a valuable source of information, recreation, and job enhancement in both book and non-book material. In addition, the library provides public-access

computers, in all, more than 199,212 computer sessions occurred in 2011. 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. For the first time in history, Greenville hosted the North Carolina Library biennial conference with the Sheppard staff playing an important part in the planning and hosting of conference events.

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 giveaways 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.

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 66 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, in-

cluding 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.

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 Vidant Medical Center. 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.

The only children's hospital in eastern North Carolina, the **James and Connie Maynard Children's Hospital**, was created in 1986 when the School of Medicine and the hospital pediatric services were consolidated. Prior to its existence, the main hospital had 24 beds designated for pediatric patients, with two beds reserved as neonatal intensive care. Since that time, a new hospital has been built along with an expansion project that began in 2010. The 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. The hospital theme will be aquatic with waves, bubbles, and fish.



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.

education

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 2011 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 2012.



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 Vidant Medical Center 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.

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 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.

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. PCC offers over 60 curriculum programs and a wide range of continuing education courses for students in the Greenville area. Pitt Community College offers 45 Associate Degree programs, 69 certificate programs, 28 diploma programs, and 11 University Transfer programs. PCC had a record breaking year in 2011 with 12,004 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 2012 offered approximately \$9.5 million in scholarships.

manufacturing

DSM 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 2011.



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 (NACCO) designs, engineers and manufactures materials handling equipment for virtually every market niche, including warehouse trucks, and 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 2011.

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

local economy

America customers. ASMO Greenville is built on 37.4 acres and covers 303,396 square feet of manufacturing floor space. ASMO Greenville was the fifth largest manufacturing employer in Greenville in 2011.

Grady-White Boats makes offshore sport fishing boats. Grady-White's 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 2011, Grady-White celebrated 52 years of private ownership (43 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 10 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.

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, 2011

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



Christopher P. Mouill

President

Jeffrey R. Emer

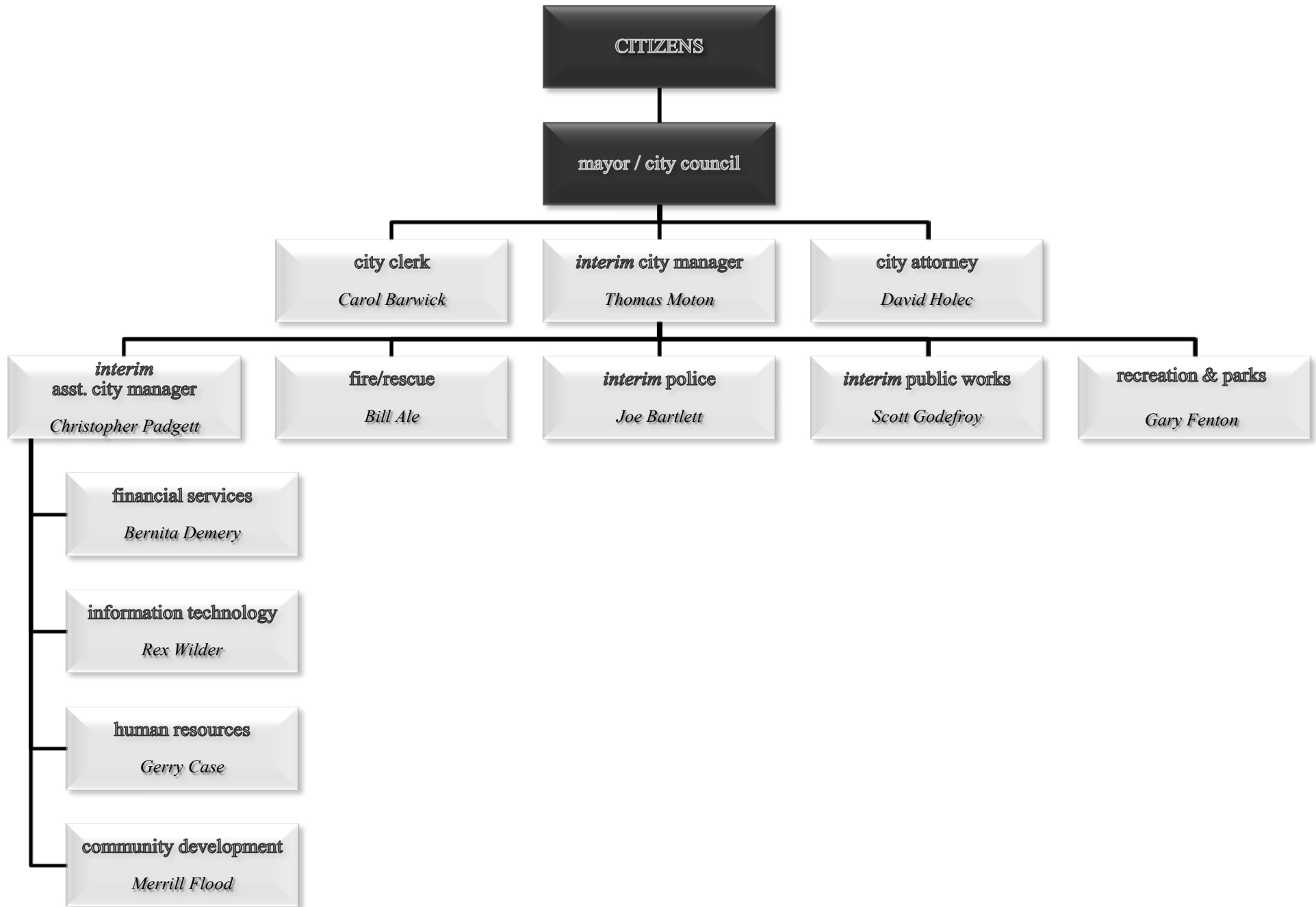
Executive Director



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, 2011.

This is the 23rd 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.

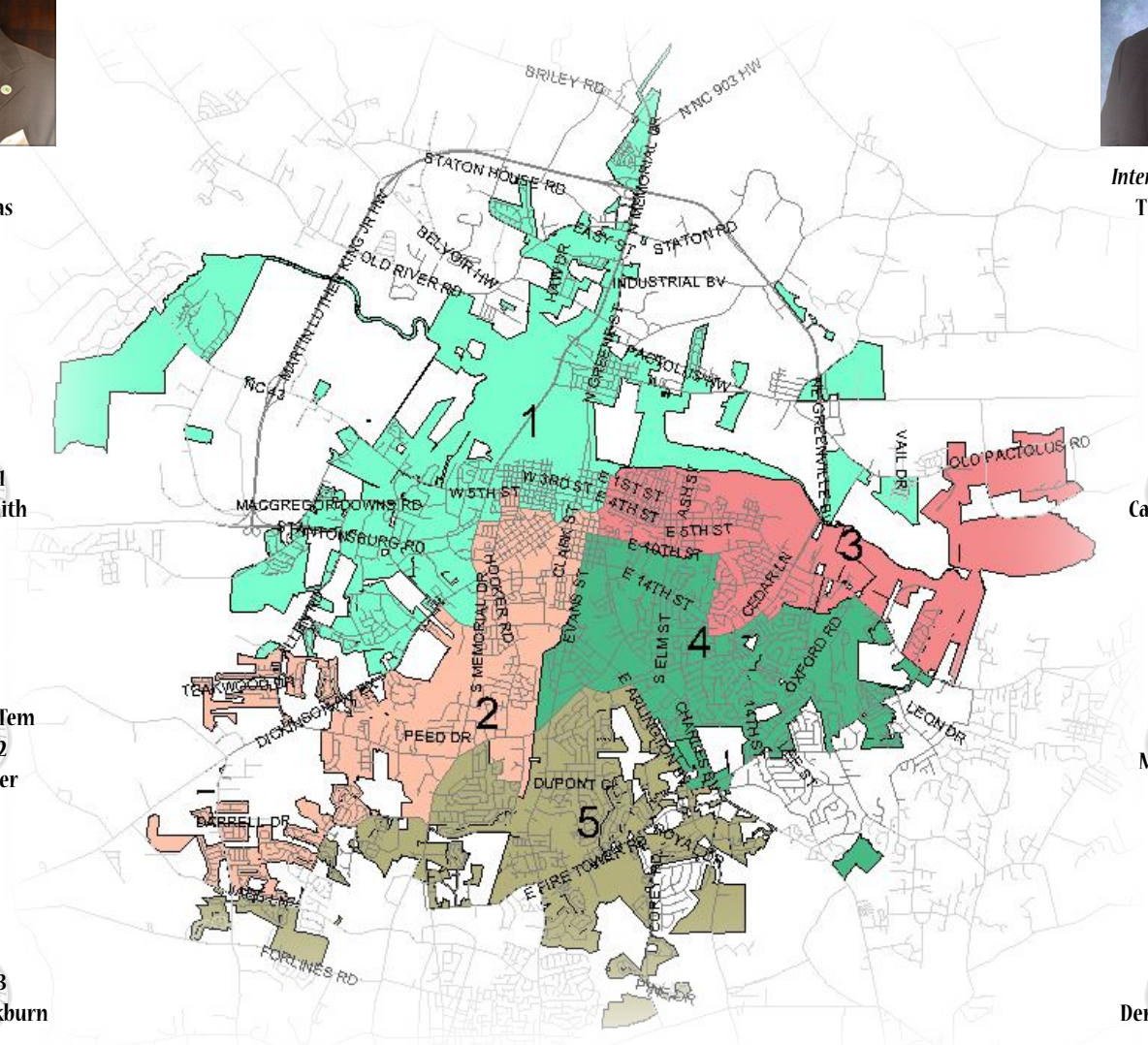




Mayor
Allen Thomas



Interim City Manager
Thomas Moton



District 1
Kandie Smith



District 4
Calvin Mercer



Mayor Pro-Tem
District 2
Rose Glover



District 5
Max Joynner



District 3
Marion Blackburn



At-Large
Dennis Mitchell

financial section



independent auditor's report

management's discussion & analysis

basic financial statements

notes, disclosures & statements

required supplemental statements

other supplementary information

government fund financial statements

non-major governmental funds

proprietary fund financial statements

internal service funds

debt service fund



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, 2012, 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, 2012, 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 *Governmental Auditing Standards*, we have also issued our report dated October 31, 2012 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the 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 16 through 27 and 100 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements and schedules listed in the table of contents under Other Supplementary Information and the schedule of expenditures of federal and state awards (in the compliance section) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenville's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Morehead City, North Carolina
November 21, 2012

management 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, 2012. 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, 2012, include:

- The assets of the City of Greenville exceeded its liabilities at the close of the fiscal year by \$495,685,146 (net assets). Of this amount, \$99,551,884 can be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$9,505,654, primarily due to increases in governmental activities. The City's net assets of business-type governmental activities increased by \$5,048,509.
- The City of Greenville's governmental funds reported combined ending fund balances of \$42,106,960, a decrease of \$990,848 in comparison with the prior year. This decrease is largely due to capital project activity spending of the existing bond proceeds. Approximately 63% of the total fund balance, within the General Fund, or \$20,232,571, is available for spending at the government's discretion. Of this amount, 72% is considered unassigned fund balance. The Governmental Fund Unassigned fund balance increased \$1,302,220 as a result of the current year's increase in the amount restricted by State Statute.
- Unassigned fund balance for the General Fund was \$14,683,133 or 21% of total general fund expenditures (including transfers) for the fiscal year. Overall, the fund balance for the General Fund increased by \$2,810,756, 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 2013 decision by City Council to maintain the tax rate at .52 cents; which was lower than the revenue neutral calculation of .56 cents.
- The City of Greenville's total debt, including the Greenville Utilities Commission's managed debt (excluding Law Enforcement Officer Separation Allowance, OPEB and Compensated Absences liabilities) had a net decrease of \$8.5 million during the current fiscal year due to the paydown of both City and GUC debt. In August 2011, the City of Greenville refinanced the Series 2001 Special Obligation Revenue bonds, saving the City approximately \$369,000 over 10 years.
- The City experienced property damage as a result of Hurricane Irene during August

of the fiscal year. The City was eligible and received 75% of damages until the final inspection is complete. At that time, the City should receive the remaining 25%.

- The City was able to maintain its tax rate of \$.52 per \$100 of assessed value despite the economic recession.

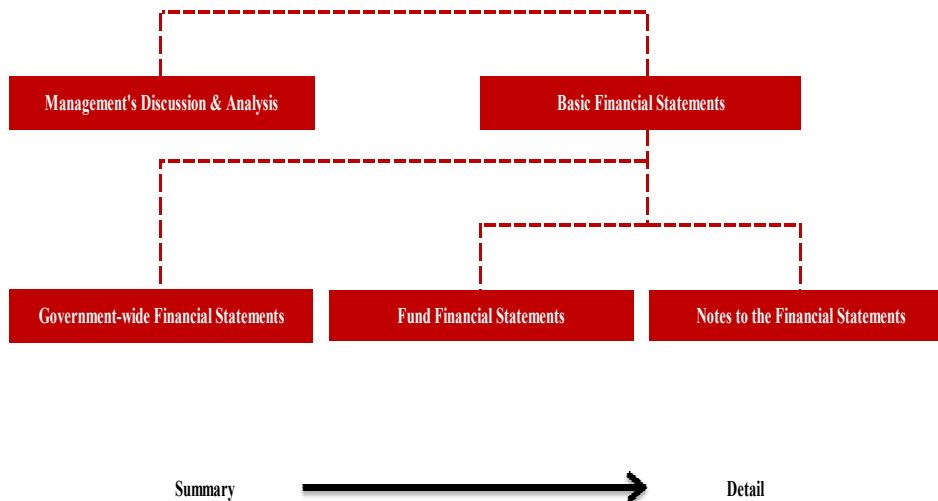
In addition, the City recognized the following accomplishments:

- The City of Greenville maintained its AA rating, indicating very strong capacity to meet its financial obligations. The Local Government Commission recommends that cities maintain at least eight percent of their operating budget in reserves (available for spending). Greenville has a policy of maintaining at least 14% of total expenses within the unassigned category and currently has a reserve ratio of 20%, which is equivalent to almost three months of regular operational expenses. 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. 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 23rd 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, use 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 funds, of the City of Greenville, can be divided into the three categories: governmental funds, proprietary funds and fiduciary funds.

management discussion & analysis

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 a five year 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. During the course of the year the Dental Fund was absorbed into the Health Insurance Fund in order to have one total Health Fund for the City. 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.

interdependence with other entities

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

government-wide financial analysis

The following is a summary of net assets as of June 30, 2012 (as shown in Exhibit A) with comparative data for June 30, 2011.

City of Greenville's Net Assets

Figure 2

	Government Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 60,100,344	\$ 58,147,853	\$ 123,818,778	\$ 125,344,581	\$ 183,919,122	\$ 183,492,434
Capital assets, non-depreciable	70,472,939	65,923,708	46,204,577	36,468,293	116,677,516	102,392,001
Capital assets, net	100,913,718	101,092,526	307,544,534	314,342,496	408,458,252	415,435,022
Total Assets	\$ 231,487,001	\$ 225,164,087	\$ 477,567,889	\$ 476,155,370	\$ 709,054,890	\$ 701,319,457
Long-term liabilities outstanding	\$ 47,415,886	\$ 47,992,073	\$ 116,560,443	\$ 120,634,962	\$ 163,976,329	\$ 168,627,035
Other liabilities	12,277,799	9,835,843	37,115,616	36,677,087	49,393,415	46,512,930
Total liabilities	\$ 59,693,685	\$ 57,827,916	\$ 153,676,059	\$ 157,312,049	\$ 213,369,744	\$ 215,139,965
Investments in capital assets, net of related debt	\$ 136,640,297	\$ 132,449,416	\$ 242,481,969	\$ 239,155,736	\$ 379,122,266	\$ 371,605,152
Restricted						
Stabilization by State Statute	8,997,834	7,331,329	-	-	8,997,834	7,331,329
Transportation	1,837,757	2,540,216	-	-	1,837,757	2,540,216
Other	6,175,405	819,004	-	-	6,175,405	819,004
Unrestricted	18,142,023	24,196,206	81,409,861	79,687,585	99,551,884	103,883,791
Total net assets	\$ 171,793,316	\$ 167,336,171	\$ 323,891,830	\$ 318,843,321	\$ 495,685,146	\$ 486,179,492

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 \$495,685,146 (net assets). The City's net assets increased by \$9,505,654 for the fiscal year ended June 30, 2012. However, the largest portion (76%) reflects the City's investment in capital assets (eg. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire assets. The City uses these assets to provide services to citizens; consequently, these assets are available for future spending. An additional portion of the City of Greenville's net assets \$17,010,993 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$99,551,884 can be used to meet the City's ongoing obligations to citizens and creditors (unrestricted).

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Sales tax increased by 10% due to the improvement in the economic climate.

- Continued low cost of debt through the City's bond rating. Refinanced Series 2001 Special Obligation Bond yielding \$364,000 savings over 10 years.
- Property tax collection percentage of 97.18%, which is comparable to the statewide average of 97.42%.

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.

City of Greenville's Changes in Net Assets

Figure 3

	Government Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Charges for services	\$ 10,286,919	\$ 7,745,220	\$ 270,948,664	\$ 283,277,205	\$ 281,235,583	\$ 291,022,425
Operating grants and contributions	9,819,636	9,502,113	1,009,120	830,129	10,828,756	10,332,242
Capital grants and contributions	4,091,125	10,257,739	4,911	1,061,800	4,096,036	11,319,539
General Revenues:					-	
Ad valorem taxes	31,487,007	30,890,667	-	-	31,487,007	30,890,667
Other taxes	11,935,555	10,724,274	-	-	11,935,555	10,724,274
Other	10,698,337	11,915,833	336,577	641,268	11,034,914	12,557,101
Total Revenues	\$ 78,318,579	\$ 81,035,846	\$ 272,299,272	\$ 285,810,402	\$ 350,617,851	\$ 366,846,248
Expenses						
General governmental	10,480,017	10,172,122	-	-	10,480,017	10,172,122
Public Safety	39,384,581	36,159,167	-	-	39,384,581	36,159,167
Transportation	10,325,779	9,344,005	-	-	10,325,779	9,344,005
Cultural and recreation	11,502,602	11,398,275	-	-	11,502,602	11,398,275
Economic and physical development	6,065,463	4,624,928	-	-	6,065,463	4,624,928
Interest and fees	1,657,520	1,602,311	-	-	1,657,520	1,602,311
Electric	-	-	191,268,637	195,509,841	191,268,637	195,509,841
Water	-	-	16,402,889	15,043,755	16,402,889	15,043,755
Sewer	-	-	16,208,334	15,673,137	16,208,334	15,673,137
Gas	-	-	24,946,617	31,972,145	24,946,617	31,972,145
Public Transportation	-	-	2,178,017	1,836,905	2,178,017	1,836,905
Bradford Creek Golf Course	-	-	930,182	913,970	930,182	913,970
Stormwater Utility	-	-	3,118,660	2,899,750	3,118,660	2,899,750
Sanitation	-	-	6,642,899	5,961,311	6,642,899	5,961,311
Total Expense	\$ 79,415,962	\$ 73,300,808	\$ 261,696,235	\$ 269,810,814	\$ 341,112,197	\$ 343,111,622
Increase in net assets before transfers	(1,097,383)	7,735,038	10,603,037	15,999,588	9,505,654	23,734,626
Transfers	5,554,528	6,661,755	(5,554,528)	(6,661,755)	-	-
Increase in net assets	\$ 4,457,145	\$ 14,396,793	\$ 5,048,509	\$ 9,337,833	\$ 9,505,654	\$ 23,734,626
Net assets, July 1	167,336,171	152,939,378	318,843,321	309,505,488	486,179,492	462,444,866
Net assets, June 30	\$ 171,793,316	\$ 167,336,171	\$ 323,891,830	\$ 318,843,321	\$ 495,685,146	\$ 486,179,492

Governmental Activities. Governmental activities increased the City's net assets by \$4,457,145, accounting for approximately 47% of the total growth in the government's net assets. Of total net assets, governmental activities accounted for \$171,793,316, or 35%.

- Capital asset activity was a key element of the increase. A significant portion of this increase was due to the spending of bond proceeds shown through Construction in Progress and Infrastructure.

Business-type Activities. The Greenville Utilities Commission has net assets of \$318,181,414 as of June 30, 2012. This represents 98.3% of the total business-type activities net assets amount. Of this amount, \$79,195,785 (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 31% of total GUC expenses for the fiscal year. Overall, business-type activities increased the City of Greenville's net assets by \$7,178,095 accounting for 74% of the total growth in the government's net assets. This increase is smaller than the increase in net assets recognized during the previous year. The majority of this increase is due to activities by the Greenville Utilities Commission.

Key elements of this increase are as follows:

- A portion of this increase represents the degree to which decreases in customer revenues were offset by corresponding decreases in purchased power and purchased gas costs. The remainder of this growth largely reflects miscellaneous revenue.
- Charges for services decreased by \$14,630,057 or 5.4 percent. The Electric Fund accounts for 64.1% of this decrease, which resulted primarily from decreases in consumption associated with weather conditions.

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 the City'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 \$14,683,133, while total fund balance was \$31,964,967. 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 (including transfers). Unassigned fund balance represents 17% of total General Fund expenditures, while total fund balance represents 45% of that same amount. The City Council has determined that the City shall maintain an unassigned balance of 14% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. Currently, the 14% in unassigned fund balance equals almost two months of operational expenses. As of June 30, 2012, the governmental funds of City of Greenville reported a combined fund balance of \$42,106,960, which is a two percent decrease from prior year due to the spending of existing bond proceeds. Included in this change in fund balance are the decreases in the Capital Project Funds from spending existing bond proceeds.

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 \$5,651,783. When compared to the adjustments proposed last year, this is a 10% decrease. Consistent with prior year, 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 \$3,065,395 (before other financing sources), increasing more than 79% from the change experienced in FY 2011. General Fund total revenues increased four percent, with operating revenue increasing approximately three and a half percent. Operational expenditures remained level with the prior year increasing by only a percent. Inclusive of other financing sources, General Fund revenues exceeded expenditures by \$2,810,756, increasing 81% from FY 2011's net result.

While the budget amendments for the year amounted to approximately \$5.6 million, actual operating revenues remained within budget by less than one percent margin. With the economy showing signs of recovery, Property tax increased approximately three percent over prior year actuals showing some normal growth. Sales tax gross receipts show a 10% increase. Restricted Intergovernmental revenues decreased four percent due to a decrease in grant revenues recognized within the General Fund. During the current year, City staff decided to set up a Special Revenue Fund to track all future grant proceeds. As such, new grant funds received were classified as special revenue instead of being absorbed within the general fund, which will explain a portion of the revenue increase within the non-major governmental funds. Investment Earnings improved from the previous year as the economy began to recover; however, it continues to lag behind budget by almost 50%. The City continues its investment efforts and continues to out perform

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performance benchmarks.

General Fund expenditures remained almost flat in comparison to the prior year, increasing approximately two percent. The most significant changes were in public safety and recreation for maintenance needs. Consistent with prior year, other notable expenditure increases were in Contracted Services, Fuel, and Utility costs. Capital Improvement costs also remained flat with an annual change of less than one percent; however this category was significantly under budget as a result of management making the choice to delay capital projects during this continued state of economic uncertainty. 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, 2012, totals \$525,136,162 (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:

- Infrastructure for streets and sidewalks (\$4.9M)
- 10th Street connector road work (\$3.2M)
- Drew Steele Center Revitalization (\$1.2M)
- Replacement vehicles (\$2.6M)
- Construction in Progress for Stormwater Improvements (\$1.6M)

Utilities Commission major capital asset events included:

- Distribution substations improvements totaling \$888,752
- Raw water pump station improvements totaling \$953,977
- Construction activities for the Sterling Pointe and Westside pump stations and force mains totaling \$6,649,072
- Facility improvements at the Wastewater Treatment Plant of \$1,459,224

Additional information on the City's capital assets can be found in the notes of this report.

City of Greenville's Capital Assets

Figure 4

	Government Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 40,512,293	\$ 40,282,599	\$ 3,590,672	\$ 3,602,972	\$ 44,102,965	\$ 43,885,571
Right-of-Way Easement	7,230,332	6,747,132	51,015	51,015	7,281,347	6,798,147
Construction in Progress	22,730,313	18,893,977	42,580,155	32,814,306	65,310,468	51,708,283
Buildings	56,645,983	56,855,971	110,987,056	110,184,862	167,633,039	167,040,833
Other Improvements	7,349,447	7,586,935	100,045	100,045	7,449,492	7,686,980
Infrastructure	77,831,699	73,313,164	183,681	80,631	78,015,380	73,393,795
Machinery and Equipment	19,611,961	21,283,212	7,631,740	8,459,093	27,243,701	29,742,305
Land Rights	-	-	418,444	404,044	418,444	404,044
Furniture and Office Equipment	-	-	9,591,902	9,495,964	9,591,902	9,495,946
Vehicles and Equipment	9,826,371	7,241,342	28,512,365	27,784,119	38,338,736	35,025,461
Distribution Systems	-	-	393,488,602	387,362,140	393,488,602	387,362,140
Transmission Systems	-	-	35,607,602	33,299,718	35,607,602	33,299,718
Subtotal	241,738,399	232,204,332	632,743,279	613,638,909	874,481,678	845,843,223
Accumulated Depreciation	(70,351,744)	(65,188,098)	(278,994,168)	(262,828,120)	(349,345,912)	(328,016,218)
Capital assets, net	\$ 171,386,655	\$ 167,016,234	\$ 353,749,111	\$ 350,810,789	\$ 525,135,766	\$ 517,827,005

Long-term Debt. As of June 30, 2012, the City of Greenville had total debt outstanding of \$149,161,770 (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance). Of this, \$34,746,361 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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$ 12,012,398	\$ 12,980,941	\$ 4,570,520	\$ 4,966,976	\$ 16,582,918	\$ 17,947,917
Certificates of Participation	9,750,000	10,565,000	-	-	9,750,000	10,565,000
Special Obligation (Revenue)	3,967,944	4,155,000	78,258,516	83,976,071	82,226,460	88,131,071
Installment Purchase Contracts	9,016,019	10,007,270	-	-	9,016,019	10,007,270
Other Debt (GUC)	-	-	31,586,373	30,960,282	31,586,373	30,960,282
Total	<u>\$ 34,746,361</u>	<u>\$ 37,708,211</u>	<u>\$ 114,415,409</u>	<u>\$ 119,903,329</u>	<u>\$ 149,161,770</u>	<u>\$ 157,611,540</u>

Total net debt (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance) has decreased by \$8.45 million (5.4 percent) during the current fiscal year. The City retired debt totaling \$7.5 million. A portion of this (59.4%) was retired as a result of the refunding of 2001 Series of the Special Obligation Revenue Bonds. GUC retired \$20.4 million in debt but also added \$12.2 million in debt resulting in a net decrease of \$8.2 million in total GUC debt.

As previously mentioned in the Transmittal Letter and the accomplishment section above, as of June 30, 2012, 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 maintain 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 the City of Greenville remained flat compared to the prior year at approximately \$454 million. The City has no authorized but unissued debt as of June 30, 2012.

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.

economic factors and next year’s budget and rates

The 2010 U.S. Census reported that Greenville grew from a population of 60,476 in 2000 to 86,017, which represents an increase of 42.23%. Staff projects the city will grow approximately 2.45% per year. If that projection holds true, the city’s population will reach 95,419 in 2015 and 107,693 by 2020. With that growth, additional infrastructure improvements and services will be needed.

When reviewing and evaluating our current economic condition, the Federal Reserve indicated that the economy may weaken further before gaining strength. While it appears that a fragile recovery may be taking hold, it is also clear that this one will be radically different from all previous post-WWII recoveries. The 2007-2009 recession has created a “new normal” economically which has made previous forecasting assumptions and methodologies unreliable. Forecasters can no longer look to historical trends to guide their projections.

The city continues to face challenges posed by the economy, declining State support for city services, and limited revenue enhancements. Amid these and other pressures, expectations are for the City of Greenville to find ways to deliver services more efficiently and more broadly in different ways and continue to grow --- “The New Normal.” As a result, the budget for fiscal year 2012-2013 includes a combination of reductions to staffing/personnel cost adjustments, departmental discretionary funding adjustments, funding adjustments for the vehicle replacement program, and revenue enhancements. Recovering from the recent economic downturn and the timing of the county’s recent property revaluation has been particularly challenging for the city, as values have decreased when compared with the 2008 revaluation. As the City’s most significant revenue source, property

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tax (39%), the City Council's decision to set the tax rate levy at 52¢ per \$100 assessed valuation impacted significantly the budget development process.

The Utilities Commission's 2012-2013 budget was prepared to ensure the long-term success of our mission to provide safe and reliable utility services at the lowest reasonable costs, with exceptional customer service. Like organizations all across the nation, the Utilities Commission is dealing with increased costs as the economy continues to recover from the recession. Rising costs for fuel, energy, supplies, materials, and insurance make it necessary to be judicious with expenditure controls, efficient with staffing and work practices, and to continually strengthen partnerships as the Utilities Commission realizes its vision of being the regional provider of choice. No rate increases were budgeted for any of the funds for the 2012-13 fiscal year.

budget highlights for the fiscal year ending june 30, 2013

Governmental Activities. Adopted budget expenditures in the General Fund are expected to increase to \$75,111,601. This amount represents a less than one percent increase over the original budget adopted for the prior fiscal year. Moreover, the fiscal year 2013 original budget 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 59% of the revenue stream:

Property Taxes. The year 2012 marked a revaluation year. The Pitt County Tax Assessor's Office conducts real and personal property revaluations every four years. For the first time in over 20 years, the revaluation process resulted in a 6.5 percent reduction in real property values. An increase in personal property values helped affect some of the lost tax base. The City of Greenville's fiscal year 2012-2013 revenue-neutral tax rate with growth is 56.44¢ per \$100 valuation.

City Council directed staff at the May 7, 2012, City Council meeting to create a balanced general fund budget using the City's current tax rate of 52¢ per \$100 valuation. The impact of not using a revenue-neutral tax rate is a reduction in property tax revenues by \$2,115,502. The proposed budget for fiscal year 2012-2013 is based on maintaining the tax rate of 52¢ per \$100 of valuation. This rate is anticipated to produce total property tax revenues for 2012-2013 of \$29,207,880, or 39% of the total General Fund. This amount is \$2.1 million dollars less than 2011-2012 projected tax collections. For 2012-2013, each 1¢ of tax rate is anticipated to generate \$561,690.

Sales Tax. This revenue source constitutes 20% of total General Fund revenues. Sales tax is historically difficult to project because it is a State-collected and distributed revenue. Changes in the distribution formula, distribution errors that required repayment, and variations in the timing of refunds and reallocations prevent prior

years from being reliable indicators of future year distributions. Management expects fiscal years 2012-2013 and 2013-2014 sales tax receipts will be adjusted downward by approximately \$30,000 per month to correct a North Carolina Department of Revenue's distribution error caused by a nonprofit vendor's sales tax submission errors.

Based on the review of economic performance evaluations, prior to the recession, a large portion of North Carolina retail sales were related to the construction of new homes. The housing market crash resulted in a significant loss of sales tax revenue. Even if consumer spending increases, retail sales and the sales tax they generate will not reach pre-recession levels in the near future. Although there have been recent discoveries of a State distribution error, the proposed budget for 2012-2013 of \$14,611,439 is an increase of almost one percent over the current year budget projections.

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

Personnel. Salaries and benefits represent 67% of the total General Fund budget. Given the economic climate and the lack of new revenues, various options were considered during the budget preparation and deliberation process as to how to continue to invest in the organization's most valuable resource-the employees-and reduce operating costs. At \$48,685,391 for 2012-2013, personnel expenses are projected to increase by \$1,407,208 or 2.9 percent over budgeted expenses for fiscal year 2011-2012. Based on the recommendations of the Joint City-GUC Pay and Benefits Committee, and recognizing the importance of recruiting and retaining skilled employees, the budget includes a 2.5 percent market adjustment. The Joint Committee also recommended a pool of \$100,000 to make special pay adjustments and to continue addressing compression issues. The budget also includes the temporary reduction of the City's supplemental 401k retirement contribution for employees (excluding police). Currently, the contribution is \$40 per pay period (\$1,040 per year). Management is proposing to reduce this amount to \$10 per pay period. The potential saving of this adjustment to the General Fund is approximately \$104,666 for both years. No new positions were approved for fiscal year 2012-2013.

Operations. Operational costs are expected to increase by minimally by 2.7 percent from prior year budget. The 2012-2013 budget includes overall departmental budget reductions of \$606,354 to assist with the shortfall of maintaining the current tax rate. Additionally, in line with City Council's goals, the budget includes \$150,000 for 2012-2013 for the establishment of an Economic Development Division, whose funds can be used to develop and support economic development within the city limits.

Fiscal year 2012-2013 will be the first year that the General Fund will track activity

of the Bradford Creek Golf Course as oppose to it being an Enterprise Fund. The operating deficits that this fund has accumulated during the past 10 plus years, has been offset by loans from the General Fund. In recent years, due to the economic recession and other factors, the deficits have increased, contributing to greater efforts to reduce expenses. Needed improvements to the course have had to be postponed, which will eventually lead to a lessening of the facility's quality and potentially a further reduction in revenue. As a result, management decided to absorb Bradford Creek into the General Fund.

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 economic recession. Rising costs for fuel, energy, supplies, materials, and insurance make it necessary to be judicious with expenditure controls, efficient with staffing and work practices. Budget highlights for fiscal year 2012-2013 are as follows:

- No rate adjustment for any of the enterprise funds (water, electric, gas, or sewer)
- Prefunding of Other Post-Employment Benefits (OPEB) has been increased by \$50,000 to \$300,000
- Investment of \$9.7 million for capital outlay and debt service to support \$52.2 million for capital projects in order to maintain system reliability and comply with regulatory requirements in the combined enterprise operation. Annual turnover or transfer of \$5,912,905 to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly.

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

June 30, 2012

Exhibit A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 47,185,918	\$ 84,985,302	\$ 132,171,220
Taxes and licenses receivable, net	1,064,760	-	1,064,760
Accounts receivable, net	4,111,191	26,781,755	30,892,946
Notes/Loans receivable	-	505,348	505,348
Due from other governments	2,969,248	1,325,141	4,294,389
Inventories	161,634	6,825,769	6,987,403
Prepaid items and deposits	177,265	62,932	240,197
Internal balances	995,574	(995,574)	-
Total current assets	<u>56,665,590</u>	<u>119,490,673</u>	<u>176,156,263</u>
Cash and investments, restricted	3,434,754	4,328,105	7,762,859
Land, improvements and construction in progress	70,472,939	46,204,577	116,677,516
Other capital assets, net of depreciation	100,913,718	307,544,534	408,458,252
Total noncurrent assets	<u>174,821,411</u>	<u>358,077,216</u>	<u>532,898,627</u>
Total assets	<u>231,487,001</u>	<u>477,567,889</u>	<u>709,054,890</u>
Liabilities			
Accounts payable and accrued liabilities	6,605,364	21,450,981	28,056,345
Customer deposits	-	3,402,117	3,402,117
Accrued interest payable	155,735	808,894	964,629
Unearned revenue	335,827	557,404	893,231
Current portion of compensated absences	2,020,957	1,537,512	3,558,469
Current portion of long-term debt	3,159,916	9,358,708	12,518,624
Total current liabilities	<u>12,277,799</u>	<u>37,115,616</u>	<u>49,393,415</u>
Long-Term Liabilities:			
Noncurrent portion of long-term liabilities	47,415,886	116,560,443	163,976,329
Total liabilities	<u>59,693,685</u>	<u>153,676,059</u>	<u>213,369,744</u>
Net Assets			
Investments in capital assets, net of related debt	136,640,297	242,481,969	379,122,266
Restricted			
Stabilization by State Statute	8,997,834	-	8,997,834
Transportation	1,837,757	-	1,837,757
Other	6,175,405	-	6,175,405
Unrestricted	18,142,023	81,409,861	99,551,884
Total net assets	<u>\$ 171,793,316</u>	<u>\$ 323,891,830</u>	<u>\$ 495,685,146</u>

See Notes to the Financial Statements.

Statement of Activities
For the Year Ended June 30, 2012

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 10,480,017	\$ 3,140,270	\$ 1,961,039	\$ -	\$ (5,378,708)	\$ -	\$ (5,378,708)
Public safety	39,384,581	5,545,407	1,507,874	-	(32,331,300)	-	(32,331,300)
Transportation	10,325,779	247,402	2,678,659	3,234,475	(4,165,243)	-	(4,165,243)
Cultural and recreational	11,502,602	1,353,840	1,063,349	565,669	(8,519,744)	-	(8,519,744)
Economic and physical development	6,065,463	-	2,608,715	290,981	(3,165,767)	-	(3,165,767)
Interest and fees	1,657,520	-	-	-	(1,657,520)	-	(1,657,520)
Total governmental activities	<u>79,415,962</u>	<u>10,286,919</u>	<u>9,819,636</u>	<u>4,091,125</u>	<u>(55,218,282)</u>	<u>-</u>	<u>(55,218,282)</u>
Business-type activities:							
Electric	191,268,637	196,531,321	-	-	-	5,262,684	5,262,684
Water	16,402,889	16,462,559	-	-	-	59,670	59,670
Sewer	16,208,334	17,970,921	-	-	-	1,762,587	1,762,587
Gas	24,946,617	30,440,274	-	-	-	5,493,657	5,493,657
Public transportation	2,178,017	314,560	1,009,120	-	-	(854,337)	(854,337)
Bradford Creek Golf Course	930,182	859,829	-	-	-	(70,353)	(70,353)
Stormwater utility	3,118,660	2,961,631	-	-	-	(157,029)	(157,029)
Sanitation fund	6,642,899	5,407,569	-	4,911	-	(1,230,419)	(1,230,419)
Total business-type activities	<u>261,696,235</u>	<u>270,948,664</u>	<u>1,009,120</u>	<u>4,911</u>	<u>-</u>	<u>10,266,460</u>	<u>10,266,460</u>
Total primary government	<u>\$ 341,112,197</u>	<u>\$ 281,235,583</u>	<u>\$ 10,828,756</u>	<u>\$ 4,096,036</u>	<u>(55,218,282)</u>	<u>10,266,460</u>	<u>(44,951,822)</u>
General revenues:							
Ad valorem taxes					31,487,007	-	31,487,007
Sales and use taxes					11,935,555	-	11,935,555
Cable TV franchise tax					953,187	-	953,187
Medicaid Hold Harmless payment					2,758,919	-	2,758,919
Rental vehicle, gross receipts					121,759	-	121,759
Utilities franchise tax					5,488,817	-	5,488,817
Beer and wine tax					368,940	-	368,940
Other taxes & licenses					532,851	-	532,851
Investment earnings					969,023	336,577	1,305,600
Loss on disposal of assets					(495,159)	-	(495,159)
Subtotal general revenue					54,120,899	336,577	54,457,476
Transfers					5,554,528	(5,554,528)	-
Total general revenues and transfers					<u>59,675,427</u>	<u>(5,217,951)</u>	<u>54,457,476</u>
Change in net assets					4,457,145	5,048,509	9,505,654
Net assets, beginning of year:					167,336,171	318,843,321	486,179,492
Net assets, ending					<u>\$ 171,793,316</u>	<u>\$ 323,891,830</u>	<u>\$ 495,685,146</u>

See Notes to the Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2012

Exhibit C

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 28,801,449	\$ 8,037,201	\$ 36,838,650
Taxes receivable, net	1,057,465	-	1,057,465
Accounts receivable, net	2,897,045	1,125,986	4,023,031
Loans receivable	-	-	-
Due from other funds	2,650,408	-	2,650,408
Due from other governments	2,602,480	248,880	2,851,360
Inventories	17,361	-	17,361
Prepaid items and deposits	133,398	43,685	177,083
Restricted cash and investments	514,218	2,920,536	3,434,754
Total assets	<u>\$ 38,673,824</u>	<u>\$ 12,376,288</u>	<u>\$ 51,050,112</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,813,330	\$ 550,369	\$ 3,363,699
Due to other funds	121,203	1,214,869	1,336,072
Other liabilities	323,214	-	323,214
Deferred/Unearned revenue	3,451,110	469,057	3,920,167
Total liabilities	<u>6,708,857</u>	<u>2,234,295</u>	<u>8,943,152</u>
Fund Balances			
Nonspendable			
Prepaid items and inventories	150,759	43,685	194,444
Spendable			
Restricted			
Stabilization by State Statute	8,086,925	910,909	8,997,834
Restricted for general government	1,251,192	-	1,251,192
Restricted for streets	1,837,757	-	1,837,757
Restricted for public safety	405,763	16,946	422,709
Restricted for public works	-	606,102	606,102
Restricted for economic development	-	2,592,641	2,592,641
Restricted for culture and recreation	-	1,302,761	1,302,761
Committed			
Committed for catastrophic losses	2,729,453	-	2,729,453
Committed for League of Municipalities	145,606	-	145,606
Committed for capital projects	-	5,016,790	5,016,790
Committed for debt service	184,581	979,357	1,163,938
Assigned			
Assigned for subsequent years expenditures	2,489,798	-	2,489,798
Unassigned	14,683,133	(1,327,198)	13,355,935
Total fund balance	<u>31,964,967</u>	<u>10,141,993</u>	<u>42,106,960</u>
Total liabilities and fund balances	<u>\$ 38,673,824</u>	<u>\$ 12,376,288</u>	<u>\$ 51,050,112</u>

See Notes to the Financial Statements.

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets - Governmental Activities
June 30, 2012**

**Exhibit C
(Continued)**

Total fund balances for governmental funds	\$ 42,106,960
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds	163,979,989
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.	3,594,194
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	14,810,172
Long-term liabilities, including compensated absences, unfunded other postemployment and unfunded pension obligations and accrued interest are not due and payable in the current period and therefore, are not reported in the funds.	<u>(52,697,999)</u>
Net assets of governmental activities	<u>\$ 171,793,316</u>

See Notes to the Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2012

Exhibit D

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 31,567,341	\$ -	\$ 31,567,341
Other taxes	15,769,420	844,992	16,614,412
Unrestricted intergovernmental	5,857,757	-	5,857,757
Restricted intergovernmental	4,287,027	7,879,218	12,166,245
Licenses, permits and fees	2,632,194	-	2,632,194
Sales and services	5,117,437	-	5,117,437
Investment earnings	951,911	16,845	968,756
Other revenues	501,427	858,937	1,360,364
Total revenues	<u>66,684,514</u>	<u>9,599,992</u>	<u>76,284,506</u>
Expenditures:			
Current:			
General government	9,099,952	-	9,099,952
Public safety	34,441,277	659,244	35,100,521
Public works	8,562,137	1,275,514	9,837,651
Cultural and recreational	6,572,708	2,199,544	8,772,252
Economic and physical development	1,668,323	3,287,731	4,956,054
Capital outlay	3,626,076	7,020,783	10,646,859
Reimbursement of indirect cost	(601,354)	-	(601,354)
Contribution to OPEB Trust	250,000	-	250,000
Debt service:			
Principal retirement	-	3,047,123	3,047,123
Interest and fees	-	1,684,330	1,684,330
Total expenditures	<u>63,619,119</u>	<u>19,174,269</u>	<u>82,793,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,065,395</u>	<u>(9,574,277)</u>	<u>(6,508,882)</u>
Other financing sources (uses):			
Debt issued	-	4,292,944	4,292,944
Payments to escrow agents	-	(4,207,672)	(4,207,672)
Transfers from other funds	7,110,150	7,096,938	14,207,088
Transfers to other funds	(7,364,789)	(1,409,537)	(8,774,326)
Total other financing sources	<u>(254,639)</u>	<u>5,772,673</u>	<u>5,518,034</u>
Net change in fund balances	<u>2,810,756</u>	<u>(3,801,604)</u>	<u>(990,848)</u>
Fund balance:			
Beginning	29,154,211	13,943,597	43,097,808
Ending	<u>\$ 31,964,967</u>	<u>\$ 10,141,993</u>	<u>\$ 42,106,960</u>

See Notes to the 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, 2012**

Exhibit E

Net change in fund balances - total governmental funds	\$ (990,848)
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.	8,195,690
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,667,755)
There are differences in the revenues in the statement of activities and revenues in the funds for:	
Property tax	(80,334)
Sales and services and other revenues	162,311
Expenses related to other postemployment benefits, compensated absences and law enforcement officer's separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(2,445,573)
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.	(4,292,944)
Changes in accrued interest expense	26,810
Principal repayments on long-term debt are reported as expenditures in the governmental funds statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.	7,254,795
Gain (loss) on disposal of capital assets is reported in the statement of activities but not the funds statement.	(495,159)
Contributed capital from third party donors or other funds is reported in the statement of activities but not the fund statements.	1,967,400
The internal service fund is used by management to charge the costs of dental insurance costs. The net revenue of the internal service fund is determined to be governmental-type.	<u>1,822,752</u>
Change in net assets of governmental activities	<u>\$ 4,457,145</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, 2012

Exhibit F

	General Fund			Variance With Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 29,813,308	\$ 30,596,014	\$ 31,567,341	\$ 971,327
Other taxes	14,350,430	15,262,169	15,769,420	507,251
Unrestricted intergovernmental	8,449,831	6,334,680	5,857,757	(476,923)
Restricted intergovernmental	4,181,705	4,521,894	4,287,027	(234,867)
Licenses, permits and fees	3,591,789	2,385,165	2,632,194	247,029
Sales and services	3,694,443	4,855,365	5,117,437	262,072
Investment earnings	1,884,450	1,884,450	951,911	(932,539)
Other revenues	295,641	619,712	501,427	(118,285)
Total revenues	<u>66,261,597</u>	<u>66,459,449</u>	<u>66,684,514</u>	<u>225,065</u>
Expenditures:				
Current:				
General government	10,283,056	10,644,926	9,099,952	1,544,974
Public safety	35,373,773	36,188,853	34,441,277	1,747,576
Public works	9,042,758	9,499,135	8,562,137	936,998
Economic development	1,725,349	1,966,404	1,668,323	298,081
Cultural and recreational	6,305,388	6,714,756	6,572,708	142,048
Capital outlay	5,901,383	7,832,461	3,626,076	4,206,385
Reimbursement of indirect cost	(601,354)	(601,354)	(601,354)	-
Contribution to OPEB Trust	250,000	250,000	250,000	-
Contingency	150,000	-	-	-
Total expenditures	<u>68,430,353</u>	<u>72,495,181</u>	<u>63,619,119</u>	<u>8,876,062</u>
Revenues under expenditures	<u>(2,168,756)</u>	<u>(6,035,732)</u>	<u>3,065,395</u>	<u>9,101,127</u>
Other financing sources (uses):				
Transfers from other funds	6,048,622	7,118,476	7,110,150	(8,326)
Transfers to other funds	(5,970,451)	(7,557,406)	(7,364,789)	192,617
Appropriated fund balance	2,090,585	6,474,662	-	(6,474,662)
Total other financing sources (uses)	<u>2,168,756</u>	<u>6,035,732</u>	<u>(254,639)</u>	<u>(6,290,371)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>2,810,756</u>	<u>\$ 2,810,756</u>
Fund balance, beginning of year			29,154,211	
Fund balance, end of year			<u>\$ 31,964,967</u>	

See Notes to the Financial Statements.

Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

Exhibit G

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund			
Assets							
Current Assets							
Cash and cash equivalents	\$ 39,446,938	\$ 4,304,153	\$ 5,294,991	\$ 21,385,252	\$ 4,553,968	\$ 74,985,302	\$ 10,347,268
Investments	5,540,971	650,637	822,022	2,986,370	-	10,000,000	-
Accounts receivable, net	20,701,978	1,745,224	1,826,289	1,650,769	857,495	26,781,755	95,455
Notes receivable	-	505,348	-	-	-	505,348	-
Due from other governments	944,264	65,326	271,783	17,241	26,527	1,325,141	117,888
Due from other funds	121,203	-	-	-	678,414	799,617	-
Inventories	5,572,407	625,653	103,255	510,257	14,197	6,825,769	144,273
Prepaid items and deposits	47,460	490	13,327	979	676	62,932	182
Total current assets	<u>72,375,221</u>	<u>7,896,831</u>	<u>8,331,667</u>	<u>26,550,868</u>	<u>6,131,277</u>	<u>121,285,864</u>	<u>10,705,066</u>
Noncurrent Assets							
Cash and cash equivalents,	736,374	1,600,506	1,498,222	489,302	3,701	4,328,105	-
Land improvements and progress	3,723,327	7,928,822	28,017,713	381,694	6,153,021	46,204,577	-
Other capital assets, net	85,080,408	86,614,957	106,006,424	27,932,607	1,910,138	307,544,534	7,352,172
Total noncurrent assets	<u>89,540,109</u>	<u>96,144,285</u>	<u>135,522,359</u>	<u>28,803,603</u>	<u>8,066,860</u>	<u>358,077,216</u>	<u>7,352,172</u>
Total assets	<u>161,915,330</u>	<u>104,041,116</u>	<u>143,854,026</u>	<u>55,354,471</u>	<u>14,198,137</u>	<u>479,363,080</u>	<u>18,057,238</u>
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued	16,352,143	1,210,885	1,978,025	1,219,387	690,541	21,450,981	2,918,450
Customer deposits	2,601,181	471,650	775	328,511	-	3,402,117	-
Accrued interest payable	195,699	247,222	284,535	81,438	-	808,894	-
Due to other funds	814,082	-	-	-	981,109	1,795,191	318,762
Unearned revenue	-	190,801	365,283	-	1,320	557,404	9,854
Current portion of compensated	618,094	274,697	257,179	199,338	188,204	1,537,512	-
Current maturities of long-term	2,215,522	2,652,095	3,297,344	1,027,290	166,457	9,358,708	-
Total current liabilities	<u>22,796,721</u>	<u>5,047,350</u>	<u>6,183,141</u>	<u>2,855,964</u>	<u>2,027,631</u>	<u>38,910,807</u>	<u>3,247,066</u>
Noncurrent Liabilities							
Compensated absences payable	123,528	83,194	104,015	83,237	80,658	474,632	-
Noncurrent portion of other	21,739,829	30,344,359	40,395,903	8,172,547	1,975,369	102,628,007	-
Noncurrent portion of long-term	4,279,018	1,876,735	1,515,104	1,382,884	4,404,063	13,457,804	-
Total noncurrent liabilities	<u>26,142,375</u>	<u>32,304,288</u>	<u>42,015,022</u>	<u>9,638,668</u>	<u>6,460,090</u>	<u>116,560,443</u>	<u>-</u>
Total liabilities	<u>48,939,096</u>	<u>37,351,638</u>	<u>48,198,163</u>	<u>12,494,632</u>	<u>8,487,721</u>	<u>155,471,250</u>	<u>3,247,066</u>
Net Assets							
Investment in capital assets, net of	65,584,758	62,559,784	91,237,321	19,603,766	3,496,340	242,481,969	7,352,172
Unrestricted net assets	47,391,476	4,129,694	4,418,542	23,256,073	2,214,076	81,409,861	7,458,000
Total net assets	<u>\$ 112,976,234</u>	<u>\$ 66,689,478</u>	<u>\$ 95,655,863</u>	<u>\$ 42,859,839</u>	<u>\$ 5,710,416</u>	<u>\$ 323,891,830</u>	<u>\$ 14,810,172</u>

See Notes to the Financial Statements.

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

Exhibit H

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund			
Operating revenues:							
Charges for services	\$ 192,141,546	\$ 16,011,867	\$ 17,511,313	\$ 30,278,070	\$ 9,465,993	\$ 265,408,789	\$ 18,541,227
Other operating revenues	494,829	106,365	90,269	94,036	77,596	863,095	212,112
Total operating revenues	<u>192,636,375</u>	<u>16,118,232</u>	<u>17,601,582</u>	<u>30,372,106</u>	<u>9,543,589</u>	<u>266,271,884</u>	<u>18,753,339</u>
Operating expenses:							
Administrative and general	7,714,251	2,422,931	2,638,001	2,680,392	31,868	15,487,443	462,164
Operations and maintenance	14,888,745	8,950,875	8,041,571	4,551,607	12,155,613	48,588,411	4,375,947
Purchased power and gas	160,322,489	-	-	15,669,233	-	175,991,722	-
Depreciation and amortization	7,327,825	3,709,586	4,265,475	1,659,075	475,217	17,437,178	895,968
Claims and payments to third party	-	-	-	-	-	-	11,318,541
Total operating expenses	<u>190,253,310</u>	<u>15,083,392</u>	<u>14,945,047</u>	<u>24,560,307</u>	<u>12,662,698</u>	<u>257,504,754</u>	<u>17,052,620</u>
Operating income (loss)	<u>2,383,065</u>	<u>1,034,840</u>	<u>2,656,535</u>	<u>5,811,799</u>	<u>(3,119,109)</u>	<u>8,767,130</u>	<u>1,700,719</u>
Nonoperating revenues (expenses):							
Investment earnings	173,237	46,380	35,430	79,827	1,703	336,577	268
Restricted intergovernmental revenues	-	-	-	-	1,014,031	1,014,031	-
Other revenue	3,894,946	344,327	369,339	68,168	-	4,676,780	-
Interest expense	(1,015,327)	(1,319,497)	(1,263,287)	(386,310)	(207,060)	(4,191,481)	-
Total nonoperating revenue (expenses)	<u>3,052,856</u>	<u>(928,790)</u>	<u>(858,518)</u>	<u>(238,315)</u>	<u>808,674</u>	<u>1,835,907</u>	<u>268</u>
Income (loss) before transfers and contributions	<u>5,435,921</u>	<u>106,050</u>	<u>1,798,017</u>	<u>5,573,484</u>	<u>(2,310,435)</u>	<u>10,603,037</u>	<u>1,700,987</u>
Transfers in (out) and capital contributions:							
Capital contributions	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	487,705	487,705	121,766
Transfers to other funds	(4,594,622)	-	-	(1,140,755)	(306,856)	(6,042,233)	-
Total transfers in (out) and capital contributions	<u>(4,594,622)</u>	<u>-</u>	<u>-</u>	<u>(1,140,755)</u>	<u>180,849</u>	<u>(5,554,528)</u>	<u>121,766</u>
Change in net assets	<u>841,299</u>	<u>106,050</u>	<u>1,798,017</u>	<u>4,432,729</u>	<u>(2,129,586)</u>	<u>5,048,509</u>	<u>1,822,753</u>
Net assets:							
Beginning of year, July 1st	112,134,935	66,583,428	93,857,846	38,427,110	7,840,002	318,843,321	12,987,419
End of year, June 30th	<u>\$ 112,976,234</u>	<u>\$ 66,689,478</u>	<u>\$ 95,655,863</u>	<u>\$ 42,859,839</u>	<u>\$ 5,710,416</u>	<u>\$ 323,891,830</u>	<u>\$ 14,810,172</u>

See Notes to the Financial Statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Exhibit I

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund			
Cash Flows From Operating Activities							
Cash received from customers	\$ 194,661,786	\$ 16,416,667	\$ 17,668,816	\$ 31,041,492	\$ 9,466,840	\$ 269,255,601	\$ 17,538,890
Other operating receipts	3,814,718	298,249	(120,149)	97,177	-	4,089,995	-
Cash paid to vendors	(174,475,500)	(6,545,492)	(5,908,798)	(19,794,979)	(4,538,278)	(211,263,047)	(12,081,578)
Cash paid to employees	(9,967,701)	(4,477,746)	(4,450,557)	(3,504,142)	(6,812,117)	(29,212,263)	(1,174,993)
Loans made	-	29,017	-	-	-	29,017	-
Net cash provided by (used in) operating activities	<u>14,033,303</u>	<u>5,720,695</u>	<u>7,189,312</u>	<u>7,839,548</u>	<u>(1,883,555)</u>	<u>32,899,303</u>	<u>4,282,319</u>
Cash Flows From Noncapital Financing Activities							
Transfer from (to) other funds					302,615	302,615	-
Restricted governmental operating grants	(4,591,785)	-	-	(1,140,755)	1,014,031	(4,718,509)	-
Net cash provided by (used in) noncapital financing activities	<u>(4,591,785)</u>	<u>-</u>	<u>-</u>	<u>(1,140,755)</u>	<u>1,316,646</u>	<u>(4,415,894)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities							
Acquisition and construction of capital assets	(6,321,199)	(2,116,671)	(8,501,988)	(824,381)	(1,723,024)	(19,487,263)	(2,144,448)
Capital grants	-	213,797	-	-	-	213,797	-
Capital related receipts from customers	-	124,248	269,039	-	-	393,287	-
Interfund transfers on capital assets	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	834,344	548,872	2,037,546	22,026	-	3,442,788	-
Principal repayments of long-term debt	(1,980,077)	(2,510,625)	(3,418,886)	(980,324)	(166,457)	(9,056,369)	-
Interest and other debt related expenses	(1,004,215)	(1,307,705)	(1,566,649)	(375,400)	(207,060)	(4,461,029)	-
Net cash used in capital and related financing activities	<u>(8,471,147)</u>	<u>(5,048,084)</u>	<u>(11,180,938)</u>	<u>(2,158,079)</u>	<u>(2,096,541)</u>	<u>(28,954,789)</u>	<u>(2,144,448)</u>
Cash Flows From Investing Activities							
Purchase of investments	(885,412)	(264,902)	-	(911,471)	-	(2,061,785)	-
Proceed from sale and maturity of investments	-	-	61,785	-	-	61,785	-
Interest received on investments	225,229	52,131	45,762	101,962	1,703	426,787	268
Net cash provided by (used in) investing activities	<u>(660,183)</u>	<u>(212,771)</u>	<u>107,547</u>	<u>(809,509)</u>	<u>1,703</u>	<u>(1,573,213)</u>	<u>268</u>
Net increase (decrease) in cash and cash equivalents	<u>310,188</u>	<u>459,840</u>	<u>(3,884,079)</u>	<u>3,731,205</u>	<u>(2,661,747)</u>	<u>(2,044,593)</u>	<u>2,138,139</u>
Cash and cash equivalents							
Beginning	39,873,124	5,444,819	10,677,292	18,143,349	7,219,416	81,358,000	8,209,129
Ending	<u>\$ 40,183,312</u>	<u>\$ 5,904,659</u>	<u>\$ 6,793,213</u>	<u>\$ 21,874,554</u>	<u>\$ 4,557,669</u>	<u>\$ 79,313,407</u>	<u>\$ 10,347,268</u>

See Notes to the Financial Statements.

Statement of Cash Flows (Continued)

Proprietary Funds

For the Year Ended June 30, 2012

Exhibit I
(continued)

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund			
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating							
Operating income (loss)	\$ 2,383,065	\$ 1,034,840	\$ 2,656,535	\$ 5,811,799	\$ (3,119,109)	\$ 8,767,130	\$ 1,700,719
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation	7,327,825	3,709,586	4,265,475	1,659,075	475,217	17,437,178	895,968
Miscellaneous income (expense) adjustments	3,894,946	220,079	100,300	68,168	-	4,283,493	-
Net change in assets and liabilities:							
Accounts receivable	2,125,724	278,575	163,383	645,614	(93,743)	3,119,553	(67,967)
Notes receivable	-	29,017	-	-	-	29,017	-
Due from other governments	(267,541)	81,794	(213,798)	28,776	21	(370,748)	-
Due from other funds	22,615	-	-	-	21,510	44,125	-
Inventories	(1,745,047)	(1,641)	(374)	(31,434)	-	(1,778,496)	(33,815)
Prepaid expense and deposits	2,458	12,809	(3,410)	6,355	(676)	17,536	(182)
Accounts payable and accrued expenses	(338,311)	112,495	47,219	(595,477)	342,108	(431,966)	1,680,201
Customer deposits	64,385	46,706	275	24,005	-	135,371	-
Due to other funds	(58,694)	-	-	-	172,073	113,379	111,877
Compensated absences	18,314	(17,970)	33,192	17,840	(17,935)	33,441	-
Other postemployment benefits accrual	603,564	244,875	243,590	204,827	341,516	1,638,372	-
Unearned revenue	-	(30,470)	(103,075)	-	(4,537)	(138,082)	(4,482)
Net cash provided by (used in) operating activities	\$ 14,033,303	\$ 5,720,695	\$ 7,189,312	\$ 7,839,548	\$ (1,883,555)	\$ 32,899,303	\$ 4,282,319
Other disclosures:							
Interest incurred	\$ 981,020	\$ 1,302,843	\$ 1,545,984	\$ 359,258	\$ -	\$ 4,189,105	\$ -
Interest paid	\$ 997,190	\$ 1,302,048	\$ 1,561,156	\$ 370,073	\$ -	\$ 4,230,467	\$ -
Interest capitalized	\$ -	\$ 17,119	\$ 336,727	\$ -	\$ -	\$ 353,846	\$ -
Noncash Capital and Related Financing							
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 154,848	\$ 154,848	\$ 121,766
Long-term debt assumed by governmental activ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital assets transferred to governmental activi	\$ -	\$ -	\$ -	\$ -	\$ 121,766	\$ 121,766	\$ -

See Notes to the Financial Statements.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

Exhibit J

	OPEB Trust Funds
Assets	
Restricted cash and cash equivalents	\$ 1,327,790
Accounts receivable	51
Investments at fair value	<u>368,059</u>
Total assets	<u>1,695,900</u>
Liabilities	
Accounts payable	<u>1,043</u>
Net Assets	
Net assets held in trust for other postemployment benefits	<u>\$ 1,694,857</u>

See Notes to Financial Statements.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2012

Exhibit K

	<u>OPEB Trust Funds</u>
Additions:	
Employer contributions	\$ 2,299,783
Investment earnings	<u>72,035</u>
Total additions	<u>2,371,818</u>
Deductions:	
Benefits	<u>1,801,162</u>
Change in net assets	570,656
Net assets reserved for employees' other post-employment benefits	
Beginning	<u>1,124,201</u>
Ending	<u>\$ 1,694,857</u>

See Notes to Financial Statements.

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notes to **financial 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 86,017. 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.

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.

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Cont'd)

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 15 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, Centralized Grant Fund, and Hurricane Irene FEMA Grant fund.

Capital Project 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, 2012, the City has 17 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, Emergency Operations Center Project, Public Works Beatty Street Project, Drew Steele Center, King George Bridge Project, Green Mill Greenway Project 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.

Internal Service Funds - The 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.

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's 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

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Cont'd)

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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable 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.

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 are budgeted under project ordinances spanning more than one fiscal year. 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 (Cont'd)

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 the 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 (GS 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, 2011. 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.

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

Note 1. Summary of Significant Accounting Policies and Reporting Entity (Cont'd)

business- type construction in progress to the extent that it exceeds income.

The estimated useful lives are as follows:

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

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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.

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, 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.

1. Summary of Significant Accounting Policies and Reporting Entity (Cont'd)

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.

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.

1. Summary of Significant Accounting Policies and Reporting Entity (Cont'd)

The City has 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% 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

Deficit in Fund Balance or Net Assets of Individual Funds. The following individual funds had a deficit fund balance at June 30, 2012:

<u>Fund</u>	<u>Amount</u>	<u>Management Plans to Address Deficit</u>
<i>Non-Major Capital Projects</i>		
Community Oriented Policing Service Project	\$ (262,968)	Reimbursements from grants or transfers
Thomas Langston Road Extention	(199,838)	Reimbursements from grants or transfers
<i>Non-Major Special Revenue Funds</i>		
League of Municipalities Conference	(7,664)	Reimbursements from grants or transfers
CDBG Recovery Grant Project	(288)	Reimbursements from grants or transfers
COPS Hiring Recovery Grant	(59,023)	Reimbursements from grants or transfers
<i>Internal Service Funds</i>		
Fleet Maintenance	(180,629)	Future payments from operating funds
<i>Enterprise Funds</i>		
Bradford Creek Golf Course	(968,094)	Closing fund into general fund
Sanitation Fund	(731,857)	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, 2012, the City’s deposits had a carrying amount of \$21,453,916 and a bank balance of \$22,585,810. Of the bank balance, \$1,750,141 was covered by Federal depository insurance, and the remainder of \$20,835,669 was covered by collateral held under the pooling method. The City’s cash on hand at June 30, 2012 consisted of various petty cash funds totaling \$7,990.

At June 30, 2012, the Commission’s deposits had a carrying amount of \$81,587,728 and a bank balance of \$81,792,176. Of the bank balance, \$1,432,645 was covered by Federal depository insurance, and \$80,359,531 was covered by collateral held under the pooling method. The Commission’s cash on hand at June 30, 2012 consisted of various petty cash funds totaling \$4,300.

Investments

At June 30, 2012, the investments and related maturities of the City were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than Six Months</u>	<u>6 - 12 Months</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>
NC Capital Management Trust,					
Cash Portfolio	\$ 5,293,136	\$ 5,293,136	\$ -	\$ -	\$ -
US Treasury notes	6,384,325	-	-	-	6,384,325
Government Agency, FHLB	3,827,948	-	-	3,020,285	807,663
Government Agency, FHLMC	4,467,145	-	-	1,865,366	2,601,779
Government Agency, FNMA	13,743,881	-	1,004,030	6,754,553	5,985,298
Total Investments	<u>\$ 33,716,435</u>	<u>\$ 5,293,136</u>	<u>\$ 1,004,030</u>	<u>\$ 11,640,204</u>	<u>\$ 15,779,065</u>

Note 3. Detailed Notes on All Funds (Continued)

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 five 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, 2012. 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.

Concentration of credit risk. The City’s and Commission’s investment policies limit 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 five percent of the City’s investments are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Investments</u>
US Treasury Notes	\$ 6,384,325	19.0 %
Federal Home Loan Bank	3,827,948	11.4
Federal Home Loan Mortgage Corporation	4,467,145	13.2
Federal National Mortgage Association	13,743,881	40.8

At June 30, 2012, the Commission had \$3,163,710 invested with the North Carolina Capital Management Trust’s Cash Portfolio which carried a credit rating of AAAM by Standard and Poor’s.

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 in any one agency, institution, or entity.

OPEB Trust Fund (City excluding the Commission). At June 30, 2012, the City’s OPEB Trust Fund had \$1,217,902 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) 23.34%; State Treasurer’s Long-Term Investment Fund (LTIF) 9.82% and Blackrock’s Global Ex-US Alpha Tilts Fund B and Blackrock’s Russell 3000 Alpha Tilts Fund B 66.84% (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.

Note 3. Detailed Notes on All Funds (Continued)

Receivables

Disaggregate information regarding receivables at June 30, 2012, was as follows:

	<u>Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities			
Taxes receivable	\$ 1,882,717	\$ 817,957	\$ 1,064,760
Accounts receivable:			
Rescue fees receivable	3,107,220	1,757,971	1,349,249
Lot cutting fees receivable	578,331	-	578,331
Parking violations receivable	281,417	-	281,417
Other receivables	2,306,912	404,718	1,902,194
Due from governments	2,969,428	-	2,969,428
Total governmental activities	<u>\$ 11,126,025</u>	<u>\$ 2,980,646</u>	<u>\$ 8,145,379</u>
Business-type Activities			
Accounts receivable			
Greenville Utilities Commission	\$ 34,610,574	\$ 8,686,314	\$ 25,924,260
Other non-major enterprise	1,613,487	755,992	857,495
Due from governments	1,325,140	-	1,325,140
Notes/Loans receivables	<u>505,348</u>	<u>-</u>	<u>505,348</u>
Total business-type activities	<u>\$ 38,054,549</u>	<u>\$ 9,442,306</u>	<u>\$ 28,612,243</u>

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, 2012, was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 40,282,599	\$ 258,650	\$ (28,956)	\$ -	\$ 40,512,293
Right-of-way easements	6,747,132	619,200	(136,000)	-	7,230,332
Construction in progress	18,893,977	7,700,064	(3,863,727)	-	22,730,314
Total capital asset not being depreciated	<u>65,923,708</u>	<u>8,577,914</u>	<u>(4,028,683)</u>	<u>-</u>	<u>70,472,939</u>
Capital assets being depreciated:					
Buildings	56,855,971	-	(209,988)	-	56,645,983
Improvements	7,586,935	335,983	(573,471)	-	7,349,447
Infrastructure	73,313,164	4,600,495	(81,960)	-	77,831,699
Machinery and equipment	21,283,213	512,425	(2,183,677)	-	19,611,961
Total capital assets being depreciated	159,039,283	5,448,903	(3,049,096)	-	161,439,090
Less accumulated depreciation for:					
Buildings	(21,465,181)	(2,169,499)	209,988	-	(23,424,692)
Improvements	(4,778,704)	(554,892)	573,471	-	(4,760,125)
Infrastructure	(16,626,910)	(1,719,141)	81,960	-	(18,264,091)
Machinery and equipment	(21,057,887)	(2,224,223)	1,853,474	-	(21,428,636)
Total accumulated depreciation	<u>(63,928,682)</u>	<u>(6,667,755)</u>	<u>2,718,893</u>	<u>-</u>	<u>(67,877,544)</u>
Total capital assets being depreciated, net	<u>95,110,601</u>				<u>93,561,546</u>
Governmental activity capital assets, net	<u>\$161,034,309</u>				<u>\$164,034,485</u>
Internal Service Fund:					
(Reported in governmental activities)					
Vehicles	\$ 7,241,341	\$ 2,144,450	\$ -	\$ 440,581	\$ 9,826,372
Less accumulated depreciation	(1,259,416)	(895,969)	-	(318,815)	\$ (2,474,200)
Total capital assets being depreciated, net	<u>\$ 5,981,925</u>	<u>\$ 1,248,481</u>	<u>\$ -</u>	<u>\$ 121,766</u>	<u>\$ 7,352,172</u>

notes to financial statements for the year ended june 30, 2012

Note 3. Detailed Notes on All Funds (Continued)

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

General government	\$ 979,479
Public safety	1,343,925
Cultural and recreational	2,175,128
Transportation	450,082
Transportation, related to infrastructure	1,719,141
Total	<u>\$ 6,667,755</u>
General government, Internal Service Fund	<u>\$ 895,969</u>

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, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Business-type activities: (Reported in non-major funds)					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	4,550,312	1,723,024	(103,050)	-	6,170,286
Total capital asset not being depreciated	<u>4,550,312</u>	<u>1,723,024</u>	<u>(103,050)</u>	<u>-</u>	<u>6,170,286</u>
Capital assets being depreciated:					
Buildings	-	-	-	-	-
Improvements other than buildings	100,045	-	-	-	100,045
Machinery and equipment	8,459,093	-	(386,772)	(440,581)	7,631,740
Infrastructure	80,631	103,050	-	-	183,681
Total capital assets being depreciated	<u>8,639,769</u>	<u>103,050</u>	<u>(386,772)</u>	<u>(440,581)</u>	<u>7,915,466</u>
Less accumulated depreciation for:					
Buildings	-	-	-	-	-
Improvements other than buildings	(40,332)	-	-	-	(40,332)
Machinery and equipment	(6,212,235)	(471,991)	386,375	318,815	(5,979,036)
Infrastructure	-	(3,225)	-	-	(3,225)
Total accumulated depreciation	<u>(6,252,567)</u>	<u>(475,216)</u>	<u>386,375</u>	<u>318,815</u>	<u>(6,022,593)</u>
Total capital assets being depreciated, net	<u>2,387,202</u>				<u>1,892,873</u>
Business-type activity capital assets, net	<u>\$ 6,937,514</u>				<u>\$ 8,063,159</u>

Note 3. Detailed Notes on All Funds (Continued)

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

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 3,602,972	\$ 2,100	\$ -	\$ (14,400)	\$ 3,590,672
Easements	51,015	-	-	-	51,015
Construction in progress	28,263,994	10,775,460	-	(2,629,585)	36,409,869
Total capital asset not being depreciated	<u>31,917,981</u>	<u>10,777,560</u>	<u>-</u>	<u>(2,643,985)</u>	<u>40,051,556</u>
Capital assets being depreciated:					
Land rights	404,044	-	-	14,400	418,444
Buildings	110,184,862	592,087	-	210,107	110,987,056
Furniture and office equipment	3,243,905	90,669	-	(703,112)	2,631,462
Computer software	6,252,059	5,269	-	703,112	6,960,440
Vehicles and equipment	27,784,119	1,429,938	(701,692)	-	28,512,365
Distribution systems	387,362,140	5,951,667	-	174,795	393,488,602
Transmission systems	33,299,718	63,201	-	2,244,683	35,607,602
Total capital assets being depreciated	<u>568,530,847</u>	<u>8,132,831</u>	<u>(701,692)</u>	<u>2,643,985</u>	<u>578,605,971</u>
Less accumulated depreciation for:					
Land rights	(404,044)	(14,400)	-	-	(418,444)
Buildings	(45,081,786)	(3,351,929)	-	-	(48,433,715)
Furniture and office equipment	(2,451,399)	(147,948)	-	(2,694,162)	(5,293,509)
Computer software	(4,832,617)	(490,716)	-	2,758,162	(2,565,171)
Vehicles and equipment	(17,004,389)	(2,015,075)	565,939	(64,048)	(18,517,573)
Distribution systems	(169,717,669)	(9,813,293)	-	48	(179,530,914)
Transmission systems	(17,083,649)	(1,128,600)	-	-	(18,212,249)
Total accumulated depreciation	<u>(256,575,553)</u>	<u>(16,961,961)</u>	<u>565,939</u>	<u>-</u>	<u>(272,971,575)</u>
Total capital assets being depreciated, net	<u>311,955,294</u>				<u>305,634,396</u>
Business-type activity capital assets, net	<u>\$ 343,873,275</u>				<u>\$ 345,685,952</u>

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, 2012 totaled \$7,327,825, \$3,709,586, \$4,265,475 and \$1,659,075, respectively.

Note 3. Detailed Notes on All Funds (Continued)

Construction Commitments (Commission)

The Commission has active construction projects as of June 30, 2012. At year-end, the Commission’s commitments with contractors are as follows:

<u>Project Name</u>	<u>Spent-to-Date</u>	<u>Remaining Commitments</u>
Electric distribution system	\$ 2,645,746	\$ 536,315
Water treatment and distribution system	7,117,423	788,860
Sewer treatment and collection system	25,569,707	13,469,429
Total	\$ 35,332,876	\$ 14,794,604

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, multi-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 6.94 percent and 7.04 percent, respectively, 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, 2012, 2011, and 2010 were \$2,694,768, \$2,443,139, and \$1,809,012, respectively. The Commission’s contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$1,568,583, \$1,511,899, and \$1,124,247, respectively. The contributions made by the City and the Commission equaled the required contributions for each year.

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, 2011, the Separation Allowance’s membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	19
Active plan members	185
Total	204

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.

Note 3. Detailed Notes on All Funds (Continued)

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, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) five percent investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25 percent to 7.85 percent per year. Item (b) included an inflation component of three percent. 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, 2011 was 19 years.

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	\$ 491,169
Interest on net pension obligation	86,581
Adjustment to annual required contribution	<u>(103,300)</u>
Annual pension cost	474,450
Employer contributions made for fiscal year ending June 30, 2012	<u>283,015</u>
Increase (decrease) in net pension obligation	191,435
Net pension obligation:	
Beginning of year, July 1	<u>1,731,615</u>
End of year, June 30, 2012	<u>\$ 1,923,050</u>

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 Cost (APC)	APC Contributed	Net Pension Obligation
2010	\$ 409,769	73.46 %	\$ 1,523,992
2011	515,767	59.74	1,731,615
2012	474,450	59.65	1,923,050

Funded status and funding progress. As of December 31, 2011, 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 \$4,637,204. The covered payroll (annual payroll of active employees covered by the plan) was \$10,091,048, and the ratio of the UAAL to the covered payroll was 45.95%.

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, 2012 were \$723,852 which consisted of \$506,067 from the City and \$217,875 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 Post-Employment Benefits - Healthcare Benefits Plan (“City”)

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 five 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 five 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.

Membership of the Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	168	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	578	185
Total	746	185

Funding policy. The City’s obligation to contribute to the post retirement benefit plan is established and may be amended by the Board of Commissioners. Members hired prior to July 1, 2011 who retire with at least 20 years of service contribute five percent of the estimated cost for pre-65 health care coverage for the retiree. Members hired prior to July 1, 2011 who retire with less than 20 years of service contribute 100% of the estimated cost for pre-65 health care coverage for the retiree. Retirees who elect to have dependant health care coverage contribute 100% of the estimated cost of the coverage. Participating retired employees hired prior to July 1, 2011 with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the Commission continuing to pay the same dollars towards the premium cost as it pays for retirees under the base plan. For retired employees hired on or after July 1, 2011 with a minimum of 20 years of service, the contribution rate for post-65 benefits consists of a \$250 monthly stipend defined contribution amount. The Commission pays 50% of the total life insurance premium cost for those retirees who have that benefit. Members hired on or after July 1, 2011 who retire with less than 20 years of service will not be eligible for post-retirement coverage. The contribution rates for pre-65 benefits for members hired on or after July 1, 2011 will be based on the member’s age at retirement and their length of service as detailed below.

Note 3. Detailed Notes on All Funds (Continued)

Years of Service	Age at Retirement		
	20 - 24	55 - 59	60+
	25+	50%	65%
		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 9.21 percent of annual covered payroll. For the current year, the City contributed \$998,838 or 2.67 percent 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 9.21 percent and 9.21 percent of covered payroll, respectively. Contributions by employees for the fiscal year ended June 30, 2012 were \$1,445,029 and included dependent coverage. The City's obligation to contribute to the Plan is established and may be amended by the City Council.

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 30 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 post-employment healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 2,567,408	\$ 391,407	\$ 2,958,815
Interest on net OPEB obligation	539,457	82,241	621,698
Annual OPEB cost (expense)	3,106,865	473,648	3,580,513
Contributions made	(866,707)	(132,131)	(998,838)
Increase in net OPEB obligation	2,240,158	341,517	2,581,675
Net OPEB obligation, beginning of year	10,800,110	1,633,852	12,433,962
Net OPEB obligation, end of year	\$ 13,040,268	\$ 1,975,369	\$ 15,015,637

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

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:

<u>Year Ended June 30,</u>	<u>Annual Pension OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 3,921,273	16.54 %	\$ 9,828,695
2011	3,653,244	28.69	12,433,962
2012	3,580,513	27.90	15,015,637

Funded status and funding progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 3.5 percent funded. The actuarial accrued liability for benefits was \$32,964,864 and the actuarial value of assets was \$1,137,911, resulting in an unfunded actuarial accrued liability (UAAL) of \$31,826,953. The covered payroll (annual payroll of active employees covered by the plan) was \$37,453,447, and the ratio of the UAAL to the covered payroll was 85%.

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a seven 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 9.5 to five percent annually. Both rates included a three 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, 2011 was 30 years.

The following are the financial statements for the City’s Other Post-Employment 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	\$ 1,217,902
Net Assets	
Net assets	\$ 1,217,902

Note 3. Detailed Notes on All Funds (Continued)

Statement of Changes in Fiduciary Net Assets	
Additions	
Employer contributions	\$ 955,137
Investment earnings	43,701
Total additions	<u>998,838</u>
Deductions	
Benefits	705,137
Change in net assets	<u>293,701</u>
Net assets reserved for employees' other post-employment benefits	
Beginning of year	924,201
End of year	<u>\$ 1,217,902</u>

Other Post-Employment 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 five years of service. Also, an employee is eligible for disability retirement when he/she has completed five 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 if hired before July 1, 2011 or with a minimum of 20 continuous years of service if hired on or after July 1, 2011 with the Commission are eligible to continue insurance coverage. Healthcare and prescription drugs are provided in the Commission's retiree healthcare 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.

Membership of the post retirement benefit plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	132
Active member	431
Total	<u>563</u>

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. Members hired prior to July 1, 2011 who retire with at least 20 years of service contribute five percent of the estimated cost for pre-65 healthcare coverage for the retiree. Members hired prior to July 1, 2011 who retire with less than 20 years of service contribute 100% of the estimated cost for pre-65 healthcare coverage for the retiree. Retirees who elect to have dependant healthcare coverage contribute 100% of the estimated cost of the coverage. Participating retired employees hired prior to July 1, 2011 with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the Commission continuing to pay the same dollars towards the premium cost as it pays for retirees under the base plan. For retired employees hired on or after July 1, 2011 with a minimum of 20 years of service, the contribution rate for post-65 benefits consists of a \$250 monthly stipend defined contribution amount. The Commission pays 50% of the total life insurance premium cost for those retirees who have that benefit. Members hired on or after July 1, 2011 who retire with less than 20 years of service will not be eligible for post-retirement coverage. The contribution rates for pre-65 benefits for members hired on or after July 1, 2011 will be based on the member's age at retirement and their length of service as detailed below.

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

The current annual required contribution rate (ARC) is 9.99 percent of annual covered payroll. For fiscal year 2012 the Utilities Commission contributed \$1,140,955, or 4.97 percent of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2012 were \$203,691 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 Govern-

notes to financial statements for the year ended june 30, 2012

Note 3. Detailed Notes on All Funds (Continued)

ment and United States Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through investment earnings.

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 30 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	\$ 2,395,223
Interest on net OPEB obligation	310,275
Adjustment to annual required contribution	(267,687)
Annual OPEB cost (expense)	2,437,811
Contribution made	(1,140,955)
Increase in net OPEB obligation	1,296,856
Net OPEB obligation, beginning of year	7,756,885
Net OPEB obligation, end of year	<u>\$ 9,053,741</u>

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, 2010, 2011 and 2012 were as follows:

Year Ended June 30,	3 Year Trend Information		
	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 2,539,238	28.14 %	\$ 6,734,083
2011	2,345,621	56.40	7,756,885
2012	2,437,811	45.80	9,053,741

Funded status and funding progress. As of December 31, 2011, 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 \$20,478,087. The covered payroll (annual payroll of active employees covered by the plan) was \$24,081,113, and the ratio of the UAAL to the covered payroll was 85%.

Actuarial valuations of an ongoing plan involves 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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included (a) seven percent investment rate of return, which included an inflation component of three percent and (b) a 9.50 percent - five percent medical cost trend rate with 2018 being 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, 2011 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, 2012:

Note 3. Detailed Notes on All Funds (Continued)

established annually by the State.

Statement of Net Assets	
Assets	
Restricted cash and cash equivalents	\$ 109,888
Accounts Receivable	51
Investments at fair value	368,059
Total	<u>477,998</u>
Liabilities	
Accounts Payable	<u>(1,043)</u>
Net Assets	
Net assets	<u>\$ 476,955</u>

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 0.06 percent and 0.14 percent 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.

Statement of Changes in Fiduciary Net Assets	
Additions	
Employer contributions	\$ 1,140,955
Retiree contributions	203,691
Investment earnings	28,334
Total additions	<u>1,372,980</u>
Deductions	
Benefits	<u>1,096,025</u>
Change in net assets	276,955
Net assets reserved for employees' other post-employment benefits	
Beginning of year	200,000
End of year	<u>\$ 476,955</u>

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 of 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

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 Funds	Governmental Activities
Ad valorem taxes receivable	\$ 808,462	\$ -	\$ -
Prepaid property taxes	-	-	126,346
Auto license receivable	149,659	-	-
Pre-billed business licenses	-	-	199,627
Community development receivables	-	345,761	-
Capital project miscellaneous receivables	-	123,297	-
Rescue fees receivables	1,349,249	-	-
Lot cutting/cleaning fees receivable	571,704	-	-
Health insurance fund fees	-	-	9,854
Miscellaneous receivables	246,062	-	-
Total	<u>\$ 3,125,136</u>	<u>\$ 469,058</u>	<u>\$ 335,827</u>

Unearned revenue in the Water Fund totaling \$190,801 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 \$365,283 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 \$1,320 consists of prepaid transit passes. The passes will be recognized when the service is rendered.

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, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Current Portion
Governmental Activities					
General obligation bonds	\$ 12,980,941	\$ -	\$ (968,544)	\$ 12,012,397	\$ 963,544
Certificates of participation	10,565,000	-	(815,000)	9,750,000	815,000
Special obligation revenue	4,155,000	4,292,944	(4,480,000)	3,967,944	395,000
Installment purchase contracts	10,007,270	-	(991,251)	9,016,019	986,372
LEO separation allowance	1,731,615	191,435	-	1,923,050	-
OPEB accrued liability	10,800,110	2,240,158	-	13,040,268	-
Compensated absences	2,873,100	2,442,135	(2,428,154)	2,887,081	2,020,957
Total governmental	<u>\$ 53,113,036</u>	<u>\$ 9,166,672</u>	<u>\$ (9,682,949)</u>	<u>\$ 52,596,759</u>	<u>\$ 5,180,873</u>
Business-type activities					
<i>Managed by the City</i>					
General obligation bonds	\$ 4,736,976	\$ -	\$ (166,457)	\$ 4,570,519	\$ 166,457
OPEB accrued liability	1,633,852	341,517	-	1,975,369	-
Compensated absences	286,797	243,777	(261,716)	268,858	188,204
Total	<u>6,657,625</u>	<u>585,294</u>	<u>(428,173)</u>	<u>6,814,746</u>	<u>354,661</u>
<i>Managed by Commission</i>					
Revenue bonds	83,976,071	-	(5,717,555)	78,258,516	5,942,492
General obligation bonds	230,000	-	(230,000)	-	-
Other types of debt	31,526,877	3,442,788	(2,942,357)	32,027,308	3,249,759
Discounts and premiums	(566,595)	-	125,660	(440,935)	-
OPEB accrued liability	7,756,885	1,296,856	-	9,053,741	-
Compensated absences	1,691,906	1,342,582	(1,291,206)	1,743,282	1,349,308
Total	<u>124,615,144</u>	<u>6,082,226</u>	<u>(10,055,458)</u>	<u>120,641,912</u>	<u>10,541,559</u>
Total business-type	<u>\$131,272,769</u>	<u>\$ 6,667,520</u>	<u>\$ (10,483,631)</u>	<u>\$ 127,456,658</u>	<u>\$ 10,896,220</u>

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.

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.

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
<i>Serviced by the City</i>		
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 %.	\$ 1,250,000	\$ -
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%.	255,000	-
2003 Public Improvement, Series 2003, \$1,250,000 original issue due in annual installments of \$65,000 to \$70,000 through 2021, plus interest from 3.0% to 4.5%.	620,000	-
2006 Public Improvement, Series 2006, \$12,715,000 original issue due in annual installments of \$135,000 to \$540,000 through 2031, plus interest from 4.125% to 5.0%.	6,827,397	4,570,519
2011 Public Improvement, Series 2011, \$3,225,000 original issue due in annual installments of \$160,000 to \$165,000 through 2031, plus interest from 2.0% to 4.0%.	<u>3,060,000</u>	<u>-</u>
Total General Fund Obligation Bonds	<u>\$ 12,012,397</u>	<u>\$ 4,570,519</u>

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
2013	\$ 963,544	\$ 482,817	\$ 1,446,361	\$ 166,457	\$ 200,402	\$ 366,859
2014	828,461	445,727	1,274,188	196,539	192,079	388,618
2015	828,461	411,929	1,240,390	196,539	182,252	378,791
2016	825,467	377,743	1,203,210	194,534	172,425	366,959
2017	783,214	343,620	1,126,834	286,787	162,699	449,486
2018 - 2022	3,648,265	1,268,676	4,916,941	1,726,736	601,439	2,328,175
2023 - 2027	3,495,050	556,672	4,051,722	1,802,927	227,273	2,030,200
2028 - 2032	639,935	64,000	703,935	-	-	-
Total	<u>\$ 12,012,397</u>	<u>\$ 3,951,184</u>	<u>\$ 15,963,581</u>	<u>\$ 4,570,519</u>	<u>\$ 1,738,569</u>	<u>\$ 6,309,088</u>

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%.	<u>\$ 9,750,000</u>
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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
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	815,000	315,378	1,130,378
2018 - 2022	4,055,000	972,025	5,027,025
2023 - 2025	1,620,000	106,718	1,726,718
Total	<u>\$ 9,750,000</u>	<u>\$ 2,919,450</u>	<u>\$ 12,669,450</u>

notes to financial statements for the year ended june 30, 2012

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:

2011 Refunding Special Obligation Revenue Bonds, \$4,290,000 original issue amount, due in annual installments of \$325,000 to \$490,000 through 2021, plus interest at 2.89%	\$ <u>3,967,944</u>
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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
2013	\$ 395,000	\$ 201,466	\$ 596,466
2014	405,000	186,726	591,726
2015	420,000	170,976	590,976
2016	425,000	154,095	579,095
2017	440,000	136,000	576,000
2018 - 2021	<u>1,882,944</u>	<u>359,250</u>	<u>2,242,194</u>
Total	\$ <u>3,967,944</u>	\$ <u>1,208,513</u>	\$ <u>5,176,457</u>

The City has pledged net occupancy tax revenues and other replacement revenues to repay these revenue bonds, of which \$3,967,944 is currently outstanding. Proceeds from the bonds refinanced the previous 2001 Series bonds, for which the proceeds were 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 full amount of the refunding in the current year was \$4,292,944, of which \$4,155,000 was the previous 2001 Series balance. The total principal and interest remaining to be paid on the bonds is \$5,176,457. Principal and interest paid for the current year refunded bonds, debt service revenues from Occupancy Tax, and total Occupancy Tax were \$510,000, \$965,813 and \$1,685,857, respectively.

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

Original Issue		Payment Information		Outstanding	Security
Date of Amount	Rate	Period	Amount	Balance	
Governmental funds					
June 2009, \$12,013,000	3.79 %	Semi-annual	\$ 1,446,646	<u>\$ 9,016,019</u>	Streets

Note 3. Detailed Notes on All Funds (Continued)

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
2013	\$ 986,371	\$ 338,979	\$ 1,325,350
2014	995,982	301,595	1,297,577
2015	989,412	263,848	1,253,260
2016	987,594	226,349	1,213,943
2017	920,463	188,919	1,109,382
2018 - 2022	3,357,852	447,263	3,805,115
2023 - 2025	778,345	44,618	822,963
Total	<u>\$ 9,016,019</u>	<u>\$ 1,811,571</u>	<u>\$ 10,827,590</u>

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

2001 Revenue Bonds, \$25,085,000 original issue, 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.	\$ 4,550,000
2003B Revenue Bonds, \$8,365,000 original issue, 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.	3,900,877
2005 Revenue Bonds, \$8,000,000 original issue, 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.	6,140,000
2007 Revenue Bonds, \$9,850,000 original issue, 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.	7,722,639
2008A Revenue Bonds, \$48,646,238 original issue, 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.	41,970,001
2008B Taxable Revenue Bonds, \$4,130,000 original issue, 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.	3,120,000
2010 Refunding Revenue Bonds, \$11,005,000 original issue, 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.	10,854,999
Total	<u>\$ 78,258,516</u>

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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	6,930,353	2,140,071	9,070,424
2018 - 2022	24,047,352	7,109,918	31,157,270
2023 - 2027	10,904,255	3,945,688	14,849,943
2028 - 2032	7,610,000	1,880,824	9,490,824
2033 - 2034	3,615,000	182,875	3,797,875
Total	<u>\$ 78,258,516</u>	<u>\$ 26,496,261</u>	<u>\$104,754,777</u>

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 \$78,258,516 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% of net electric revenues, or less than two 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% of net water revenues, or less than 20% of total water revenues. Annual principal and interest payments on the debt serviced by the sewer fund are expected to require less than 35% of net sewer revenues, or less than 15% of total sewer revenues. Annual principal and interest payments on the debt serviced by the gas fund are expected to require less than 16% of net gas revenues, or less than four 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, 2012 is as follows:

Note 3. Detailed Notes on All Funds (Continued)

Operating Revenues	\$256,728,294
Operating Expenses*	(226,583,237)
Operating Income	30,145,057
Non-operating Revenues (Expense)	
Interest Income**	334,728
Miscellaneous Revenue**	4,518,731
Bond Service Charges	(291,831)
Income Available for Debt Service	\$ 34,706,685
Parity Debt Service (Principal and Interest Paid)	\$ 9,119,759
Parity Debt Service Coverage Ratio	381%
Subordinate and Other Debt Service (Principal and Interest Paid)	\$ 4,000,620
Total Subordinate and Other Debt Service Coverage Ratio	640%

* Excludes depreciation expense of \$16,961,961 and unfunded OPEB expense of \$1,296,856 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, 2012

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.	\$ 692,308
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.	1,200,000
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.	6,202,551
2.205% 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.	3,496,422
2.48% 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 of May 1, 2030.	11,932,445
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.	342,103
2.50% State Revolving Fund Loan, \$460,425 authorized and \$342,103 drawn to date, annual installments of \$17,105, issued in 2009 with a final payment on May 1, 2032.	242,543
2.455% State Revolving Fund Loan, \$9,241,586 authorized and \$1,936,491 drawn to date, annual installments of \$96,825 issued in 2011 with final payment on May 1, 2032.	1,936,491
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.	1,665,198
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 2009 with a final payment on May 1, 2030.	1,323,968
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.	21,271
\$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.	780,643
\$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.	1,054,365
\$1,137,000 originally issued, 1.34% installment purchase contract, due in annual installments issued in 2012 secured by a lien against the equipment financed with a final payment due on May 16, 2015.	1,137,000
Total other debt service by the Commission	\$ 32,027,308

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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,249,759	\$ 784,842	\$ 4,034,601
2014	3,319,758	734,864	4,054,622
2015	3,336,682	658,758	3,995,440
2016	2,460,328	582,311	3,042,639
2017	2,188,904	523,618	2,712,522
2018 - 2022	8,593,883	1,873,012	10,466,895
2023 - 2027	5,462,402	815,737	6,278,139
2028 - 2032	3,415,592	168,873	3,584,465
Total	<u>\$ 32,027,308</u>	<u>\$ 6,142,015</u>	<u>\$ 38,169,323</u>

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, 2012 was approximately \$352 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, 2012, the legal debt margin for the City was \$457,931,000.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities and other liabilities disaggregated information for the year ended June 30, 2012 is as follows:

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Trade payables	\$ 1,661,037	\$ 18,874,320
Accrued salaries and fringes	1,934,414	2,564,784
Other accrued expenses	323,214	11,877
Total	<u>\$ 3,918,665</u>	<u>\$ 21,450,981</u>

notes to financial statements for the year ended june 30, 2012

Note 3. Detailed Notes on All Funds (Continued)

Interfund Balances and Activity

The composition of internal balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Reconciliation to Exhibit A</u>		
		<u>Amount</u>	<u>Governmental</u>	<u>Business-Type</u>
General Fund	Internal Service	\$ 318,762	\$ -	\$ -
	Non-Major Enterprise	981,109	981,109	-
	Non-Major Governmental	1,214,869	-	-
	Major Electric	135,668	135,668	-
Major Electric	General	121,203	-	121,203
Major Electric	Non-Major Governmental	678,414	-	-
		<u>\$ 3,450,025</u>	<u>1,116,777</u>	<u>121,203</u>
	Internal Balances		<u>\$ 995,574</u>	<u>\$ (995,574)</u>

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

Interfund transfers for the year ended June 30, 2012 are summarized as follows:

<u>Transfers In</u>	<u>Major General</u>	<u>Non-Major Governmental</u>	<u>Non-Major Enterprise</u>	<u>Major Electric</u>	<u>Major Gas</u>	<u>Total</u>
Major General Fund	\$ -	\$ 1,269,853	\$ 104,920	\$ 4,594,622	\$ 1,140,755	\$ 7,110,150
Internal Service Funds	4,131,344	-	121,766	-	-	4,253,110
Non-Major Governmental	2,885,424	-	80,170	-	-	2,965,594
Non-Major Enterprise	348,021	139,684	-	-	-	487,705
Total Transfer Out	<u>\$ 7,364,789</u>	<u>\$ 1,409,537</u>	<u>\$ 306,856</u>	<u>\$ 4,594,622</u>	<u>\$ 1,140,755</u>	<u>\$ 14,816,559</u>

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 \$4,131,344 to the Non-Major Debt Service Fund which is included in the above transfer schedule.

Note 3. Detailed Notes on All Funds (Continued)

Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 31,964,967
Less:	
Nonspendable items:	
Prepaid items and inventories	150,759
Third-Party restricted funds for:	
Stabilization by state statute	8,086,925
Streets - Powell Bill	1,837,757
General Government	1,251,192
Public Safety	405,763
Funds Committed by City Council for:	
Catastrophic losses	2,729,453
League of Municipalities	145,606
Debt Service	184,581
Capital projects/Fund balance policy	
Assigned by management for:	
Fiscal year 2013 budget	2,489,798
Total fund balance available for appropriation	\$ 14,683,133

The City of Greenville has \$1,994,810 of encumbrances in the General Fund as of June 30, 2012. These amounts have been restricted as part of the Stabilization by State Statute.

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:

<u>Coverages</u>	<u>Liability Coverage Limits</u>
Blanket property and personal property	\$ 67,597,509
Excess liability (general, auto, public officials*, 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 \$500,000 on the clubhouse and \$150,000 on the contents. Premiums for both locations are \$2,566.

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 needed 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.

Note 4. Risk Management (Continued)

For the City, (except for Commission), the claims liability of \$1,203,000 reported in the Health Insurance Internal Service Fund at June 30, 2012 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:

	2012	2011
Unpaid claims, beginning	\$ 932,000	\$ 922,000
Incurred claims and administrative costs	9,962,757	7,531,530
Claim and administrative payments	(9,691,757)	(7,521,530)
Unpaid claims, ending	<u>\$ 1,203,000</u>	<u>\$ 932,000</u>

For the Commission, the medical claims liability of \$666,000 at June 30, 2012 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:

	2012	2011
Unpaid claims, beginning	\$ 710,000	\$ 550,000
Incurred claims and administrative costs	5,320,577	5,127,513
Claim and administrative payments	(5,364,577)	(4,967,513)
Unpaid claims, ending	<u>\$ 666,000</u>	<u>\$ 710,000</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 program is accounted for in the General Fund, and premium costs are reimbursed by other funds. The "commercial general liability" and the "auto liability protection" are part of the excess liability policy. Total reserves are \$490,502.

	2012	2011
Unpaid claims, beginning	\$ 475,860	\$ 411,443
Incurred claims and administrative costs	363,120	221,718
Claim and administrative payments	(348,478)	(157,301)
Unpaid claims, ending	<u>\$ 490,502</u>	<u>\$ 475,860</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.

Note 5. Jointly Governed Organizations (Continued)

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 Agency’s debt at June 30, 2012 was \$352.3 million.

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 \$1.2 million 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. The balance of \$4,155,000 of the bonds was refunded during fiscal year 2012 at a lower interest rate. 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, not the City, 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 \$23,996 to the Authority during the fiscal year ended June 30, 2012. 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, 2012. 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

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. Subsequent Events

The City of Greenville entered into a financing agreement on October 11, 2012 to refinance the 2009 Installment Financing Agreement and the Series 2004 Certificate of Participation. This refunded debt is estimated to generate \$1.7 million in interest expense savings and issuance costs over the term of the agreement (13 years). The refinancing borrowing amounted to \$9,950,000.

Note 12. Pronouncements Issued but not yet effective

The City of Greenville entered into a financing agreement on October 11, 2012 to refinance the 2009 Installment Financing Agreement and the Series 2004 Certificate of

Note 12. Procurements Issued but not yet effective (Continued)

Participation. This refunded debt is estimated to generate \$1.7 million in interest expense savings and issuance costs over the term of the agreement (13 years). The refinancing borrowing amounted to \$9,950,000.

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

GASB Statement Number 61, "The Financial Reporting Entity - Omnibus - An Amendment of GASB Statements No. 14 and 34" will be effective for the Commission beginning with its year ending June 30, 2013.

GASB Statement Number 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" will be effective for the Commission 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 Commission beginning with its year ending June 30, 2013.

GASB Statement Number 65, "Items Previously Reported as Assets and Liabilities" will be effective for the Commission beginning with its year ending June 30, 2014.

GASB Statement Number 66, "Technical Corrections - 2012 - An Amendment of GASB Statement No. 10 and No. 62" will be effective for the Commission beginning with its year ending June 30, 2014.

GASB Statement Number 67, "Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25" will be effective for the Commission beginning with its year ending June 30, 2014.

GASB Statement Number 68, "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27" will be effective for the Commission beginning with its year ending June 30, 2015.

Note 13. Pronouncements Issued but not yet effective

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

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required supplemental **statements**



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**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2012**

Schedule A-1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/2012	\$ -	\$ 4,637,204	\$ 4,637,204	0.00%	\$ 10,091,048	45.95%
12/31/2010	-	4,451,753	4,451,753	0.00%	10,542,874	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%

Schedule of Employer Contributions

Year Ending June 30,	Annual Required Contributions (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2012	\$ 491,169	\$ 283,015	57.62%
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%

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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
Cost of living adjustments	N/A

Other Post-Employment Benefits - City Plan
Required Supplementary Information
For the Year Ended June 30, 2012

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)
12/31/2011	\$ 1,137,911	\$ 32,964,864	\$ 31,826,953	3.50%	\$ 37,453,447	85.0%
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
2012	\$ 3,449,243	58.41%
2011	3,324,572	31.52%
2010	3,921,273	16.54%
2009	3,712,651	16.08%

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	12/31/2011
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*	7.00%
Medical cost trend rate	9.50% - 5.00%
Year of ultimate trend rate	2018

Other Post-Employment Benefits - Utilities Commission Plan
Required Supplementary Information
For the Year Ended June 30, 2012

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)
12/31/2011	\$ 446,178	\$ 20,924,265	\$ 20,478,087	2.10%	\$ 24,081,113	85.00%
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%
12/31/2005	-	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
2012	\$ 2,395,223	47.640%
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	12/31/2011
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	7.00%
Medical cost trend rate	9.50% - 5%
Year of ultimate trend rate	2018

**Schedule of Ad Valorem Taxes Receivable
Required Supplementary Information**

June 30, 2012

Schedule A-4

Fiscal Year	Balance July 1, 2010	Additions	Collections and Credits	Balance June 30, 2011
2012 - 2011	\$ -	\$ 31,389,341	\$ 30,505,550	\$ 883,791
2011 - 2010	1,027,001		793,325	233,676
2010 - 2009	239,617	-	101,433	138,184
2009 - 2008	157,179	-	27,809	129,370
2008 - 2007	99,290	-	11,935	87,355
2007 - 2006	105,388	-	6,865	98,523
2006 - 2005	76,445	-	3,358	73,087
2005 - 2004	72,719	-	2,694	70,025
2004 - 2003	83,993	-	1,874	82,119
2003 - 2002	81,269	-	1,977	79,292
2002 - 2001	68,884	-	68,884	-
	<u>\$ 2,011,785</u>	<u>\$ 31,389,341</u>	<u>\$ 31,525,704</u>	1,875,422
Less allowance for uncollectible accounts, General Fund				<u>817,957</u>
Ad valorem taxes receivable net, General Fund				<u>\$ 1,057,465</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund				\$ 31,567,341
Reconciling Items:				
Amount written off per statute				(68,223)
Interest collected				(185,311)
Miscellaneous				211,897
Total Collections and Credits				<u>\$ 31,525,704</u>

**Analysis of Current Year Levy
City-Wide Levy
For the Year Ended June 30, 2012**

Schedule A-5

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current years rate	\$ 6,113,461,558	\$ 1.00	\$ 31,790,000	\$ 28,573,633	\$ 3,216,367
Penalties	-		9,879	9,879	-
Total	<u>6,113,461,558</u>		<u>31,799,879</u>	<u>28,583,512</u>	<u>3,216,367</u>
Discoveries:					
Current year taxes	9,160,169	1.00	47,633	46,806	827
Penalties	-		5,173	5,173	-
Total	<u>9,160,169</u>		<u>52,806</u>	<u>51,979</u>	<u>827</u>
Abatements	<u>(89,104,588)</u>		<u>(463,344)</u>	<u>(404,750)</u>	<u>(58,594)</u>
Total property valuation	<u>\$ 6,033,517,139</u>				
Net levy			31,389,341	28,230,741	3,158,600
Uncollected taxes as of June 30, 2012			<u>(883,791)</u>	<u>(340,599)</u>	<u>(543,192)</u>
Current years taxes collected			<u>\$ 30,505,550</u>	<u>\$ 27,890,142</u>	<u>\$ 2,615,408</u>
Current levy collection percentage			<u>97.18%</u>	<u>98.79%</u>	<u>82.80%</u>
Prior year collection percentage			<u>96.67%</u>	<u>97.73%</u>	<u>81.90%</u>

Note: The motor vehicle abatements are not separable in the tax system utilized in fiscal year ended June 30, 2012.
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.

General Fund

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

For the Year Ended June 30, 2012

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2011

Page 1 of 3

	2012		Variance Positive (Negative)	2011
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year operations		\$ 31,235,385		\$ 30,586,450
Prior year		652,403		492,978
Interest and penalties		185,311		183,813
Tax discounts		(382,012)		(361,192)
Tax refunds		(123,746)		(153,402)
Total ad valorem taxes	\$ 30,596,014	31,567,341	\$ 971,327	30,748,647
Other taxes:				
Local options sales tax		5,881,683		5,288,127
Cable TV franchise tax		953,187		912,877
One-half percent sales tax		6,053,872		5,436,147
Medicaid Hold Harmless payment		2,758,919		2,668,764
Rental vehicle, gross receipts		121,759		108,065
Total other taxes	15,262,169	15,769,420	507,251	14,413,980
Unrestricted intergovernmental:				
Other unrestricted revenues		-		24,673
Utilities franchise tax		5,488,817		5,575,851
Beer and wine tax		368,940		363,923
Total unrestricted intergovernmental	6,334,680	5,857,757	(476,923)	5,964,447
Restricted intergovernmental:				
NC DOT traffic control lights		223,752		85,553
Pitt County Fire contribution		-		-
Housing Authority Drug Grant		127,952		136,461
Special Federal, State and Local Grants		636,875		862,688
Section 104F Planning Grant		121,333		173,930
Law enforcement block grant		432,363		551,237
Fire and rescue SAFER grant		268,794		447,169
Other restricted intergovernmental revenue		278,844		166,237
Powell Bill, State allocation payment		2,197,114		2,022,578
Total restricted intergovernmental	4,521,894	4,287,027	(234,867)	4,445,853
Licenses, permits and fees:				
Privilege licenses		551,249		615,943

General Fund

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

For the Year Ended June 30, 2012

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2011

Page 2 of 3

	<u>2012</u>			<u>2011</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Licenses, permits and fees (continued):				
Inspection fees		\$ 983,102		\$ 800,481
State fire protection		395,352		356,706
Planning department fees		111,002		78,694
Police department fees		329,423		238,022
Fire and rescue department fees		173,377		176,755
Refuse fees		-		-
Other permits and fees	-	88,689	-	98,821
Total licenses, permits and fees	<u>2,385,165</u>	<u>2,632,194</u>	<u>247,029</u>	<u>2,365,422</u>
Sales and services:				
Rescue fees		2,886,731		3,069,058
Recreation department programs and fees		1,090,434		1,089,988
Utilities street cuts		238,407		335,344
Rents and concessions		208,257		158,546
Other sales and services		693,608		637,162
Pitt County Board of Education	-	-	-	-
Total sales and services	<u>4,855,365</u>	<u>5,117,437</u>	<u>262,072</u>	<u>5,290,098</u>
Investment earnings	<u>1,884,450</u>	<u>951,911</u>	<u>(932,539)</u>	<u>897,136</u>
Other revenues:				
Parking violation penalty		174,679		197,435
Other revenues	-	326,748	-	113,716
Total other revenues	<u>619,712</u>	<u>501,427</u>	<u>(118,285)</u>	<u>311,151</u>
Total revenues	<u>66,459,449</u>	<u>66,684,514</u>	<u>225,065</u>	<u>64,436,734</u>
Expenditures:				
General government:				
Mayor and City Council	431,629	366,777	64,852	355,104
City Manager	1,183,887	1,004,025	179,862	964,054
City Clerk	308,883	230,830	78,053	244,254
City Attorney	455,445	431,687	23,758	418,229
Human Resources	2,762,905	2,153,506	609,399	2,153,306
Financial Services	2,292,054	2,154,877	137,177	2,189,029
Information Technology	3,210,123	2,758,250	451,873	2,402,788
Total general government	<u>10,644,926</u>	<u>9,099,952</u>	<u>1,544,974</u>	<u>8,726,764</u>

General Fund

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

For the Year Ended June 30, 2012

Schedule A-6

With Comparative Actual Amounts for Year Ended June 30, 2011

Page 3 of 3

	2012			2011
	Final Budget	Actual	Variance Positive (Negative)	Actual
Public safety:				
Fire and Rescue	\$ 13,009,737	\$ 12,791,728	\$ 218,009	\$ 12,549,309
Police	<u>23,179,116</u>	<u>21,649,549</u>	<u>1,529,567</u>	<u>22,160,843</u>
Total public safety	<u>36,188,853</u>	<u>34,441,277</u>	<u>1,747,576</u>	<u>34,710,152</u>
Public works:				
Other public works	8,217,694	7,428,461	789,233	7,066,170
Streets	<u>1,281,441</u>	<u>1,133,676</u>	<u>147,765</u>	<u>991,116</u>
Total public works	<u>9,499,135</u>	<u>8,562,137</u>	<u>936,998</u>	<u>8,057,286</u>
Economic and physical development:				
Community Development	<u>1,966,404</u>	<u>1,668,323</u>	<u>298,081</u>	<u>1,573,707</u>
Cultural and Recreational:				
Recreation	<u>6,714,756</u>	<u>6,572,708</u>	<u>142,048</u>	<u>6,156,439</u>
Capital outlay	<u>7,832,461</u>	<u>3,626,076</u>	<u>4,206,385</u>	<u>3,646,896</u>
Reimbursement of indirect cost	<u>(601,354)</u>	<u>(601,354)</u>	<u>-</u>	<u>(373,081)</u>
Contribution to OPEB trust	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>72,495,181</u>	<u>63,619,119</u>	<u>8,876,062</u>	<u>62,748,163</u>
Revenues over (under) expenditures	<u>(6,035,732)</u>	<u>3,065,395</u>	<u>9,101,127</u>	<u>1,688,571</u>
Other Financing Sources (Uses):				
Transfers in:				
Greenville Utilities Commission turnover	5,015,943	5,045,232	29,289	4,764,858
Greenville Utilities Commission, lighting	727,759	690,144	(37,615)	677,932
Other funds	1,374,774	1,374,774	-	976,223
Transfers out	<u>(7,557,406)</u>	<u>(7,364,789)</u>	<u>192,617</u>	<u>(6,560,717)</u>
Appropriated fund balance	<u>6,474,662</u>	<u>-</u>	<u>(6,474,662)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,035,732</u>	<u>(254,639)</u>	<u>(6,290,371)</u>	<u>(141,704)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,810,756</u>	<u>\$ 2,810,756</u>	<u>1,546,867</u>
Fund balance, beginning of year, July 1st		<u>29,154,211</u>		<u>27,607,344</u>
Fund balance, end of year, June 30th		<u>\$ 31,964,967</u>		<u>\$ 29,154,211</u>

non-major governmental funds



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**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012**

Schedule B-1

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Assets				
Assets				
Cash and cash equivalents	\$ 1,621,821	\$ 979,357	\$ 5,436,023	\$ 8,037,201
Accounts receivable, net	733,849	-	384,842	1,118,691
Interest receivable	7,295	-	-	7,295
Loans receivable	-	-	-	-
Due from other governments	148,440	-	100,440	248,880
Prepaid items and deposits	43,685	-	-	43,685
Restricted cash and investments	338,243	-	2,582,293	2,920,536
Total assets	<u>\$ 2,893,333</u>	<u>\$ 979,357</u>	<u>\$ 8,503,598</u>	<u>\$ 12,376,288</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 279,707	\$ -	\$ 270,662	\$ 550,369
Due to other funds	833,012	-	381,857	1,214,869
Deferred revenue	345,760	-	123,297	469,057
Total liabilities	<u>1,458,479</u>	<u>-</u>	<u>775,816</u>	<u>2,234,295</u>
Fund balances:				
Nonspendable				
Prepaid items	43,685	-	-	43,685
Spendable				
Restricted				
Stablization by State Statutue	548,924	-	361,985	910,909
Restricted for public safety	16,946	-	-	16,946
Restricted for public works	61,572	-	544,530	606,102
Restricted for economic development	437,461	-	2,155,180	2,592,641
Restricted for culture and recreation	791,284	-	511,477	1,302,761
Committed				
Committed for capital projects	-	-	5,016,790	5,016,790
Committed for debt service	-	979,357	-	979,357
Unassigned	(465,018)	-	(862,180)	(1,327,198)
Total fund balances	<u>1,434,854</u>	<u>979,357</u>	<u>7,727,782</u>	<u>10,141,993</u>
Total liabilities and fund balances	<u>\$ 2,893,333</u>	<u>\$ 979,357</u>	<u>\$ 8,503,598</u>	<u>\$ 12,376,288</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

Schedule B-2

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:				
Other taxes	\$ -	\$ 550,372	\$ 294,620	\$ 844,992
Restricted intergovernmental	5,633,727	-	2,245,491	7,879,218
Investment earnings	9,532	534	6,779	16,845
Other revenues	500,818	-	358,119	858,937
Total revenues	<u>6,144,077</u>	<u>550,906</u>	<u>2,905,009</u>	<u>9,599,992</u>
Expenditures:				
Current:				
Cultural and recreational	2,199,544	-	-	2,199,544
Public safety	659,244	-	-	659,244
Public works	1,275,514	-	-	1,275,514
Economic and physical development	3,287,731	-	-	3,287,731
Capital outlay	-	-	7,020,783	7,020,783
Principal retirement	-	3,047,123	-	3,047,123
Interest and fees	-	1,684,330	-	1,684,330
Total expenditures	<u>7,422,033</u>	<u>4,731,453</u>	<u>7,020,783</u>	<u>19,174,269</u>
Deficiency of revenues under expenditures	<u>(1,277,956)</u>	<u>(4,180,547)</u>	<u>(4,115,774)</u>	<u>(9,574,277)</u>
Other financing sources (uses):				
Debt issued	-	4,292,944	-	4,292,944
Payments to escrow agents	-	(4,207,672)	-	(4,207,672)
Transfers in	1,356,812	4,131,344	1,608,782	7,096,938
Transfers out	(307,411)	-	(1,102,126)	(1,409,537)
Total other financing sources (uses)	<u>1,049,401</u>	<u>4,216,616</u>	<u>506,656</u>	<u>5,772,673</u>
Net change in fund balances	<u>(228,555)</u>	<u>36,069</u>	<u>(3,609,118)</u>	<u>(3,801,604)</u>
Fund balances:				
Fund balances, beginning of year	1,663,409	943,288	11,336,900	13,943,597
Fund balances, end of year, June 30th	<u>\$ 1,434,854</u>	<u>\$ 979,357</u>	<u>\$ 7,727,782</u>	<u>\$ 10,141,993</u>

non-major special revenue funds

Community Development and Home Program Fund - 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 Fund - established to account for funds to provide the residents of the City of Greenville and Pitt County with a free public library.

Housing Trust Fund - 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 - 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 - established to account for donations, from partners and sponsors, and expenditures to fund Conference Activity.

Lead Based Paint Hazard Grant - used to remove lead paint from dwellings purchased through the Community Development Block Grant for resale.

Community Development Block Grant (CDBG) Recovery Grant Project - 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 - 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 - established to account for Department of Justice grant proceeds allocated to 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 - 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 - established to account for Department of Justice grant proceeds allocated to the City to hire or rehire police officers.

Arlington Sidewalk Grant - established to account for Department of Transportation grant proceeds allocated to the City to expand side walks along Arlington Boulevard.

non-major special revenue funds (continued)

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

Centralized Grant - 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.

Hurricane Irene FEMA Grant - established to account for the FEMA grant proceeds allocated to the City for costs associated with the clean-up and recovery efforts in response to Hurricane Irene.

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Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

	Community Development Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant	CDBG Recovery Grant Project	Public Transit Capital Assistance Recovery Grant	Byrne-JAG Grant Recovery Fund
Assets									
Assets:									
Cash and cash equivalents	\$ 512,775	\$ 919,911	\$ 48,121	\$ 138,677	\$ -	\$ 4,764	\$ -	\$ -	\$ 16,946
Accounts receivable, net	632,840	-	10,342	26,738	-	-	-	-	-
Interest receivable	-	7,295	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	320	18,030	128	-	-	-	-	-	-
Prepaid items and deposits	104	42,524	-	1,057	-	-	-	-	-
Total assets	\$ 1,146,039	\$ 987,760	\$ 58,591	\$ 166,472	\$ -	\$ 4,764	\$ -	\$ -	\$ 16,946
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ 220,092	\$ 18,078	\$ -	\$ 328	\$ -	\$ 2,174	\$ -	\$ -	\$ -
Due to other funds	536,672	110,549	-	-	7,664	-	288	-	-
Deferred revenue	292,550	-	10,090	29,288	-	-	-	-	-
Total liabilities	1,049,314	128,627	10,090	29,616	7,664	2,174	288	-	-
Fund balances:									
Nonspendable									
Prepaid items	104	42,524	-	1,057	-	-	-	-	-
Spendable									
Restricted									
Stabilization by State Statute	340,610	25,325	380	2,550	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-	-	-	16,946
Restricted for public works	-	-	-	-	-	-	-	-	-
Restricted for economic development	-	-	48,121	133,249	-	2,590	-	-	-
Restricted for culture and recreation	-	791,284	-	-	-	-	-	-	-
Unassigned	(243,989)	-	-	-	(7,664)	-	(288)	-	-
Total fund balance	96,725	859,133	48,501	136,856	(7,664)	2,590	(288)	-	16,946
Total liabilities and fund balances	\$ 1,146,039	\$ 987,760	\$ 58,591	\$ 166,472	\$ -	\$ 4,764	\$ -	\$ -	\$ 16,946

Schedule C-1

<u>Energy Efficiency Recovery Grant</u>	<u>COPS Hiring Recovery Grant</u>	<u>Arlington Sidewalk Grant</u>	<u>Charles Sidewalk Grant</u>	<u>Centralized Grant</u>	<u>Hurricane Irene FEMA Grant</u>	<u>Total</u>
\$ 256,501	\$ -	\$ -	\$ -	\$ -	\$ 62,369	\$ 1,960,064
16,832	-	-	-	47,097	-	733,849
-	-	-	-	-	-	7,295
-	-	-	-	-	-	-
-	128,876	-	-	-	1,086	148,440
-	-	-	-	-	-	43,685
<u>\$ 273,333</u>	<u>\$ 128,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,097</u>	<u>\$ 63,455</u>	<u>\$ 2,893,333</u>
\$ 3,000	\$ 18,502	\$ -	\$ -	\$ 16,736	\$ 797	\$ 279,707
	169,397	-	-	8,442	-	833,012
13,832	-	-	-	-	-	345,760
<u>16,832</u>	<u>187,899</u>	<u>-</u>	<u>-</u>	<u>25,178</u>	<u>797</u>	<u>1,458,479</u>
-	-	-	-	-	-	43,685
						-
						-
3,000	128,876	-	-	47,097	1,086	548,924
-	-	-	-	-	-	16,946
-	-	-	-	-	61,572	61,572
253,501	-	-	-	-	-	437,461
-	-	-	-	-	-	791,284
-	(187,899)	-	-	(25,178)	-	(465,018)
<u>256,501</u>	<u>(59,023)</u>	<u>-</u>	<u>-</u>	<u>21,919</u>	<u>62,658</u>	<u>1,434,854</u>
<u>\$ 273,333</u>	<u>\$ 128,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,097</u>	<u>\$ 63,455</u>	<u>\$ 2,893,333</u>

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2012

	Community Development Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant	CDBG Recovery Grant Project	Public Transit Capital Assistance Recovery Fund	Byrne-JAG Grant Recovery Fund
Revenues:									
Restricted Intergovernmental	\$ 2,307,939	\$ 1,009,882	\$ 1,000	\$ -	\$ -	\$ 402,698	\$ 1,116	\$ 5,122	\$ -
Investment earnings	25	9,503	4	-	-	-	-	-	-
Other revenues	108,399	112,465	500	12,266	-	-	-	-	-
Total revenues	<u>2,416,363</u>	<u>1,131,850</u>	<u>1,504</u>	<u>12,266</u>	<u>-</u>	<u>402,698</u>	<u>1,116</u>	<u>5,122</u>	<u>-</u>
Expenditures:									
Current:									
Cultural and recreational	-	2,199,544	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	155,344
Public works	-	-	-	-	-	-	-	5,091	-
Economic and physical development	2,707,814	-	4,420	14,460	-	415,798	-	-	-
Total expenditures	<u>2,707,814</u>	<u>2,199,544</u>	<u>4,420</u>	<u>14,460</u>	<u>-</u>	<u>415,798</u>	<u>-</u>	<u>5,091</u>	<u>155,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(291,451)</u>	<u>(1,067,694)</u>	<u>(2,916)</u>	<u>(2,194)</u>	<u>-</u>	<u>(13,100)</u>	<u>1,116</u>	<u>31</u>	<u>(155,344)</u>
Other financing sources (uses):									
Transfers from other funds	168,590	1,137,686	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-	(48,593)	-
Total other financing sources (uses)	<u>168,590</u>	<u>1,137,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,593)</u>	<u>-</u>
Net change in fund balances	<u>(122,861)</u>	<u>69,992</u>	<u>(2,916)</u>	<u>(2,194)</u>	<u>-</u>	<u>(13,100)</u>	<u>1,116</u>	<u>(48,562)</u>	<u>(155,344)</u>
Fund balances:									
Fund balances, beginning of year	219,586	789,141	51,417	139,050	(7,664)	15,690	(1,404)	48,562	172,290
Fund balances, end of year	<u>\$ 96,725</u>	<u>\$ 859,133</u>	<u>\$ 48,501</u>	<u>\$ 136,856</u>	<u>\$ (7,664)</u>	<u>\$ 2,590</u>	<u>\$ (288)</u>	<u>\$ -</u>	<u>\$ 16,946</u>

Schedule C-2

Energy Efficiency Recovery Grant	COPS Hiring Recovery Grant	Arlington Sidewalk Grant	Charles Sidewalk Grant	Centralized Grant	Hurricane Irene FEMA Grant	Total
\$ (2,920)	\$ 478,423	\$ (1,392)	\$ (915)	\$ 108,610	\$ 1,324,164	\$ 5,633,727
-	-	-	-	-	-	9,532
-	-	-	-	-	267,188	500,818
<u>(2,920)</u>	<u>478,423</u>	<u>(1,392)</u>	<u>(915)</u>	<u>108,610</u>	<u>1,591,352</u>	<u>6,144,077</u>
-	-	-	-	-	-	2,199,544
-	503,900	-	-	-	-	659,244
-	-	-	-	-	1,270,423	1,275,514
(838)	-	16	(8,306)	154,367	-	3,287,731
<u>(838)</u>	<u>503,900</u>	<u>16</u>	<u>(8,306)</u>	<u>154,367</u>	<u>1,270,423</u>	<u>7,422,033</u>
<u>(2,082)</u>	<u>(25,477)</u>	<u>(1,408)</u>	<u>7,391</u>	<u>(45,757)</u>	<u>320,929</u>	<u>(1,277,956)</u>
-	-	-	-	50,536	-	1,356,812
-	-	(547)	-	-	(258,271)	(307,411)
-	-	(547)	-	50,536	(258,271)	1,049,401
<u>(2,082)</u>	<u>(25,477)</u>	<u>(1,955)</u>	<u>7,391</u>	<u>4,779</u>	<u>62,658</u>	<u>(228,555)</u>
258,583	(33,546)	1,955	(7,391)	17,140	-	1,663,409
<u>\$ 256,501</u>	<u>\$ (59,023)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,919</u>	<u>\$ 62,658</u>	<u>\$ 1,434,854</u>

Community Development and Home Fund
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and for
Year Ended June 30, 2012

Schedule C-3
Page 1 of 2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
CDBG and Home Entitlement Program:				
Property owners matching fund	\$ 146,083	\$ 218,276	\$ -	\$ 218,276
Federal Grant, HUD	26,412,955	21,842,652	2,307,939	24,150,591
Other grants	34,000	-	-	-
Consortium Members	-	13,666	330	13,996
Loan Payments	639,377	628,739	108,069	736,808
Interest Income	134,792	207,788	25	207,813
Sale of acquired property	77,430	162,187	-	162,187
Total CDBG entitlement program	<u>27,444,637</u>	<u>23,073,308</u>	<u>2,416,363</u>	<u>25,489,671</u>
Expenditures:				
CDBG and Home Entitlement Program:				
Administration		4,154,365	523,904	4,678,269
Rehab, third party owned dwellings		7,860,741	649,451	8,510,192
Rehab, rental		783,591	342,278	1,125,869
Outside agency funding		1,727,397		1,727,397
Acquisition dilapidated		848,996	102,077	951,073
Code enforcement		290,815	500	291,315
Conversion program		244,302		244,302
Small area revitalization		787,851		787,851
Demolition grants		783,503		783,503
Secondary mortgage		352,406	5,072	357,478
Ec. Dev. Study, West Grn./Meadowbrook		57,558	178,424	235,982
Neighborhood input grants		2,963		2,963
Concentrated needs		1,844,535		1,844,535
Sewer Oakgrove		15,130		15,130
Other expenses		58,010		58,010
Relocation		9,628	21,162	30,790
Contribution to other consortium members		4,689,310	884,946	5,574,256
Capital outlay		11,834	-	11,834
Total CDBG entitlement program	<u>29,720,181</u>	<u>24,522,935</u>	<u>2,707,814</u>	<u>27,230,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,275,544)</u>	<u>(1,449,627)</u>	<u>(291,451)</u>	<u>(1,741,078)</u>
Other financing sources (uses):				
Transfers in (out):				

Community Development and Home Fund
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and for
 Year Ended June 30, 2012

Schedule C-3
 Page 2 of 2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Transfers in (out) continued:				
Transfers in	2,943,044	2,336,713	168,590	2,505,303
Transfers out	(667,500)	(667,500)	-	(667,500)
Total other financing sources (uses)	<u>2,275,544</u>	<u>1,669,213</u>	<u>168,590</u>	<u>1,837,803</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 219,586</u>	<u>\$ (122,861)</u>	<u>\$ 96,725</u>

Sheppard Memorial Library
Schedule of Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2012

Schedule C-4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental:			
County of Pitt	\$ 543,683	\$ 543,683	\$ -
Town of Bethel	27,984	28,520	536
Town of Winterville	139,437	139,437	-
State aid	192,156	192,156	-
Housing Authority	10,692	10,692	-
Other miscellaneous grants	142,480	95,394	(47,086)
Total restricted intergovernmental revenue	<u>1,056,432</u>	<u>1,009,882</u>	<u>(46,550)</u>
Other revenues:			
Fines and fees	114,495	112,465	(2,030)
Interest earnings	5,000	9,503	4,503
Total other revenues	<u>119,495</u>	<u>121,968</u>	<u>2,473</u>
Total revenues	<u>1,175,927</u>	<u>1,131,850</u>	<u>(44,077)</u>
Expenditures:			
Cultural and recreational:			
Salaries and benefits		1,417,397	
Capital outlay		-	
Grant Expenditures		25,000	
Other operating expenditures	-	757,147	-
Total expenditures	<u>2,355,005</u>	<u>2,199,544</u>	<u>155,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,179,078)</u>	<u>(1,067,694)</u>	<u>111,384</u>
Other financing sources (uses):			
Transfers from other funds	1,087,366	1,137,686	50,320
Appropriated fund balance	91,712	-	(91,712)
Total other financing sources (uses)	<u>1,179,078</u>	<u>1,137,686</u>	<u>(41,392)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 69,992</u>	<u>\$ 69,992</u>

Housing Trust Fund

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule C-5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Grants	\$ 170,500	\$ 177,576	\$ 1,000	\$ 178,576
Other revenues:				
Investment earnings	4,265	12,469	4	12,473
Loan payments	7,210	25,733	500	26,233
Total other revenues	<u>11,475</u>	<u>38,202</u>	<u>504</u>	<u>38,706</u>
Total revenues	<u>181,975</u>	<u>215,778</u>	<u>1,504</u>	<u>217,282</u>
Expenditures:				
Small area revitalization		19,978	-	19,978
Rehabilitation		215,374	-	215,374
Loans made	-	50,009	4,420	54,429
Total expenditures	<u>302,975</u>	<u>285,361</u>	<u>4,420</u>	<u>289,781</u>
Revenues under expenditures	(121,000)	(69,583)	(2,916)	(72,499)
Other financing sources:				
Transfers from:				
Community Development Fund	121,000	121,000	-	121,000
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 51,417</u>	<u>\$ (2,916)</u>	<u>\$ 48,501</u>

Small Business Loan Program

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule C-6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Other revenues:				
Bank contribution	\$ 475,000	\$ 448,243	\$ -	\$ 448,243
Loan payments	253,552	465,110	12,266	477,376
Application fees	2,000	1,550	-	1,550
Investment earnings	1,706	5,817	-	5,817
Total revenues	<u>732,258</u>	<u>920,720</u>	<u>12,266</u>	<u>932,986</u>
Expenditures:				
Administration		7	651	658
Payments to banks		469,712	13,809	483,521
Loans made		448,242	-	448,242
Loan loss reserve	-	6,209	-	6,209
Total expenditures	<u>874,758</u>	<u>924,170</u>	<u>14,460</u>	<u>938,630</u>
Revenues under expenditures	<u>(142,500)</u>	<u>(3,450)</u>	<u>(2,194)</u>	<u>(5,644)</u>
Other financing sources (uses):				
Transfers from:				
Community Development Fund	142,500	142,500	-	142,500
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 139,050</u>	<u>\$ (2,194)</u>	<u>\$ 136,856</u>

League of Municipalities Conference
 Schedule of Revenues and Expenditures - Budget and Actual
 From Inception and For the Year Ended June 30, 2012

Schedule C-7

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
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	39,925	-	39,925
Total expenditures	179,394	123,028	-	123,028
Revenues under expenditures	(29,394)	(37,058)	-	(37,058)
Other financing sources (uses):				
Transfers from:				
General Fund	29,394	29,394	-	29,394
Revenues and other financing sources under expenditures	\$ -	\$ (7,664)	\$ -	\$ (7,664)

Lead Based Paint Hazard Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-8

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Recovery lead-based paint grant	\$ 1,922,370	\$ 1,247,882	\$ 402,698	\$ 1,650,580
Expenditures:				
Administration	216,894	141,971	51,885	193,856
Operations	<u>1,705,476</u>	<u>1,090,221</u>	<u>363,913</u>	<u>1,454,134</u>
Total expenditures	<u>1,922,370</u>	<u>1,232,192</u>	<u>415,798</u>	<u>1,647,990</u>
Revenue under expenditures	<u>\$ -</u>	<u>\$ 15,690</u>	<u>\$ (13,100)</u>	<u>\$ 2,590</u>

CDBG Recovery Grant Project

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule C-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
CDBG recovery grant	\$ 216,580	\$ 215,464	\$ 1,116	\$ 216,580
Expenditures:				
Administration		21,386	-	21,386
Public service		29,302	-	29,302
Operations	-	166,180	-	166,180
Total expenditures	<u>216,580</u>	<u>216,868</u>	<u>-</u>	<u>216,868</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (1,404)</u>	<u>\$ 1,116</u>	<u>\$ (288)</u>

Public Transit Capital Assistance Recovery Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C -10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Public transit recovery grant	\$ 1,577,464	\$ 1,426,576	\$ 5,092	\$ 1,431,668
Investment earnings	-	4	30	34
Other revenue	-	50	-	50
Total revenues	<u>1,577,464</u>	<u>1,426,630</u>	<u>5,122</u>	<u>1,431,752</u>
Expenditures				
Capital outlay	<u>1,528,871</u>	<u>1,378,068</u>	<u>5,091</u>	<u>1,383,159</u>
Total expenditures	<u>1,528,871</u>	<u>1,378,068</u>	<u>5,091</u>	<u>1,383,159</u>
Revenues over (under) expenditures	<u>\$ 48,593</u>	<u>\$ 48,562</u>	<u>\$ 31</u>	<u>\$ 48,593</u>
Other financing sources (uses):				
Transfers out	<u>(48,593)</u>	<u>-</u>	<u>(48,593)</u>	<u>(48,593)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ 48,562</u>	<u>\$ (48,562)</u>	<u>\$ -</u>

Byrne-JAG Grant Recovery
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Byrne-JAG recovery grant	\$ 490,323	\$ 490,323	\$ -	\$ 490,323
Investment earnings	-	31	2	33
Total revenues	<u>490,323</u>	<u>490,354</u>	<u>2</u>	<u>490,356</u>
Expenditures:				
Operating	63,193	46,491	3,991	50,482
Capital outlay	427,130	271,573	151,355	422,928
Total expenditures	<u>490,323</u>	<u>318,064</u>	<u>155,346</u>	<u>473,410</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 172,290</u>	<u>\$ (155,344)</u>	<u>\$ 16,946</u>

Energy Efficiency Recovery Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-12

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Energy efficiency recovery grant	\$ 777,600	\$ 358,693	\$ (2,920)	\$ 355,773
Investment income	-	17	-	17
Total revenues	<u>777,600</u>	<u>358,710</u>	<u>(2,920)</u>	<u>355,790</u>
Expenditures:				
Administration		1,797	(24)	1,773
Operations		98,330	(814)	97,516
Total expenditures	<u>777,600</u>	<u>100,127</u>	<u>(838)</u>	<u>99,289</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 258,583</u>	<u>\$ (2,082)</u>	<u>\$ 256,501</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ 258,583</u>	<u>\$ (2,082)</u>	<u>\$ 256,501</u>

COPS Hiring Recovery Program Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-13

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
COPS hiring recovery grant	\$ 1,211,803	\$ 600,071	\$ 478,423	\$ 1,078,494
Investment income	-	-	1	1
Total revenues	<u>1,211,803</u>	<u>600,071</u>	<u>478,424</u>	<u>1,078,495</u>
Expenditures:				
Operations	<u>1,621,180</u>	<u>633,617</u>	<u>503,900</u>	<u>1,137,517</u>
Total expenditures	<u>1,621,180</u>	<u>633,617</u>	<u>503,900</u>	<u>1,137,517</u>
Revenues under expenditures	<u>(409,377)</u>	<u>(33,546)</u>	<u>(25,477)</u>	<u>(59,023)</u>
Other financing sources:				
Transfers from:				
General Fund	<u>409,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (33,546)</u>	<u>\$ (25,477)</u>	<u>\$ (59,023)</u>

Arlington Sidewalk Project

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule C-14

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Arlington sidewalk recovery grant	\$ 108,897	\$ 75,923	\$ (1,392)	\$ 74,531
Expenditures:				
Construction	108,334	73,968	16	73,984
Total expenditures	<u>108,334</u>	<u>73,968</u>	<u>16</u>	<u>73,984</u>
Revenues over expenditures	<u>\$ 563</u>	<u>\$ 1,955</u>	<u>\$ (1,408)</u>	<u>\$ 547</u>
Other financing sources:				
Transfers out	(563)	-	(547)	(547)
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ 1,955</u>	<u>\$ (1,955)</u>	<u>\$ -</u>

Charles Sidewalk Project

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule C-15

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
Charles sidewalk recovery grant	\$ 60,090	\$ 47,993	\$ (915)	\$ 47,078
Expenditures:				
Construction	60,090	55,384	(8,306)	47,078
Total expenditures	<u>60,090</u>	<u>55,384</u>	<u>(8,306)</u>	<u>47,078</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (7,391)</u>	<u>\$ 7,391</u>	<u>\$ -</u>

Centralized Grant Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-16

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
EQUAL project grant	\$ 608,501	\$ 86,942	\$ 108,610	\$ 195,552
Investment Income	-	-	1	1
Total revenues	<u>608,501</u>	<u>86,942</u>	<u>108,611</u>	<u>195,553</u>
Expenditures:				
Operating	391,580	69,802	146,693	216,495
Capital outlay	267,457	-	7,675	7,675
Total expenditures	<u>659,037</u>	<u>69,802</u>	<u>154,368</u>	<u>224,170</u>
Revenues over expenditures	<u>\$ (50,536)</u>	<u>\$ 17,140</u>	<u>\$ (45,757)</u>	<u>\$ (28,617)</u>
Other financing sources (uses):				
Transfers in	50,536	-	50,536	50,536
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ 17,140</u>	<u>\$ 4,779</u>	<u>\$ 21,919</u>

Hurricane Irene FEMA Grant
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule C-17

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted Intergovernmental:				
FEMA grant funds	\$ 1,264,112	\$ -	\$ 985,775	\$ 985,775
NCEM grant funds	538,688	-	338,389	338,389
Other revenues	-	-	267,188	267,188
Total revenues	<u>1,802,800</u>	<u>-</u>	<u>1,591,352</u>	<u>1,591,352</u>
Expenditures:				
Debris removal	1,044,544	-	1,053,634	1,053,634
Property & casualty loss	500,000	-	216,789	216,789
Total expenditures	<u>1,544,544</u>	<u>-</u>	<u>1,270,423</u>	<u>1,270,423</u>
Revenues over expenditures	<u>\$ 258,256</u>	<u>\$ -</u>	<u>\$ 320,929</u>	<u>\$ 320,929</u>
Other financing sources (uses):				
Transfers out	(258,256)	-	(258,271)	(258,271)
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,658</u>	<u>\$ 62,658</u>

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, 2012, the City had the following projects, showing activity, in the Capital Project Funds:

Cemetery Development Project - established to account for funds to be used for the purchase and renovation of land for cemetery use.

Affordable House Project - established to account for the funds that will increase opportunities for working families to become homeowners.

City Hall Facility - 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 - established to fund 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 - involves the extension of Tenth Street on new locations to Stantonsburg Road at Memorial Drive with a grade separation at the CSX Railroad near Dickinson Avenue.

South Tar River Greenway - involves the planning, design, and construction of a joint use bikeway/greenway along the south side of the Tar River.

Wayfinding Community Development Project - used around the City purchase and creation of city signage within City limits.

Thomas Langston Road Extension Project - established as part of the 2004 bond referendum for transportation improvements.

Intermodal Transportation Center Project - 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 - 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.

capital project fund (continued)

Convention Center Expansion - established to account for funds used to construct the addition of 150 parking spaces along with other improvements.

Community Oriented Policing Service Project - established to account for funds used to purchase a radio system that supports interoperability among Greenville Police, Pitt County Sheriff's Office, and other public safety agencies in Pitt County.

Technology for Public Safety Project - established to account for funds used to purchase a public safety software system.

Emergency Operation Center - established to account for funds used in the construction of a new emergency operations center.

King George Bridge Capital Project - established to account for funds used to replace the obsolete bridge on King George road in the Brook Valley neighborhood.

Green Mill Greenway Project - established to account for funds used to extend the Green Mill Greenway from its current end on Charles Boulevard to Evans Park on Arlington Boulevard.

Public Works / Beatty Yard Street Project - established to account for funds used to replace a storm drainage pipe located on the Public Works yard.

Drew Steele Center - 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 as the focal point for the development of City services and programs for those with special needs.

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

Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	Cemetery Development Fund	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
Assets:									
Cash and cash equivalents	\$ 14,865	\$ 498,823	\$ -	\$ -	\$ 22,484	\$ 378,867	\$ 6,176	\$ 12,933	\$ -
Accounts receivable	-	370,158	-	6,461	-	-	7,893	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	19	-	-	54	-	-	-	65,744
Restricted cash and investments	-	-	-	321,717	1,810,925	1,381	-	-	-
Total assets	\$ 14,865	\$ 869,000	\$ -	\$ 328,178	\$ 1,833,463	\$ 380,248	\$ 14,069	\$ 12,933	\$ 65,744
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 36,576	\$ -	\$ 44	\$ -	\$ -	\$ -	\$ -	\$ 148,522
Due to other funds	-	-	-	-	-	-	-	-	117,060
Deferred revenue	-	123,297	-	-	-	-	-	-	-
Total liabilities	-	159,873	-	44	-	-	-	-	265,582
Fund balances:									
Spendable									
Restricted									
Restricted for culture and recreation	-	-	-	-	-	-	14,069	-	-
Restricted for public works	-	-	-	-	-	380,248	-	-	-
Restricted for economic development	-	-	-	321,717	1,833,463	-	-	-	-
Stabilization by State Statute	-	246,880	-	6,461	54	-	7,893	-	65,744
Committed	14,865	462,247	-	-	-	-	-	12,933	292,938
Unassigned	-	-	-	(44)	(54)	-	(7,893)	-	(558,520)
Total fund balance	14,865	709,127	-	328,134	1,833,463	380,248	14,069	12,933	(199,838)
Total liabilities and fund balances	\$ 14,865	\$ 869,000	\$ -	\$ 328,178	\$ 1,833,463	\$ 380,248	\$ 14,069	\$ 12,933	\$ 65,744

Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Emergency Operations Center Project	Drew Steele Center	Capital Reserve Fund	King George Bridge Capital Project	Green Mill Greenway Project	Public Works Beatty Street Project	Total
\$ 623,392	\$ 19,247	\$ -	\$ -	\$ 340,149	\$ 321,720	\$ 117,429	\$ 2,327,009	\$ 133,289	\$ 619,640	\$ -	\$ 5,436,023
330	-	-	-	-	-	-	-	-	-	-	384,842
-	-	-	-	-	-	-	-	-	-	-	-
-	121	-	1,829	-	-	1,801	-	30,872	-	-	100,440
-	-	448,270	-	-	-	-	-	-	-	-	2,582,293
<u>\$ 623,722</u>	<u>\$ 19,368</u>	<u>\$ 448,270</u>	<u>\$ 1,829</u>	<u>\$ 340,149</u>	<u>\$ 321,720</u>	<u>\$ 119,230</u>	<u>\$ 2,327,009</u>	<u>\$ 164,161</u>	<u>\$ 619,640</u>	<u>\$ -</u>	<u>\$ 8,503,598</u>
\$ -	\$ 11,561	\$ -	\$ -	\$ 13,017	\$ 3,768	\$ 57,174	\$ -	\$ -	\$ -	\$ -	\$ 270,662
-	-	-	264,797	-	-	-	-	-	-	-	381,857
-	-	-	-	-	-	-	-	-	-	-	123,297
-	11,561	-	264,797	13,017	3,768	57,174	-	-	-	-	775,816
-	-	448,270	-	-	-	-	-	-	49,138	-	511,477
-	121	-	-	-	-	-	-	164,161	-	-	544,530
-	-	-	-	-	-	-	-	-	-	-	2,155,180
330	121	-	1,829	-	-	1,801	-	30,872	-	-	361,985
623,392	7,565	-	-	327,132	317,952	60,255	2,327,009	-	570,502	-	5,016,790
-	-	-	(264,797)	-	-	-	-	(30,872)	-	-	(862,180)
<u>623,722</u>	<u>7,807</u>	<u>448,270</u>	<u>(262,968)</u>	<u>327,132</u>	<u>317,952</u>	<u>62,056</u>	<u>2,327,009</u>	<u>164,161</u>	<u>619,640</u>	<u>-</u>	<u>7,727,782</u>
<u>\$ 623,722</u>	<u>\$ 19,368</u>	<u>\$ 448,270</u>	<u>\$ 1,829</u>	<u>\$ 340,149</u>	<u>\$ 321,720</u>	<u>\$ 119,230</u>	<u>\$ 2,327,009</u>	<u>\$ 164,161</u>	<u>\$ 619,640</u>	<u>\$ -</u>	<u>\$ 8,503,598</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2012

	Cemetery Development Fund	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
Revenues:									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259,759	\$ 565,669	\$ -	\$ 52,667
Other taxes and licenses	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	1	1,851	3,546	20	-	-	597
Other revenues	-	265,639	-	33,716	-	-	-	-	-
Total revenues	<u>-</u>	<u>265,639</u>	<u>1</u>	<u>35,567</u>	<u>3,546</u>	<u>1,259,779</u>	<u>565,669</u>	<u>-</u>	<u>53,264</u>
Expenditures:									
Current:									
Capital outlay	11,576	272,481	2	83,422	420,699	3,253,369	148,066	175,225	925,686
Total expenditures	<u>11,576</u>	<u>272,481</u>	<u>2</u>	<u>83,422</u>	<u>420,699</u>	<u>3,253,369</u>	<u>148,066</u>	<u>175,225</u>	<u>925,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,576)</u>	<u>(6,842)</u>	<u>(1)</u>	<u>(47,855)</u>	<u>(417,153)</u>	<u>(1,993,590)</u>	<u>417,603</u>	<u>(175,225)</u>	<u>(872,422)</u>
Other financing sources (uses):									
Bonds issued	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	80,170
Transfers out	-	-	(12,700)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,170</u>
Net change in fund balances	<u>(11,576)</u>	<u>(6,842)</u>	<u>(12,701)</u>	<u>(47,855)</u>	<u>(417,153)</u>	<u>(1,993,590)</u>	<u>417,603</u>	<u>(175,225)</u>	<u>(792,252)</u>
Fund balances:									
Fund balances, beginning of year	26,441	715,969	12,701	375,989	2,250,616	2,373,838	(403,534)	188,158	592,414
Fund balances, end of year	<u>\$ 14,865</u>	<u>\$ 709,127</u>	<u>\$ -</u>	<u>\$ 328,134</u>	<u>\$ 1,833,463</u>	<u>\$ 380,248</u>	<u>\$ 14,069</u>	<u>\$ 12,933</u>	<u>\$ (199,838)</u>

Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Emergency Operations Center Project	Drew Steele Center	Capital Reserve Fund	King George Bridge Capital Project	Green Mill Greenway Project	Public Works Beatty Street Project	Total
\$ 13,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,981	\$ -	\$ 63,161	\$ -	\$ -	\$ 2,245,491
-	-	294,620	-	-	-	-	-	-	-	-	294,620
5	-	45	-	9	-	6	699	-	-	-	6,779
-	-	5,000	-	-	-	3,764	-	-	50,000	-	358,119
13,259	-	299,665	-	9	-	294,751	699	63,161	50,000	-	2,905,009
14,567	160,734	6,452	221,515	82,311	82,048	1,161,196	-	-	862	572	7,020,783
14,567	160,734	6,452	221,515	82,311	82,048	1,161,196	-	-	862	572	7,020,783
(1,308)	(160,734)	293,213	(221,515)	(82,302)	(82,048)	(866,445)	699	63,161	49,138	(572)	(4,115,774)
-	-	-	-	-	-	-	-	-	-	-	-
-	73,210	-	-	-	400,000	133,900	250,000	101,000	570,502	-	1,608,782
-	-	-	-	(680,000)	-	-	(394,129)	-	-	(15,297)	(1,102,126)
-	73,210	-	-	(680,000)	400,000	133,900	(144,129)	101,000	570,502	(15,297)	521,953
(1,308)	(87,524)	293,213	(221,515)	(762,302)	317,952	(732,545)	(143,430)	164,161	619,640	(15,869)	(3,593,821)
625,030	95,331	155,057	(41,453)	1,089,434	-	794,601	2,470,439	-	-	15,869	11,336,900
\$ 623,722	\$ 7,807	\$ 448,270	\$ (262,968)	\$ 327,132	\$ 317,952	\$ 62,056	\$ 2,327,009	\$ 164,161	\$ 619,640	\$ -	\$ 7,727,782

Cemetery Development
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Special Federal/State/Local grants	\$ 105,000	\$ 107,521	\$ -	\$ 107,521
Interest earnings	-	12,343	1	12,344
Total revenues	<u>105,000</u>	<u>119,864</u>	<u>1</u>	<u>119,865</u>
Expenditures:				
Capital improvements	390,000	378,423	11,577	390,000
Excess (deficiency) of revenues over (under) expenditures	<u>(285,000)</u>	<u>(258,559)</u>	<u>(11,576)</u>	<u>(270,135)</u>
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)	<u>285,000</u>	<u>285,000</u>	<u>-</u>	<u>285,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 26,441</u>	<u>\$ (11,576)</u>	<u>\$ 14,865</u>

Affordable Housing Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ 160,500	\$ 190,924	\$ 6	\$ 190,930
Loan payments	142,100	223,612	265,639	489,251
Sale of property	<u>1,176,000</u>	<u>1,714,049</u>	<u>-</u>	<u>1,714,049</u>
Total revenues	<u>1,478,600</u>	<u>2,128,585</u>	<u>265,645</u>	<u>2,394,230</u>
Expenditures:				
Bond administration cost		6,349	-	6,349
Home ownership		1,844,879	272,487	2,117,366
Land banking		831,327	-	831,327
Rehabilitation	<u>-</u>	<u>255,536</u>	<u>-</u>	<u>255,536</u>
Total expenditures	<u>3,003,600</u>	<u>2,938,091</u>	<u>272,487</u>	<u>3,210,578</u>
Deficiency of revenues over (under) expenditures	<u>(1,525,000)</u>	<u>(809,506)</u>	<u>(6,842)</u>	<u>(816,348)</u>
Other financing sources:				
Bonds issued	1,000,000	1,000,475	-	1,000,475
Transfer from General Fund	<u>525,000</u>	<u>525,000</u>	<u>-</u>	<u>525,000</u>
Total other financing sources	<u>1,525,000</u>	<u>1,525,475</u>	<u>-</u>	<u>1,525,475</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 715,969</u>	<u>\$ (6,842)</u>	<u>\$ 709,127</u>

City Hall Facility

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule D-5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 121,028	\$ 121,028	\$ -	\$ 121,028
Other income	32,216	32,216	-	32,216
Interest earnings	850,841	850,840	1	850,841
Total revenues	<u>1,004,085</u>	<u>1,004,084</u>	<u>1</u>	<u>1,004,085</u>
Expenditures:				
Construction		10,416,372	2	10,416,374
Capital outlay		1,248,010	-	1,248,010
Acquisition		950,000	-	950,000
Bond administration cost		102,049	-	102,049
Design	-	771,445	-	771,445
Total expenditures	<u>13,500,579</u>	<u>13,487,876</u>	<u>2</u>	<u>13,487,878</u>
Deficiency of revenues under expenditures	<u>(12,496,494)</u>	<u>(12,483,792)</u>	<u>(1)</u>	<u>(12,483,793)</u>
Other financing sources (uses):				
Appropriated fund balance	12,701			
Bonds issued	590,805	425,000	-	425,000
Certificate of participation issued	10,723,942	10,889,747	-	10,889,747
Transfer out	(49,562)	(36,862)	(12,700)	(49,562)
Transfers in	1,218,608	1,218,608	-	1,218,608
Total other financing sources (uses)	<u>12,496,494</u>	<u>12,496,493</u>	<u>(12,700)</u>	<u>12,483,793</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 12,701</u>	<u>\$ (12,701)</u>	<u>\$ -</u>

West Greenville Revitalization

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule D-6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Other income	\$ 439,817	\$ 429,812	\$ 250	\$ 430,062
Sales and services	382,020	414,694	33,466	448,160
Interest earnings	203,058	121,336	1,851	123,187
Total revenues	<u>1,024,895</u>	<u>965,842</u>	<u>35,567</u>	<u>1,001,409</u>
Expenditures:				
Acquisition		2,625,107	-	2,625,107
Demolition		404,280	-	404,280
Construction		580,175	-	580,175
Infrastructure		1,263,193	43,821	1,307,014
Development financing		170,811	22,850	193,661
Relocation assistance		269,149	(631)	268,518
Owner occupied rehabilitation		212,595	529	213,124
Furnishings		44,968	-	44,968
Bond administration	-	43,418	16,853	60,271
Total expenditures	<u>6,024,895</u>	<u>5,613,696</u>	<u>83,422</u>	<u>5,697,118</u>
Deficiency of revenues under expenditures	<u>(5,000,000)</u>	<u>(4,647,854)</u>	<u>(47,855)</u>	<u>(4,695,709)</u>
Other financing sources:				
Premium received on debt issue	-	23,843	-	23,843
Bonds issued	5,000,000	5,000,000	-	5,000,000
Total other financing sources	<u>5,000,000</u>	<u>5,023,843</u>	<u>-</u>	<u>5,023,843</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 375,989</u>	<u>\$ (47,855)</u>	<u>\$ 328,134</u>

Center City Revitalization
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-7

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted intergovernmental	\$ 25,000	\$ 25,250	\$ -	\$ 25,250
Interest earnings	<u>273,013</u>	<u>269,885</u>	<u>3,546</u>	<u>273,431</u>
Total revenues	<u>298,013</u>	<u>295,135</u>	<u>3,546</u>	<u>298,681</u>
Expenditures:				
Acquisition		682,621	2,378	684,999
Demolition		-	-	-
Infrastructure		2,077,968	360,796	2,438,764
Construction		86,707	-	86,707
Development financing		179,895	30,000	209,895
Bond administration		42,232	27,525	69,757
Business retention	-	-	-	-
Total expenditures	<u>5,298,013</u>	<u>3,069,423</u>	<u>420,699</u>	<u>3,490,122</u>
Deficiency of revenues under expenditures	<u>(5,000,000)</u>	<u>(2,774,288)</u>	<u>(417,153)</u>	<u>(3,191,441)</u>
Other Financing Sources:				
Premium received on debt issue	-	24,904	-	24,904
Bonds issued	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total other financing sources	<u>5,000,000</u>	<u>5,024,904</u>	<u>-</u>	<u>5,024,904</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 2,250,616</u>	<u>\$ (417,153)</u>	<u>\$ 1,833,463</u>

Stantonsburg Road / 10th Street Connector
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-8

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Restricted intergovernmental revenue	\$ 4,000,000	\$ 1,790,243	\$ 1,259,759	\$ 3,050,002
Interest earnings	22,000	2,205	20	2,225
Total revenues	<u>4,022,000</u>	<u>1,792,448</u>	<u>1,259,779</u>	<u>3,052,227</u>
Expenditures:				
Bond administration cost		55,610	-	55,610
Engineering	-	2,331,737	3,253,369	5,585,106
Total expenditures	<u>6,022,000</u>	<u>2,387,347</u>	<u>3,253,369</u>	<u>5,640,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000,000)</u>	<u>(594,899)</u>	<u>(1,993,590)</u>	<u>(2,588,489)</u>
Other financing sources:				
Transfers in	-	943,000	-	943,000
Bonds issued	2,000,000	2,025,737	-	2,025,737
Total other financing sources	<u>2,000,000</u>	<u>2,968,737</u>	<u>-</u>	<u>2,968,737</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,373,838</u>	<u>\$ (1,993,590)</u>	<u>\$ 380,248</u>

South Tar River Greenway Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 1,480,000	\$ 879,216	\$ 565,669	\$ 1,444,885
	-	3,700	-	3,700
Total revenues	<u>1,480,000</u>	<u>882,916</u>	<u>565,669</u>	<u>1,448,585</u>
Expenditures:				
Construction		1,117,218	148,066	1,265,284
Engineering		171,113	-	171,113
Right of way	-	(881)	-	(881)
Total expenditures	<u>1,481,000</u>	<u>1,287,450</u>	<u>148,066</u>	<u>1,435,516</u>
Deficiency of revenues under expenditures	<u>(1,000)</u>	<u>(404,534)</u>	<u>417,603</u>	<u>13,069</u>
Other financing sources:				
Transfers in	1,000	1,000	-	1,000
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (403,534)</u>	<u>\$ 417,603</u>	<u>\$ 14,069</u>

**Way Finding Community Development
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012**

Schedule D-10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ -	\$ 2,536	\$ 1	\$ 2,537
Expenditures:				
Construction	215,700	30,078	175,226	205,304
Excess (deficiency) of revenues over (under) expenditures	<u>(215,700)</u>	<u>(27,542)</u>	<u>(175,225)</u>	<u>(202,767)</u>
Other financing sources (uses):				
Transfers out	(40,000)	(40,000)	-	(40,000)
Transfers in	255,700	255,700	-	255,700
Total other financing sources	<u>215,700</u>	<u>215,700</u>	<u>-</u>	<u>215,700</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 188,158</u>	<u>\$ (175,225)</u>	<u>\$ 12,933</u>

Thomas Langston Road Extension Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 705,968	\$ -	\$ 52,667	\$ 52,667
Interest earnings	11,440	5,004	597	5,601
Other income	-	104,167	-	104,167
Total revenues	<u>717,408</u>	<u>109,171</u>	<u>53,264</u>	<u>162,435</u>
Expenditures:				
Engineering		668,908	1,250	670,158
Bond administration expense		38,886	-	38,886
Construction		1,993,611	924,436	2,918,047
Total expenditures	<u>3,980,847</u>	<u>2,701,405</u>	<u>925,686</u>	<u>3,627,091</u>
Deficiency of revenues under expenditures	<u>(3,263,439)</u>	<u>(2,592,234)</u>	<u>(872,422)</u>	<u>(3,464,656)</u>
Other financing sources:				
Bonds issued	2,896,803	2,896,803	-	2,896,803
Transfers in	366,636	287,845	80,170	368,015
Total other financing sources	<u>3,263,439</u>	<u>3,184,648</u>	<u>80,170</u>	<u>3,264,818</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 592,414</u>	<u>\$ (792,252)</u>	<u>\$ (199,838)</u>

Intermodal Transportation Center Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-12

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 950,500	\$ 192,772	\$ 13,254	\$ 206,026
Interest earnings	-	108	5	113
Total revenues	<u>950,500</u>	<u>192,880</u>	<u>13,259</u>	<u>206,139</u>
Expenditures:				
Construction	<u>1,685,618</u>	<u>220,685</u>	<u>14,567</u>	<u>235,252</u>
Deficiency of revenues under expenditures	<u>(735,118)</u>	<u>(27,805)</u>	<u>(1,308)</u>	<u>(29,113)</u>
Other financing sources:				
Transfers in	<u>735,118</u>	<u>652,835</u>	<u>-</u>	<u>652,835</u>
Total other financing sources	<u>735,118</u>	<u>652,835</u>	<u>-</u>	<u>652,835</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 625,030</u>	<u>\$ (1,308)</u>	<u>\$ 623,722</u>

Employee Parking Lot Expansion Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-13

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ 1,486	\$ 1,486	\$ 1	\$ 1,487
Total revenues	<u>1,486</u>	<u>1,486</u>	<u>1</u>	<u>1,487</u>
Expenditures:				
Renovations		338	160,735	161,073
Total expenditures	<u>168,880</u>	<u>338</u>	<u>160,735</u>	<u>161,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167,394)</u>	<u>1,148</u>	<u>(160,734)</u>	<u>(159,586)</u>
Other financing sources (uses):				
Sale of property	175,500	175,500	-	175,500
Transfers in	266,894	193,683	73,210	266,893
Transfers Out	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>	<u>(275,000)</u>
Total other financing sources	<u>167,394</u>	<u>94,183</u>	<u>73,210</u>	<u>167,393</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 95,331</u>	<u>\$ (87,524)</u>	<u>\$ 7,807</u>

Convention Center Expansion/Streetscape Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-14

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and state grants	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
Occupancy taxes	1,062,202	1,104,865	294,620	1,399,485
Interest earnings	-	1,025	45	1,070
Other revenue	-	35,342	5,000	40,342
Total revenues	<u>1,092,202</u>	<u>1,171,232</u>	<u>299,665</u>	<u>1,470,897</u>
Expenditures:				
Allocation to Convention and Visitor Authority		223,566	-	223,566
Construction	-	2,561,880	6,452	2,568,332
Total expenditures	<u>2,861,473</u>	<u>2,785,446</u>	<u>6,452</u>	<u>2,791,898</u>
Revenues over (under) expenditures	<u>(1,769,271)</u>	<u>(1,614,214)</u>	<u>293,213</u>	<u>(1,321,001)</u>
Other financing sources:				
Transfers in	1,769,271	1,769,271	-	1,769,271
Total other financing sources	<u>1,769,271</u>	<u>1,769,271</u>	<u>-</u>	<u>1,769,271</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 155,057</u>	<u>\$ 293,213</u>	<u>\$ 448,270</u>

Community Oriented Policing Services (COPS) Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-15

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 3,308,159	\$ 3,033,284	\$ -	\$ 3,033,284
Interest earnings	-	1,862	-	1,862
Total revenues	<u>3,308,159</u>	<u>3,035,146</u>	<u>-</u>	<u>3,035,146</u>
Expenditures:				
Administration		2,280,964	-	2,280,964
Capital outlay	-	1,457,266	221,515	1,678,781
Total expenditures	<u>3,969,790</u>	<u>3,738,230</u>	<u>221,515</u>	<u>3,959,745</u>
Deficiency of revenues under expenditures	<u>(661,631)</u>	<u>(703,084)</u>	<u>(221,515)</u>	<u>(924,599)</u>
Other financing sources:				
Transfers in	661,631	661,631	-	661,631
Total other financing sources	<u>661,631</u>	<u>661,631</u>	<u>-</u>	<u>661,631</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (41,453)</u>	<u>\$ (221,515)</u>	<u>\$ (262,968)</u>

New Technology for Public Safety Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-16

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ -	\$ 6,175	\$ 9	\$ 6,184
Other revenue	-	120	-	120
Total revenues	<u>-</u>	<u>6,295</u>	<u>9</u>	<u>6,304</u>
Expenditures:				
Testing		1,843,540	41,672	1,885,212
Capital outlay		475,391	40,639	516,030
Total expenditures	<u>2,804,000</u>	<u>2,318,931</u>	<u>82,311</u>	<u>2,401,242</u>
Deficiency of revenues under expenditures	<u>(2,804,000)</u>	<u>(2,312,636)</u>	<u>(82,302)</u>	<u>(2,394,938)</u>
Other financing sources:				
Transfers out	(680,000)	(81,930)	(680,000)	(761,930)
Transfers in	3,484,000	3,484,000	-	3,484,000
Total other financing sources	<u>2,804,000</u>	<u>3,402,070</u>	<u>(680,000)</u>	<u>2,722,070</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,089,434</u>	<u>\$ (762,302)</u>	<u>\$ 327,132</u>

Emergency Operations Center
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-17

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 600,000	\$ -	\$ -	\$ -
Interest earnings	-		1	1
Total revenues	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Construction	<u>1,000,000</u>	<u>-</u>	<u>82,048</u>	<u>82,048</u>
Deficiency of revenues under under expenditures	<u>(400,000)</u>	<u>-</u>	<u>(82,048)</u>	<u>(82,048)</u>
Other financing sources:				
Transfers in	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total other financing sources	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,952</u>	<u>\$ 317,952</u>

Drew Steele Center

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule D-18

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 500,000	\$ -	\$ 290,981	\$ 290,981
Investment earnings	-	54	6	60
Other revenue - donations	500,000	463,783	3,764	467,547
Total revenues	<u>1,000,000</u>	<u>463,837</u>	<u>294,745</u>	<u>758,588</u>
Expenditures:				
Construction	1,467,349	2,685	1,161,196	1,163,881
Revenue over (under) expenditures	<u>\$ (467,349)</u>	<u>\$ 461,152</u>	<u>\$ (866,445)</u>	<u>\$ (405,293)</u>
Other financing sources:				
Transfers in	467,349	333,449	133,900	467,349
Total other financing sources	<u>467,349</u>	<u>333,449</u>	<u>133,900</u>	<u>467,349</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 794,601</u>	<u>\$ (732,545)</u>	<u>\$ 62,056</u>

Capital Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2012

Schedule D-19

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 699	\$ 699
Other financing sources (uses):			
Appropriated fund balance	394,129	-	(394,129)
Transfers in	250,000	250,000	-
Transfers to other funds	<u>(644,129)</u>	<u>(394,129)</u>	<u>250,000</u>
Total other financing sources (uses)	<u>-</u>	<u>(144,129)</u>	<u>(144,129)</u>
Total revenues and other financing under other financing uses	<u>\$ -</u>	<u>\$ (143,430)</u>	<u>\$ (143,430)</u>

King George Bridge

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule D-20

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 403,999		\$ 63,161	\$ 63,161
Other revenue - donations	-	-	-	-
Total revenues	<u>403,999</u>	<u>-</u>	<u>63,161</u>	<u>63,161</u>
Expenditures:				
Construction	504,999	-	-	
Revenue over (under) expenditures	<u>\$ (101,000)</u>	<u>\$ -</u>	<u>\$ 63,161</u>	<u>\$ 63,161</u>
Other financing sources:				
Transfers in	101,000	-	101,000	101,000
Total other financing sources	<u>101,000</u>	<u>-</u>	<u>101,000</u>	<u>101,000</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,161</u>	<u>\$ 164,161</u>

Green Mill Greenway

Schedule of Revenues and Expenditures - Budget and Actual

From Inception and For the Year Ended June 30, 2012

Schedule D-21

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Federal and State grants	\$ 2,332,009	\$ -	\$ -	\$ -
Other revenue - donations	-	-	50,000	50,000
Total revenues	<u>2,332,009</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Expenditures:				
Construction	2,902,511	-	862	862
Revenue over (under) expenditures	<u>\$ (570,502)</u>	<u>\$ -</u>	<u>\$ 49,138</u>	<u>\$ 49,138</u>
Other financing sources:				
Transfers in	570,502	-	570,502	570,502
Total other financing sources	<u>570,502</u>	<u>-</u>	<u>570,502</u>	<u>570,502</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619,640</u>	<u>\$ 619,640</u>

Public Works Yard, Beatty Street Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule D-22

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest Earnings	\$ 252	\$ 252	\$ -	\$ 252
	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total revenues	<u>252</u>	<u>252</u>	<u>-</u>	<u>252</u>
Expenditures:				
Construction	<u>486,505</u>	<u>485,933</u>	<u>572</u>	<u>486,505</u>
Revenue over (under) expenditures	<u>\$ (486,253)</u>	<u>\$ (485,681)</u>	<u>\$ (572)</u>	<u>\$ (486,253)</u>
Other financing sources:				
Transfers in	501,550	501,550	-	501,550
Transfers out	<u>(15,297)</u>	<u>-</u>	<u>(15,297)</u>	<u>(15,297)</u>
Total other financing sources	<u>486,253</u>	<u>501,550</u>	<u>(15,297)</u>	<u>486,253</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 15,869</u>	<u>\$ (15,869)</u>	<u>\$ -</u>

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debt service fund



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debt service fund

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

Nonmajor Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2012**

Schedule E-1

	2012		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Other taxes	\$ 536,466	\$ 550,372	\$ 13,906
Investment earnings	-	534	534
Total revenues	<u>536,466</u>	<u>550,906</u>	<u>14,440</u>
Expenditures:			
Current:			
Principal retirement	3,113,870	3,047,123	66,747
Interest and fees	<u>1,632,083</u>	<u>1,684,330</u>	<u>(52,247)</u>
Total expenditures	<u>4,745,953</u>	<u>4,731,453</u>	<u>14,500</u>
Deficiency of revenues under expenditures	<u>(4,209,487)</u>	<u>(4,180,547)</u>	<u>28,940</u>
Other financing sources (uses):			
Transfers in	4,209,487	4,131,344	(78,143)
Bond Proceeds	-	4,292,944	4,292,944
Payments to escrow agent	<u>-</u>	<u>(4,207,672)</u>	<u>(4,207,672)</u>
Total other financing sources (uses)		4,216,616	7,129
Revenue and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 36,069</u>	<u>\$ 36,069</u>

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 - established to account for the enterprise operation of providing power to the residents of the City.

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

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

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

Non-Major Funds

Public Transportation Fund - 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 - established to account for the operations of the golf course located on Old Pactolus Road.

Stormwater Utility Fund - 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 - 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 - 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 Fund - 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, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-1
Page 1 of 2**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 193,719,448	\$ 191,029,354	\$ (2,690,094)	\$ 200,357,626
Fees and charges	983,872	1,016,062	32,190	1,054,095
U.G. temp service charges	90,275	96,130	5,855	111,168
Miscellaneous	499,903	494,829	(5,074)	536,485
Total operating revenues	195,293,498	192,636,375	(2,657,123)	202,059,374
Nonoperating revenues:				
Interest on investments	173,489	174,625	1,136	382,884
FEMA/Insurance reimbursements	2,450,000	2,417,060	(32,940)	-
Miscellaneous	1,020,284	1,746,056	725,772	1,626,104
Total nonoperating revenues	3,643,773	4,337,741	693,968	2,008,988
Total revenues	198,937,271	196,974,116	(1,963,155)	204,068,362
Expenditures:				
Electric Fund				
Maintenance and repairs		3,587,679		3,401,238
Other operating expenses		183,597,193		187,610,148
Capital Outlay		5,500,564		5,103,069
Debt Service	-	2,984,292	-	3,079,015
Total expenditures	199,771,748	195,669,728	4,102,020	199,193,470
Excess of revenues over expenditures	(834,477)	1,304,388	2,138,865	4,874,892
Other financing sources (uses):				
Installment debt issued	834,477	834,344	(133)	848,231
Intra-fund transfers out	-	(500,000)	(500,000)	(1,500,000)
Total other financing sources (uses)	834,477	334,344	(500,133)	(651,769)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 1,638,732	\$ 1,638,732	\$ 4,223,123

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Electric Operating Fund - Major Enterprise Fund (Continued)
 Year Ended June 30, 2012
 With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-1
 Page 2 of 2**

	<u>2012</u>	<u>2011</u>
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 369,430	\$ 4,223,123
Budgetary appropriations, capital	5,500,564	5,103,069
Budgetary appropriations, debt principal	1,980,077	1,910,579
Depreciation	(7,327,825)	(7,257,515)
Debt issued	(834,344)	(848,231)
Amortization of bond premium/discount/issue costs	(27,282)	(22,764)
Capitalization of bond interest	-	-
Changes in accrued interest payable	16,170	55,184
Intra-fund transfers	500,000	1,500,000
Changes in OPEB liability	(603,564)	(477,633)
Revenue recognized in Capital Projects	<u>(1,229)</u>	<u>(1,378)</u>
Net income	<u>\$ (428,003)</u>	<u>\$ 4,184,434</u>

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Water Operating Fund - Major Enterprise Fund
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-2
Page 1 of 2**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 15,643,302	\$ 15,719,715	\$ 76,413	\$ 14,568,726
Fees and charges	238,097	292,152	54,055	321,294
Miscellaneous	90,048	106,365	16,317	85,994
Total operating revenues	15,971,447	16,118,232	146,785	14,976,014
Nonoperating revenues:				
Interest on investments	44,698	47,463	2,765	63,086
Capacity fees	-	2,976	2,976	-
Miscellaneous	75,826	217,103	141,277	135,400
Total nonoperating revenues	120,524	267,542	147,018	198,486
Total revenues	16,091,971	16,385,774	293,803	15,174,500
Expenditures:				
Water Fund				
Maintenance and repairs		995,645		1,123,229
Other operating expenses		10,133,286		8,790,980
Capital outlay		948,658		1,221,658
Debt Service	-	3,818,330	-	4,097,058
Total expenditures	16,021,535	15,895,919	125,616	15,232,925
Deficiency of revenues under expenditures	70,436	489,855	419,419	(58,425)
Other financing sources (uses):				
Capital contributed	179,564	179,575	11	225,313
Installment Purchase	-	-	-	98,022
Intrafund transfers in(out)	(250,000)	(300,000)	(50,000)	504,000
Total other financing sources	(70,436)	(120,425)	(49,989)	827,335
Revenues and other financing sources over expenditures	\$ -	\$ 369,430	\$ 369,430	\$ 768,910

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Water Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-2
Page 2 of 2**

	<u>2012</u>	<u>2011</u>
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 369,430	\$ 768,910
Budgetary appropriations, capital	948,658	1,221,657
Budgetary appropriations, debt principal	2,510,625	2,400,987
Depreciation	(3,709,586)	(3,616,980)
Debt proceeds	(179,575)	(98,022)
Amortization of bond premium/discount/issue costs	(28,116)	(26,633)
Capitalization of bond interest	17,119	71,691
Intra-fund transfers	(795)	(504,000)
Changes in accrued interest payable	300,000	325,640
Changes in OPEB liability	(244,875)	(187,193)
Revenue recognized in Capital Projects	<u>123,165</u>	<u>436,721</u>
Net income	<u>\$ 106,050</u>	<u>\$ 792,778</u>

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-3
Page 1 of 2**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 16,902,041	\$ 17,247,740	\$ 345,699	\$ 16,251,177
Fees and charges	247,930	263,573	15,643	319,025
Miscellaneous	86,313	90,269	3,956	85,329
Total operating revenues	17,236,284	17,601,582	365,298	16,655,531
Nonoperating revenues:				
Interest on investments	28,907	32,879	3,972	65,280
Acreage fees	-	-	-	-
Pitt County	-	49,522	49,522	65,219
Miscellaneous	29,850	50,778	20,928	51,807
Total nonoperating revenues	58,757	133,179	74,422	182,306
Total revenues	17,295,041	17,734,761	439,720	16,837,837
Expenditures:				
Sewer Fund				
Maintenance and repairs		896,019		953,425
Other operating expenses		9,539,963		8,849,873
Capital outlay		938,615		657,923
Debt Service	-	4,985,535	-	5,907,094
Total expenditures	16,896,138	16,360,132	536,006	16,368,315
Excess (deficiency) of revenues over (under) expenditures	398,903	1,374,629	975,726	469,522
Other financing sources (uses):				
Capital contributed			-	364,279
Debt issued	101,097	101,055	(42)	180,653
Intrafund transfers in (out)	(500,000)	(1,000,000)	(500,000)	-
Total other financing sources (uses)	(398,903)	(898,945)	(500,042)	544,932
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 475,684	\$ 475,684	\$ 1,014,454

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-3
Page 2 of 2**

	<u>2012</u>	<u>2011</u>
Reconciliation to Full Accrual Basis		
Accrual Basis:		
Revenues over (under) expenditures	\$ 475,684	\$ 1,014,454
Budgetary appropriations, capital	938,615	657,923
Budgetary appropriations, debt principal	3,418,886	4,224,190
Depreciation	(4,265,475)	(4,245,776)
Debt proceeds	(101,055)	(180,653)
Amortization of bond premium/discount/issue costs	(48,537)	(30,717)
Capitalization of bond interest	336,727	188,734
Changes in accrued interest payable	15,172	98,987
Intra-fund transfers	1,000,000	-
Changes in OPEB liability	(243,590)	(198,164)
Revenue recognized in Capital Projects	<u>271,590</u>	<u>476,080</u>
Net income	<u>\$ 1,798,017</u>	<u>\$ 2,005,058</u>

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Gas Operating Fund - Major Enterprise Fund
 Year Ended June 30, 2012
 With Comparative Actual Amounts for Year Ended June 30, 2011

Schedule F-4
 Page 1 of 2

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 32,785,690	\$ 30,150,678	\$ (2,635,012)	\$ 37,440,126
Fees and charges	139,500	127,392	(12,108)	149,616
Miscellaneous	95,150	94,036	(1,114)	92,378
Total operating revenues	33,020,340	30,372,106	(2,648,234)	37,682,120
Nonoperating revenues:				
Interest on investments	69,339	79,761	10,422	132,716
FEMA/Insurance reimbursements	-	6,968	6,968	-
Miscellaneous	42,756	61,200	18,444	56,464
Total nonoperating revenues	112,095	147,929	35,834	189,180
Total revenues	33,132,435	30,520,035	(2,612,400)	37,871,300
Expenditures:				
Gas Fund				
Maintenance and repairs		903,354		387,100
Other operating expenses		22,933,806		30,428,653
Capital outlay		747,097		1,027,593
Debt Service	-	1,355,724	-	1,348,518
Total expenditures	33,154,497	25,939,981	7,214,516	33,191,864
Excess (deficiency) of revenues over (under) expenditures	(22,062)	4,580,054	4,602,116	4,679,436
Other financing sources (uses):				
Debt issued	22,062	22,026	(36)	180,474
Intrafund transfers in (out)	-	(3,500,000)	(3,500,000)	-
Total other financing sources	22,062	(3,477,974)	(3,500,036)	180,474
Revenues and other financing sources over expenditures	\$ -	\$ 1,102,080	\$ 1,102,080	\$ 4,859,910

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
 Gas Operating Fund - Major Enterprise Fund (Continued)
 Year Ended June 30, 2012
 With Comparative Actual Amounts for Year Ended June 30, 2011**

**Schedule F-4
 Page 2 of 2**

	<u>2012</u>	<u>2011</u>
Reconciliation to Full Accrual Basis		
From Modified Accrual Basis:		
Revenues over expenditures	\$ 1,102,080	\$ 4,859,910
Budgetary appropriations, capital	747,097	1,027,593
Budgetary appropriations, debt principal	980,324	882,066
Depreciation	(1,659,075)	(1,624,142)
Bond proceeds	(22,026)	(180,474)
Amortization of bond premium/discount/issue costs	(21,725)	(14,882)
Capitalization of bond interest	10,815	-
Changes in accrued interest payable	3,500,000	38,815
Changes in OPEB liability	(204,827)	(159,812)
Revenue recognized in Capital Projects	<u>66</u>	<u>949</u>
Net income	\$ 4,432,729	\$ 4,830,023

Nonmajor Enterprise Funds
Combining Statement of Net Assets
June 30, 2012

Schedule F-5

	<u>Public Transportation Fund</u>	<u>Bradford Creek Golf Course Fund</u>	<u>Stormwater Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 702,416	\$ -	\$ 3,851,552	\$ -	\$ 4,553,968
Accounts receivable, net	279,583	-	200,240	377,672	857,495
Due from other governments	1,269	11,056	8,632	5,570	26,527
Due from other funds	-	-	239,665	438,749	678,414
Inventories	-	14,197	-	-	14,197
Prepaid items and deposits	124	-	-	552	676
Total current assets	<u>983,392</u>	<u>25,253</u>	<u>4,300,089</u>	<u>822,543</u>	<u>6,131,277</u>
Noncurrent Assets:					
Restricted cash and investments	-	-	3,701	-	3,701
Land and construction in progress	-	-	6,153,021	-	6,153,021
Other capital assets, net of depreciation	1,389,303	78,978	273,130	168,727	1,910,138
Total noncurrent assets	<u>1,389,303</u>	<u>78,978</u>	<u>6,429,852</u>	<u>168,727</u>	<u>8,066,860</u>
Total assets	<u>2,372,695</u>	<u>104,231</u>	<u>10,729,941</u>	<u>991,270</u>	<u>14,198,137</u>
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	50,442	44,510	340,478	255,111	690,541
Due to other funds	-	766,587	-	214,522	981,109
Unearned revenue	1,320	-	-	-	1,320
Compensated absences payable	33,413	22,851	-	131,940	188,204
Current maturities of long-term debt	-	-	166,457	-	166,457
Total current liabilities	<u>85,175</u>	<u>833,948</u>	<u>506,935</u>	<u>601,573</u>	<u>2,027,631</u>
Noncurrent Liabilities					
Noncurrent portion of compensated	14,320	9,793	-	56,545	80,658
Noncurrent portion of other post	216,745	228,584	465,031	1,065,009	1,975,369
Noncurrent portion of long-term debt	-	-	4,404,063	-	4,404,063
Total noncurrent liabilities	<u>231,065</u>	<u>238,377</u>	<u>4,869,094</u>	<u>1,121,554</u>	<u>6,460,090</u>
Total liabilities	<u>316,240</u>	<u>1,072,325</u>	<u>5,376,029</u>	<u>1,723,127</u>	<u>8,487,721</u>
Net Assets					
Investment in capital assets, net of related	1,389,303	78,978	1,859,332	168,727	3,496,340
Unrestricted net assets	667,152	(1,047,072)	3,494,580	(900,584)	2,214,076
Total net assets	<u>\$ 2,056,455</u>	<u>\$ (968,094)</u>	<u>\$ 5,353,912</u>	<u>\$ (731,857)</u>	<u>\$ 5,710,416</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2012

Schedule F-6

	<u>Transportation Fund</u>	<u>Bradford Creek Golf Course Fund</u>	<u>Stormwater Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 313,643	\$ 859,829	\$ 2,961,631	\$ 5,330,890	\$ 9,465,993
Other operating revenues	917	-	-	76,679	77,596
Total operating revenue	<u>314,560</u>	<u>859,829</u>	<u>2,961,631</u>	<u>5,407,569</u>	<u>9,543,589</u>
Operating expenses:					
Administrative and general	31,868	-	-	-	31,868
Operations and maintenance	1,753,651	930,182	2,905,027	6,566,753	12,155,613
Depreciation and amortization	392,498	-	6,573	76,146	475,217
Total operating expenses	<u>2,178,017</u>	<u>930,182</u>	<u>2,911,600</u>	<u>6,642,899</u>	<u>12,662,698</u>
Operating income (loss)	<u>(1,863,457)</u>	<u>(70,353)</u>	<u>50,031</u>	<u>(1,235,330)</u>	<u>(3,119,109)</u>
Nonoperating revenues (expenses):					
Investment earnings	8	-	1,689	6	1,703
Restricted intergovernmental revenues	1,009,120	-	-	4,911	1,014,031
Interest expense	-	-	(207,060)	-	(207,060)
Total nonoperating revenues (expense)	<u>1,009,128</u>	<u>-</u>	<u>(205,371)</u>	<u>4,917</u>	<u>808,674</u>
Income (loss) before transfers and contributions	<u>(854,329)</u>	<u>(70,353)</u>	<u>(155,340)</u>	<u>(1,230,413)</u>	<u>(2,310,435)</u>
Transfer to other funds	-	-	(80,170)	(226,686)	(306,856)
Transfers from other funds	50,308	64,000	15,297	358,100	487,705
Capital contributions - governmental	-	-	-	-	-
	<u>50,308</u>	<u>64,000</u>	<u>(64,873)</u>	<u>131,414</u>	<u>180,849</u>
Change in net assets	<u>(804,021)</u>	<u>(6,353)</u>	<u>(220,213)</u>	<u>(1,098,999)</u>	<u>(2,129,586)</u>
Net assets, beginning of year	2,860,476	(961,741)	5,574,125	367,142	7,840,002
Net assets, end of year	<u>\$ 2,056,455</u>	<u>\$ (968,094)</u>	<u>\$ 5,353,912</u>	<u>\$ (731,857)</u>	<u>\$ 5,710,416</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2012

Schedule F-7
Page 1 of 2

	Public Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Cash Flows From Operating Activities					
Cash received from customers	\$ 213,437	\$ 859,350	\$ 2,978,726	\$ 5,415,327	\$ 9,466,840
Cash paid to vendors	(814,916)	(505,058)	(856,012)	(2,362,292)	(4,538,278)
Cash paid to employees	(933,838)	(418,292)	(1,739,641)	(3,720,346)	(6,812,117)
Net cash provided by (used in) operating activities	<u>(1,535,317)</u>	<u>(64,000)</u>	<u>383,073</u>	<u>(667,311)</u>	<u>(1,883,555)</u>
Cash From Noncapital Financing Activities					
Transfer (to)/from other funds	50,308	64,000	(64,873)	253,180	302,615
Restricted intergovernmental revenues	1,009,120	-	-	4,911	1,014,031
Net cash provided by (used in) noncapital financing activities	<u>1,059,428</u>	<u>64,000</u>	<u>(64,873)</u>	<u>258,091</u>	<u>1,316,646</u>
Cash From Capital and Related Financing Activities					
Repayment of principal of long-term debt	-	-	(166,457)	-	(166,457)
Interest paid	-	-	(207,060)	-	(207,060)
Acquisition and construction of capital assets (639,460)	-	-	(1,723,024)	-	(1,723,024)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(2,096,541)</u>	<u>-</u>	<u>(2,096,541)</u>
Cash From Investing Activities					
Interest received on investments	8	-	1,689	6	1,703
Net cash provided by investing activities	<u>8</u>	<u>-</u>	<u>1,689</u>	<u>6</u>	<u>1,703</u>
Net increase in cash and cash equivalents	<u>(475,881)</u>	<u>-</u>	<u>(1,776,652)</u>	<u>(409,214)</u>	<u>(2,661,747)</u>
Cash and cash equivalents/investments:					
Beginning of year	1,178,297	-	5,631,905	409,214	7,219,416
End of year	<u>\$ 702,416</u>	<u>\$ -</u>	<u>\$ 3,855,253</u>	<u>\$ -</u>	<u>\$ 4,557,669</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2012

Schedule F-7
Page 2 of 2

	Public 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)	\$ (1,863,457)	\$ (70,353)	\$ 50,031	\$ (1,235,330)	\$ (3,119,109)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	392,498	-	6,573	76,146	475,217
Change in assets and liabilities:					
Accounts receivable	(97,828)	-	10,420	(6,335)	(93,743)
Due from other governments	1,242	(479)	(1,107)	365	21
Due from other funds	-	-	7,782	13,728	21,510
Prepays	(124)	-	-	(552)	(676)
Accounts payable and accrued expenses	4,035	(7,953)	235,339	110,687	342,108
Due to other funds	-	(42,449)	-	214,522	172,073
Unearned revenue	(4,537)	-	-	-	(4,537)
Compensated absences	(12,522)	2,305	-	(7,718)	(17,935)
Other post employment benefits accrual	45,376	54,929	74,035	167,176	341,516
Net cash provided by (used in) operating activities	\$ (1,535,317)	\$ (64,000)	\$ 383,073	\$ (667,311)	\$ (1,883,555)
Noncash Capital and Related Financing Activities					
Contributions of capital assets	\$ -	\$ -	\$ 154,848	\$ -	\$ 154,848
Long-term debt assumed by governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -
Capital assets transferred to governmental activities	\$ -	\$ -	\$ -	\$ 121,766	\$ 121,766

Public Transportation Enterprise Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

Schedule F-8

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services	\$ 218,803	\$ 313,643	\$ 94,840	\$ 274,137
Public transportation planning and operating grants	1,044,094	1,009,120	(34,974)	830,129
Investment earnings		8	8	104
Other operating revenues	198	917	719	258
Total operating revenue	1,263,095	1,323,688	60,593	1,104,628
Expenditures:				
Administrative and general	40,611	31,868	8,743	27,832
Operations and maintenance	560,013	493,491	66,522	377,386
Salaries and benefits	906,363	934,824	(28,461)	766,800
Capital outlay	385,246	287,945	97,301	265,221
Total operating expenses	1,892,233	1,748,128	144,105	1,437,239
Revenues over (under) expenditures	(629,138)	(424,440)	204,698	(332,611)
Other financing sources (uses):				
Appropriated fund balance	578,830	-	(578,830)	-
Transfers from General Fund	50,308	50,308	-	-
Total other financing sources (uses)	629,138	50,308	(578,830)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(374,132)	\$ (374,132)	(332,611)
Reconciliation from budgetary basis to full accrual				
Depreciation		(392,498)		(375,473)
Donated assets - governmental activities		-		1,302,261
Deferred Revenue		(4,537)		
Change in OPEB liability		(45,376)		(40,670)
Change in accrued compensated absences		12,522		16,477
Net Income - full accrual basis		\$ (804,021)		\$ 569,984

Bradford Creek Golf Course Enterprise Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

Schedule F-9

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 845,714	\$ 859,829	\$ 14,115	\$ 750,095
Total operating revenue	845,714	859,829	14,115	750,095
Expenditures:				
Operations and maintenance	451,806	397,422	54,384	387,917
Salaries and benefits	460,408	475,526	(15,118)	449,002
Capital outlay	-	-	-	-
Retirement of long-term debt	-	-	-	-
Interest expense	-	-	-	-
Total operating expenses	912,214	872,948	39,266	836,919
Revenues under expenditures	(66,500)	(13,119)	53,381	(86,824)
Other financing sources:				
Transfer from General Fund	64,000	64,000	-	-
Grant funds	2,500	-	(2,500)	-
Total other financing sources	66,500	64,000	(2,500)	-
Revenues and other financing sources under expenditures	\$ -	\$ 50,881	\$ 50,881	(86,824)
Reconciliation from budgetary basis to full accrual				
Depreciation		-		(10,005)
Capital outlay		-		-
Capital contributed - governmental activities				435,879
Transfer to governmental activities		-		(3,032,731)
Change in accrued compensated absences		(2,305)		2,332
Change in OPEB liability		(54,929)		(69,378)
Retirement of long-term debt		-		-
Net Income - full accrual basis		\$ (6,353)		\$ (2,760,727)

Stormwater Utility Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2012

With Comparative Actual Amounts for Year Ended June 30, 2011

Schedule F-10

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services	\$ 2,951,000	\$ 2,972,053	\$ 21,053	\$ 3,058,151
Grant revenue		-	-	-
Investment earnings	60,616	23	(60,593)	852
Total operating revenues	3,011,616	2,972,076	(39,540)	3,059,003
Expenditures:				
Operations and maintenance	863,532	544,368	319,164	544,216
Salaries and benefits	1,867,666	1,813,676	53,990	1,671,909
Capital outlay	1,230,128	371,334	858,794	407,247
Retirement of long-term debt	166,457	166,457	-	92,283
Interest paid	207,060	207,060	-	245,809
Indirect cost reimbursement			-	262,902
Total operating expenses	4,334,843	3,102,895	1,231,948	3,224,366
Revenues over (under) expenditures	(1,323,227)	(130,819)	1,192,408	(165,363)
Other financing sources (uses):				
Transfer to other funds	(808,170)	(808,170)	-	808,170
Transfers in	15,297	15,297	-	-
Appropriated fund balance	2,116,100	-	(2,116,100)	-
Total other financing sources (uses)	1,323,227	(792,873)	(2,116,100)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(923,692)	\$ (923,692)	(165,363)
Reconciliation from budgetary basis to full accrual				
Depreciation		(6,573)		(11,609)
Transfer to capital projects		728,000		-
Transfer to other funds		-		(97,850)
Capital contributed - governmental activity		-		42,550
Capital project interest earnings		1,666		1,666
Deferred revenue		(10,422)		7,739
Other capital project activity		(204,664)		(29,004)
Capital asset additions		103,050		347,109
Change in OPEB liability		(74,035)		(74,163)
Retirement of long-term debt		166,457		92,283
Net Income - full accrual basis		\$ (220,213)		\$ 113,358

Stormwater Drainage Capital Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule F-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ 204,000	\$ 306,993	\$ 1,658	\$ 308,651
Restricted intergovernmental	400,000	-	-	-
Other revenue		-	600	600
Total revenues	<u>604,000</u>	<u>306,993</u>	<u>2,258</u>	<u>309,251</u>
Expenditures:				
Stormwater drainage projects	<u>6,476,232</u>	<u>3,630,285</u>	<u>1,794,563</u>	<u>5,424,848</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,872,232)</u>	<u>(3,323,292)</u>	<u>(1,792,305)</u>	<u>(5,115,597)</u>
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	<u>772,232</u>	<u>-</u>	<u>692,000</u>	<u>692,000</u>
Total other financing sources (uses)	<u>5,872,232</u>	<u>5,122,607</u>	<u>692,000</u>	<u>5,814,607</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,799,315</u>	<u>\$ (2,484,305)</u>	<u>\$ (684,990)</u>

SW Drainage Maintenance Improvement Capital Project
Schedule of Revenues and Expenditures - Budget and Actual
From Inception and For the Year Ended June 30, 2012

Schedule F-12

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Interest earnings	\$ -	\$ 148	\$ 8	\$ 156
Total revenues	<u>-</u>	<u>148</u>	<u>8</u>	<u>156</u>
Expenditures:				
Stormwater drainage projects	1,133,150	31,351	30,675	62,026
Deficiency of revenues over (under) expenditures	<u>(1,133,150)</u>	<u>(31,203)</u>	<u>(30,667)</u>	<u>(61,870)</u>
Other financing sources:				
Transfers out	(97,850)	(97,850)	-	(97,850)
Transfers in	1,231,000	1,195,000	36,000	1,231,000
Total other financing sources	<u>1,133,150</u>	<u>1,097,150</u>	<u>36,000</u>	<u>1,133,150</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,065,947</u>	<u>\$ 5,333</u>	<u>\$ 1,071,280</u>

Sanitation Fund

Schedule of Revenues and Expenditures and Changes in

Fund Balance - Budget and Actual (Non-GAAP)

Year Ended June 30, 2012

With Comparative Actual Amounts for Year Ended June 30, 2011

Schedule F-13

	<u>2012</u>		Variance	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Positive	<u>Actual</u>
			(Negative)	
Revenues:				
Charges for services	\$ 5,464,366	\$ 5,349,902	\$ (114,464)	\$ 5,372,101
Grant revenue		4,911	4,911	-
Investment earnings		6	6	1,389
Other revenue	60,000	76,679	16,679	59,667
Total operating revenues	<u>5,524,366</u>	<u>5,431,498</u>	<u>(92,868)</u>	<u>5,433,157</u>
Expenditures:				
Operations and maintenance	2,353,463	2,334,898	18,565	1,830,077
Salaries and benefits	3,740,982	3,879,804	(138,822)	3,575,542
Capital outlay	268,484	192,593	75,891	64,751
Retirement of long-term debt		-	-	24,285
Interest paid		-	-	318
Indirect cost reimbursement	-	-	-	110,179
Total operating expenses	<u>6,362,929</u>	<u>6,407,295</u>	<u>(44,366)</u>	<u>5,605,152</u>
Revenues over (under) expenditures	<u>(838,563)</u>	<u>(975,797)</u>	<u>(137,234)</u>	<u>(171,995)</u>
Other financing sources (uses):				
Appropriated fund balance	585,383	-	(585,383)	-
Transfers from General Fund	358,100	358,100	-	190,000
Transfers to Vehicle Replacement Fund		(121,766)	(121,766)	
Transfers to General Fund	(104,920)	(104,920)	-	(104,920)
Total other financing sources (uses)	<u>838,563</u>	<u>131,414</u>	<u>(707,149)</u>	<u>85,080</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(844,383)</u>	<u>\$ (844,383)</u>	<u>(86,915)</u>
Reconciliation from budgetary basis to full accrual				
Depreciation		(76,146)		(206,166)
Contributed Capital		-		45,846
Deferred revenue		(19,012)		-
Change in accrued compensation absences		7,718		2,756
Change in OPEB liability		(167,176)		(177,034)
Retirement of long-term debt		-		24,285
Net Income - full accrual basis		<u>\$ (1,098,999)</u>		<u>\$ (397,228)</u>

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internal service **funds**



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internal service funds

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

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

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

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

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

Internal Service Funds
Combining Balance Sheet
June 30, 2012

Schedule G-1

	<u>Dental Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Health Insurance Fund</u>	<u>Fleet Maintenance Fund</u>	<u>Total</u>
Assets					
Current Assets					
Cash, cash equivalents, and investments	\$ -	\$ 7,195,405	\$ 3,151,863	\$ -	\$ 10,347,268
Receivables	-	-	90,250	5,205	95,455
Prepaid expenses	-	-	-	182	182
Due from other governments	-	14,578	17,883	85,427	117,888
Inventory	-	-	-	144,273	144,273
Total current assets	<u>-</u>	<u>7,209,983</u>	<u>3,259,996</u>	<u>235,087</u>	<u>10,705,066</u>
Noncurrent Assets					
Other capital assets, net	-	7,352,172	-	-	7,352,172
Total assets	<u>-</u>	<u>14,562,155</u>	<u>3,259,996</u>	<u>235,087</u>	<u>18,057,238</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	-	426,863	2,334,840	156,747	2,918,450
Due to other funds	-	-	59,793	258,969	318,762
Unearned revenue	-	-	9,854	-	9,854
Total current liabilities	<u>-</u>	<u>426,863</u>	<u>2,404,487</u>	<u>415,716</u>	<u>3,247,066</u>
Net Assets					
Investment in capital assets	-	7,352,172	-	-	7,352,172
Unrestricted net assets	-	6,783,120	855,509	(180,629)	7,458,000
Total net assets	<u>\$ -</u>	<u>\$ 14,135,292</u>	<u>\$ 855,509</u>	<u>\$ (180,629)</u>	<u>\$ 14,810,172</u>

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2012

Schedule G-2

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Operating revenues:					
Charges for services	\$ 798,882	\$ 3,088,027	\$ 10,947,747	\$ 3,706,571	\$ 18,541,227
Other operating revenues	-	212,112	-	-	212,112
Total operating revenues	<u>798,882</u>	<u>3,300,139</u>	<u>10,947,747</u>	<u>3,706,571</u>	<u>18,753,339</u>
Operating expenses:					
Administration	-	-	462,164	-	462,164
Operations and maintenance	-	495,372	-	3,880,575	4,375,947
Depreciation	-	895,968	-	-	895,968
Claims and payments to third party	723,012	-	10,595,529	-	11,318,541
Total operating expenses	<u>723,012</u>	<u>1,391,340</u>	<u>11,057,693</u>	<u>3,880,575</u>	<u>17,052,620</u>
Operating income (loss)	<u>75,870</u>	<u>1,908,799</u>	<u>(109,946)</u>	<u>(174,004)</u>	<u>1,700,719</u>
Nonoperating revenues:					
Investment earnings	12	52	204	-	268
Total nonoperating revenue	<u>12</u>	<u>52</u>	<u>204</u>	<u>-</u>	<u>268</u>
Income (loss) before transfers	<u>75,882</u>	<u>1,908,851</u>	<u>(109,742)</u>	<u>(174,004)</u>	<u>1,700,987</u>
Transfers in	-	121,766	-	-	121,766
Net Income (Loss)	<u>75,882</u>	<u>2,030,617</u>	<u>(109,742)</u>	<u>(174,004)</u>	<u>1,822,753</u>
Net assets:					
Beginning of year, July 1st	(75,882)	12,104,675	965,251	(6,625)	12,987,419
End of year, June 30th	<u>\$ -</u>	<u>\$ 14,135,292</u>	<u>\$ 855,509</u>	<u>\$ (180,629)</u>	<u>\$ 14,810,172</u>

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2012

Schedule G-3
Page 1 of 2

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Cash Flows From Operating Activities:					
Cash received from customers	\$ 800,843	\$ 3,287,079	\$ 9,751,890	\$ 3,699,078	\$ 17,538,890
Cash paid to vendors and employees	(800,855)	(68,510)	(8,688,128)	(3,699,078)	(13,256,571)
Net cash provided by (used in) operating activities	<u>(12)</u>	<u>3,218,569</u>	<u>1,063,762</u>	<u>-</u>	<u>4,282,319</u>
Cash Flows From Noncapital Financing					
Transfers in	-	-	-	-	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(2,144,448)	-	-	(2,144,448)
Cash Flows From Investing Activities					
Interest received on investments	12	52	204	-	268
Net cash provided by (used in) investing activities	<u>12</u>	<u>52</u>	<u>204</u>	<u>-</u>	<u>268</u>
Net increase (decrease) in cash and cash equivalents/investments	-	1,074,173	1,063,966	-	2,138,139
Cash and cash equivalents/investments:					
Beginning of year, July 1st	-	6,121,232	2,087,897	-	8,209,129
End of year, June 30th	<u>\$ -</u>	<u>\$ 7,195,405</u>	<u>\$ 3,151,863</u>	<u>\$ -</u>	<u>\$ 10,347,268</u>

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2012

Schedule G-3
Page 2 of 2

	Dental Fund	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ 75,870	\$ 1,908,799	\$ (109,946)	\$ (174,004)	\$ 1,700,719
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities					
Depreciation	-	895,968	-	-	895,968
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,961	(13,060)	(49,375)	(7,493)	(67,967)
(Increase) decrease in inventories	-	-	-	(33,815)	(33,815)
(Increase) decrease in prepaids	-	-	-	(182)	(182)
Increase (decrease) in due to other funds	(77,843)	-	59,793	129,927	111,877
Increase (decrease) in unearned revenue	-	-	(4,482)	-	(4,482)
Increase (decrease) in accounts payable	-	426,862	1,167,772	85,567	1,680,201
Net cash provided by (used in) operating activities	\$ (12)	\$ 3,218,569	\$ 1,063,762	\$ -	\$ 4,282,319

Dental Internal Service Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Year Ended June 30, 2012

Schedule G-4

	2012		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 263,481	\$ 798,882	\$ 535,401
Investment earnings	-	12	12
Total revenue	<u>263,481</u>	<u>798,894</u>	<u>535,413</u>
Expenditures:			
Claims	<u>263,481</u>	<u>723,012</u>	<u>(459,531)</u>
Total operating expenses	<u>263,481</u>	<u>723,012</u>	<u>(459,531)</u>
Revenues under expenditures	<u>\$ -</u>	<u>75,882</u>	<u>\$ 75,882</u>
Reconciliation from budgetary basis to full accrual			
Deferred revenue		-	
Net Income - full accrual basis		<u>\$ 75,882</u>	

Vehicle Replacement Internal Service Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Year Ended June 30, 2012

Schedule G-5

	2012		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 3,082,860	\$ 3,088,027	\$ 5,167
Investment earnings	-	52	52
Other operating revenues	15,000	212,112	197,112
Total revenue	<u>3,097,860</u>	<u>3,300,191</u>	<u>202,331</u>
Expenditures:			
Capital outlay	4,288,191	2,639,822	1,648,369
Revenues over (under) expenditures	<u>(1,190,331)</u>	<u>660,369</u>	<u>1,850,700</u>
Other financing sources (uses):			
Transfers in	-	-	-
Fund balance appropriated	1,190,331	-	(1,190,331)
Other financing sources over	<u>1,190,331</u>	<u>-</u>	<u>(1,190,331)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>660,369</u>	<u>\$ 660,369</u>
Reconciliation from budgetary basis to full accrual			
Depreciation		(895,968)	
Capital asset purchased		2,144,450	
Fixed asset transfer from Sanitation fund		121,766	
Net Income - full accrual basis		<u>\$ 2,030,617</u>	

Health Insurance Internal Service Fund
Schedule of Revenues and Expenditures - Fund to Date (Non-GAAP)
Year Ended June 30, 2012

Schedule G-6

	2012			
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues:				
Charges for services	\$ 23,795,966	\$ 14,705,455	\$ 10,980,436	\$ 25,685,891
Investment earnings	-	1,001	204	1,205
Total revenue	<u>23,795,966</u>	<u>14,706,456</u>	<u>10,980,640</u>	<u>25,687,096</u>
Expenditures:				
Administration		1,031,263	462,164	1,493,427
Payment to third party administrator		12,823,163	9,453,529	22,276,692
Total expenditures	<u>23,983,466</u>	<u>9,543,727</u>	<u>9,915,693</u>	<u>23,770,119</u>
Revenue over (under) expenditures	<u>(187,500)</u>	<u>5,162,729</u>	<u>1,064,947</u>	<u>1,916,977</u>
Other financing sources (uses):				
Transfers in	<u>187,500</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Revenues and other financing sources over over expenditures	<u>\$ -</u>	<u>\$ 5,237,729</u>	<u>1,064,947</u>	<u>\$ 1,991,977</u>
Reconciliation from budgetary basis to full accrual				
Change in Deferred revenue			(32,689)	
Change in IBNR			<u>(1,142,000)</u>	
Net income - full accrual basis			<u>\$ (109,742)</u>	

Fleet Maintenance Internal Service Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Year Ended June 30, 2012

Schedule G-7

	2012		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 3,896,856	\$ 3,706,571	\$ (190,285)
Total revenue	<u>3,896,856</u>	<u>3,706,571</u>	<u>(190,285)</u>
Expenditures:			
Salaries and benefits		1,174,993	
Operating and maintenance		2,688,382	
Capital outlay	-	17,200	-
Total expenditures	3,898,923	3,880,575	18,348
Other financing sources (uses):			
Appropriated Fund Balance	2,067		
Revenues and other financing sources over over expenditures	<u>\$ -</u>	<u>\$ (174,004)</u>	<u>\$ (171,937)</u>

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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.

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 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.

City of Greenville
Net Assets by Component
Last Ten Fiscal Years

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 39,947	\$ 45,056	\$ 38,196	\$ 83,851	\$ 81,844	\$ 89,239	\$ 98,830	\$ 119,789	\$ 132,450	\$ 136,640
Restricted	383	416	1,243	1,223	1,572	2,889	2,053	3,424	10,690	17,011
Unrestricted	27,703	25,704	44,355	40,333	49,998	42,823	44,182	29,727	24,196	18,142
Total Governmental activities net assets	\$ 68,033	\$ 71,176	\$ 83,794	\$ 125,407	\$ 133,414	\$ 134,951	\$ 145,065	\$ 152,940	\$ 167,336	\$ 171,793
Business-type activities										
Invested in capital assets, net of related debt	\$ 182,803	\$ 184,616	\$ 198,000	\$ 207,485	\$ 219,968	\$ 229,538	\$ 235,068	\$ 239,541	\$ 239,156	\$ 242,482
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	49,837	55,442	50,194	54,312	61,850	64,285	63,578	69,964	79,687	81,410
Total business-type activities net assets	\$ 232,640	\$ 240,058	\$ 248,194	\$ 261,797	\$ 281,818	\$ 293,823	\$ 298,646	\$ 309,505	\$ 318,843	\$ 323,892
Primary government										
Invested in capital assets, net of related debt	\$ 222,750	\$ 229,672	\$ 236,196	\$ 291,336	\$ 301,812	\$ 318,777	\$ 333,898	\$ 359,330	\$ 371,606	\$ 379,122
Restricted	383	416	1,243	1,223	1,572	2,889	2,053	3,424	10,690	17,011
Unrestricted	77,540	81,146	94,549	94,646	111,848	107,108	107,760	99,691	103,883	99,552
Total primary government net assets	\$ 300,673	\$ 311,234	\$ 331,988	\$ 387,205	\$ 415,232	\$ 428,774	\$ 443,711	\$ 462,445	\$ 486,179	\$ 495,685

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

Note 2: Amounts are expressed in thousands

City of Greenville
 Changes in Net Assets
 Last Nine Fiscal Years

Table 2
 Page 1 of 2

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 11,115	\$ 12,750	\$ 13,023	\$ 16,353	\$ 18,144	\$ 16,290	\$ 12,826	\$ 10,721	\$ 10,172	\$ 10,480
Public safety	20,493	21,925	23,705	23,624	28,366	29,719	32,621	37,866	36,159	39,385
Transportation	4,503	3,543	2,897	5,720	3,190	9,703	8,253	11,994	9,344	10,326
Environmental protection	3,172	3,290	3,568	3,855	4,295	4,366	1,068	-	-	-
Economic development	6,197	7,698	1,932	7,652	3,528	5,139	6,006	5,199	4,625	6,065
Culture and recreation	4,006	2,125	6,626	5,044	4,926	6,690	10,360	11,192	11,398	11,503
Interest on long-term debt	1,317	1,168	1,697	1,714	1,937	1,788	1,440	1,842	1,602	1,657
Total governmental activities expenses	\$ 50,803	\$ 52,499	\$ 53,448	\$ 63,962	\$ 64,386	\$ 73,695	\$ 72,574	\$ 78,814	\$ 73,300	\$ 79,416
Business-type activities:										
Electric	\$ 126,098	\$ 130,598	\$ 133,698	\$ 148,006	\$ 157,151	\$ 163,119	\$ 183,301	\$ 188,681	\$ 195,510	\$ 191,269
Water	9,023	10,019	12,302	11,584	11,836	13,170	14,437	14,778	15,044	16,403
Sewer	10,053	10,233	10,931	12,227	12,800	12,972	14,524	14,776	15,673	16,208
Gas	19,383	22,752	28,357	36,630	37,068	38,148	38,330	31,749	31,972	24,947
Public Transportation	830	919	1,000	1,366	1,389	1,412	1,791	1,703	1,837	2,178
Bradford Creek	809	791	825	841	871	878	911	906	914	930
Stormwater Utility	133	1,277	1,546	1,704	1,848	2,367	2,720	2,638	2,899	3,119
Sanitation	-	-	-	-	-	-	5,959	5,495	5,961	6,643
Total business-type activities	\$ 166,329	\$ 176,589	\$ 188,659	\$ 212,358	\$ 222,963	\$ 232,066	\$ 261,973	\$ 260,726	\$ 269,810	\$ 261,697
Total primary governmental expenses	\$ 217,132	\$ 229,088	\$ 242,107	\$ 276,320	\$ 287,349	\$ 305,761	\$ 334,547	\$ 339,540	\$ 343,110	\$ 341,113
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,387	\$ 1,583	\$ 3,328	\$ 4,109	\$ 4,392	\$ 4,112	\$ 2,323	\$ 447	\$ 886	\$ 3,140
Public safety	2,486	2,603	2,518	3,811	4,189	3,709	4,221	5,060	4,564	5,545
Transportation	1,060	1,049	161	311	275	210	264	264	309	247
Environmental protection	3,655	3,984	3,881	3,719	4,004	4,634	81	-	-	-
Economic development	422	455	876	505	668	768	1,280	170	738	-
Culture and recreation	12	9	356	24	31	516	19	1,324	1,247	1,354
Operating grants and contributions	3,078	3,564	3,772	4,538	4,578	3,101	3,952	7,491	9,502	9,820
Capital grants and contributions	6,553	3,085	2,770	3,360	3,022	3,691	5,657	13,735	10,258	4,091
Total governmental activities program revenues	\$ 18,653	\$ 16,332	\$ 17,662	\$ 20,377	\$ 21,159	\$ 20,741	\$ 17,797	\$ 28,491	\$ 27,504	\$ 24,197
Business-type activities:										
Charges for services:										
Electric	\$ 131,900	\$ 136,506	\$ 138,528	\$ 154,577	\$ 164,380	\$ 168,993	\$ 187,204	\$ 194,531	\$ 203,686	\$ 196,531
Water	9,498	9,670	10,298	11,557	11,977	13,714	13,955	13,829	15,289	16,462
Sewer	10,105	11,486	12,206	12,833	13,613	14,111	14,310	14,905	17,041	17,971
Gas	21,981	24,208	30,896	37,219	38,267	41,109	44,476	37,962	37,738	30,440
Public Transportation	91	115	114	132	166	185	218	235	274	314
Bradford Creek	778	848	885	850	843	876	800	753	750	860
Stormwater Utility	-	1,919	2,669	2,944	2,823	2,933	2,958	3,207	3,066	2,962
Sanitation	-	-	-	-	-	-	5,427	5,914	5,431	5,408

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities (continued):										
Operating grants and contributions	3,150	569	907	1,081	930	699	1,538	807	830	1,009
Capital grants and contributions	1,720	372	3,112	7,043	12,350	5,074	5,301	3,501	1,062	5
Total business-type activities program revenues	\$ 181,226	\$ 187,697	\$ 201,620	\$ 230,242	\$ 247,356	\$ 249,702	\$ 278,196	\$ 277,654	\$ 287,178	\$ 273,974
Total primary governmental program revenues	\$ 199,879	\$ 204,029	\$ 219,282	\$ 250,619	\$ 268,515	\$ 270,443	\$ 295,993	\$ 306,145	\$ 314,682	\$ 298,171
Net (expense)/revenue										
Governmental activities	\$ (32,150)	\$ (36,167)	\$ (35,786)	\$ (43,585)	\$ (43,227)	\$ (52,954)	\$ (54,777)	\$ (50,323)	\$ (45,796)	\$ (55,219)
Business-type activities	14,897	11,108	12,961	17,884	24,393	17,636	16,223	16,928	17,368	12,277
Total primary governmental net expense	\$ (17,253)	\$ (25,059)	\$ (22,825)	\$ (25,701)	\$ (18,834)	\$ (35,318)	\$ (38,554)	\$ (33,395)	\$ (28,428)	\$ (42,942)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 18,440	\$ 18,624	\$ 21,439	\$ 22,965	\$ 24,054	\$ 26,033	\$ 29,461	\$ 30,517	\$ 30,891	\$ 31,487
Other Taxes, grants and contributions	13,777	15,138	16,469	18,466	19,708	20,712	20,915	20,852	21,722	22,161
Investment earnings	342	283	964	1,908	2,765	2,706	2,455	1,486	919	969
Miscellaneous	1,151	662	-	-	-	-	-	469	-	(495)
Transfers	3,450	4,601	4,145	4,349	4,469	5,039	10,864	4,872	6,662	5,554
Total General revenues	\$ 37,160	\$ 39,308	\$ 43,017	\$ 47,688	\$ 50,996	\$ 54,490	\$ 63,695	\$ 58,196	\$ 60,194	\$ 59,676
Business-type activities:										
Unrestricted grants and contributions	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	1,330	501	1,341	2,097	3,088	2,377	1,472	813	641	337
Miscellaneous	1,593	2,426	-	-	-	-	-	-	-	-
Transfers	(3,450)	(4,601)	(4,145)	(4,349)	(4,469)	(5,039)	(10,864)	(4,872)	(6,662)	(5,554)
Total business-type activities	\$ (520)	\$ (1,674)	\$ (2,804)	\$ (2,252)	\$ (1,381)	\$ (2,662)	\$ (9,392)	\$ (4,059)	\$ (6,021)	\$ (5,217)
Total primary government	\$ 36,640	\$ 37,634	\$ 40,213	\$ 45,436	\$ 49,615	\$ 51,828	\$ 54,303	\$ 54,137	\$ 54,173	\$ 54,459
Change in Net Assets										
Governmental activities	\$ 5,010	\$ 3,141	\$ 7,231	\$ 4,103	\$ 7,771	\$ 1,536	\$ 8,918	\$ 7,873	\$ 14,398	\$ 4,457
Business-type activities	14,377	9,434	10,157	15,632	20,020	14,974	6,831	12,869	11,347	7,060
Total primary government	\$ 19,387	\$ 12,575	\$ 17,388	\$ 19,735	\$ 27,791	\$ 16,510	\$ 15,749	\$ 20,742	\$ 25,745	\$ 11,517

Note 1: Amounts are based on Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

	<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	\$ 9,549	\$ 8,726	\$ 9,749	\$ 10,379	\$ 10,002	\$ 11,315	\$ 9,671	\$ 10,404
Unreserved	10,930	14,305	16,773	18,299	17,457	15,657	18,396	17,203
Total General Fund	<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	\$ 62	\$ 87	\$ 83	\$ 761	\$ 123	\$ 108	\$ 116	\$ 709
Unreserved, reported in:								
Subsequent Year's	-	-	-	-	-	-	-	108
Special revenue funds	5,091	5,230	7,158	7,965	9,430	6,901	5,990	3,987
Debt Service Funds	383	2,734	11,775	1,409	1,756	806	916	892
Capital Project Funds	3,688	416	1,313	3,622	9,333	11,822	14,166	9,993
Total all other governmental funds	<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	<u>\$ 29,703</u>	<u>\$ 31,498</u>	<u>\$ 46,851</u>	<u>\$ 42,435</u>	<u>\$ 48,101</u>	<u>\$ 46,609</u>	<u>\$ 49,255</u>	<u>\$ 43,296</u>

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

Note 2: Amounts are expressed in thousands

City of Greenville

Fund Balances of Governmental Funds

Table 3

Last Two Fiscal Years

Page 2 of 2

	<u>2011</u>	<u>2012</u>
General Fund		
Nonspendable	\$ 161	\$ 151
Restricted	10,690	11,582
Committed	2,831	3,059
Assigned	2,091	2,490
Unassigned	<u>13,381</u>	<u>14,683</u>
Total general fund	<u>\$ 29,154</u>	<u>\$ 31,965</u>
All Other Governmental Funds		
Nonspendable	53	44
Restricted	8,384	5,429
Committed	7,477	5,996
Unassigned	(1,970)	(1,327)
Total all other governmental funds	<u>\$ 13,944</u>	<u>\$ 10,142</u>

Note 1: The City made the option to adopt GASB 54 fund balance presentation prospectively

Note 2: Amounts are based on the Modified Accrual Basis of Accounting

Note 3: Amounts expressed in thousands

City of Greenville
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

Table 4

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Ad Valorem Taxes	\$ 18,297	\$ 19,031	\$ 21,325	\$ 22,565	\$ 23,896	\$ 26,296	\$ 29,715	\$ 30,581	\$ 30,749	31,567
Other Taxes	9,918	11,307	12,484	14,227	15,002	15,794	15,355	14,715	15,130	16,614
Unrestricted Intergovernmental	3,859	3,832	3,985	4,239	4,706	4,918	5,560	5,573	5,965	5,858
Restricted Intergovernmental	9,631	6,649	6,542	7,683	6,331	6,509	10,031	7,522	11,048	12,166
Licenses, Permits and fees	6,220	6,699	7,199	7,687	7,927	7,742	2,398	2,358	2,365	2,632
Sales and Services	2,908	2,984	4,051	4,023	4,360	5,474	5,604	4,947	5,290	5,117
Investment Earning	342	283	962	1,906	2,743	2,685	2,450	1,486	917	970
Other Revenue	968	662	623	729	1,941	725	424	1,137	896	1,360
Total revenues	\$ 52,143	\$ 51,447	\$ 57,171	\$ 63,059	\$ 66,906	\$ 70,143	\$ 71,537	\$ 68,319	\$ 72,360	\$ 76,284
Expenditures										
General government	\$ 10,470	\$ 11,693	\$ 13,022	\$ 14,609	\$ 8,451	\$ 8,843	\$ 8,991	\$ 8,935	\$ 8,727	9,100
Public safety	20,076	21,631	23,763	26,332	27,363	29,553	32,747	34,634	35,256	35,100
Public works	3,331	3,393	3,465	3,803	8,385	8,893	8,874	8,884	9,432	9,838
Environmental Protection	3,060	3,561	3,367	3,740	3,950	4,162	-	-	-	-
Cultural and Recreation	4,888	5,600	6,129	6,732	3,653	3,938	3,886	8,235	8,443	8,772
Economic and physical development	1,835	2,125	1,932	2,382	6,219	6,733	7,560	4,328	4,545	4,956
Capital Outlay	7,349	4,006	7,978	10,274	7,471	8,158	11,454	9,631	9,861	10,647
Reimbursement of indirect cost	-	-	-	-	-	-	(528)	(560)	(373)	(601)
Contribution to OPEB Trust	-	-	-	-	-	-	250	250	250	250
Other expenditures	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	\$ 2,549	\$ 2,576	\$ 3,612	\$ 3,904	\$ 3,693	\$ 4,108	\$ 10,636	\$ 3,130	\$ 3,389	3,047
Interest and fees	1,272	1,165	1,697	1,714	1,967	1,787	1,440	1,682	1,580	1,684
Other charges	72	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 54,902	\$ 55,750	\$ 64,965	\$ 73,490	\$ 71,152	\$ 76,175	\$ 85,310	\$ 79,149	\$ 81,110	82,793
Excess of revenues over (under) expenditures	\$ (2,759)	\$ (4,303)	\$ (7,794)	\$ (10,431)	\$ (4,246)	\$ (6,032)	\$ (13,773)	\$ (10,830)	\$ (8,750)	\$ (6,509)
Other financing sources (uses)										
Transfers from other funds	\$ 10,221	\$ 10,884	\$ 13,148	\$ 15,331	\$ 14,519	\$ 23,048	\$ 23,854	\$ 12,999	\$ 12,739	14,207
Transfers to other funds	(6,771)	(6,282)	(9,002)	(10,982)	(12,488)	(18,509)	(19,124)	(8,127)	(7,432)	(8,774)
Sale of Property	-	-	-	-	-	-	175	-	-	-
Payments to Escrow Agents	-	-	-	-	-	-	-	-	-	(4,208)
Long Term debt issued	2,293	1,496	18,396	1,667	7,645	-	12,014	-	3,244	4,293
Total other financing sources (uses)	\$ 5,743	\$ 6,098	\$ 22,542	\$ 6,016	\$ 9,676	\$ 4,539	\$ 16,919	\$ 4,872	\$ 8,551	\$ 5,518
Net change in fund balances	\$ 2,984	\$ 1,795	\$ 14,748	\$ (4,415)	\$ 5,430	\$ (1,493)	\$ 3,146	\$ (5,958)	\$ (199)	\$ (991)
Debt services as a percentage of noncapital expenditures	8.8%	7.8%	10.3%	9.8%	9.8%	9.5%	19.5%	7.4%	7.5%	7.0%

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

Note 2: Amounts are expressed in thousands

City of Greenville

Greenville Utilities Commission - Revenue Base

Last Ten Fiscal Years

Table 5

Fiscal Year	Electric kWh Sold		Water Kgal Sold		Gas ccf Sold	
	Residential	Commercial & Industrial	Residential	Commercial & Industrial	Residential	Commercial & Industrial
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
2012	659,675,766	973,189,826	2,099,783	1,685,842	6,446,047	21,800,184

City of Greenville

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Table 6

Fiscal Year Ended June 30	Real Property		Personal Property	Total Taxable	(2) Total Direct	Estimated Actual	(1) Assessed Value as a
	Residential and Commercial Property	Motor Vehicle and Other Personal Property	Assessed Value	Tax Rate	Taxable/Market Value	Percentage of Market Value	
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	4,866,923,867	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%	
2012	5,494,929,423	618,532,115	6,113,461,558	0.0052	6,157,177,519	99.29%	

(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

City of Greenville

Greenville Utilities Commission - Direct and Overlapping Revenue Rates

Last Ten Fiscal Years

Table 7

	<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>	<u>2012</u>
Electric (per kWh)										
Residential	\$ 0.0991	\$ 0.1015	\$ 0.1031	\$ 0.1111	\$ 0.1151	\$ 0.1145	\$ 0.1241	\$ 0.1280	\$ 0.1290	\$ 0.1310
Commercial & Industrial	0.0750	0.0769	0.0785	0.0860	0.0897	0.0886	0.0993	0.1031	0.1038	0.1025
Water (per kgal)										
Residential	3.3911	3.4133	3.5513	3.7398	3.7640	4.0708	4.2999	4.3392	4.5887	5.0031
Commercial & Industrial	2.2282	2.2364	2.3560	2.4885	2.4955	2.5912	2.7337	2.7720	2.8823	3.0610
Gas (per ccf)										
Residential	1.2010	1.4087	1.6255	2.0860	1.9046	2.0073	1.8639	1.5896	1.4856	1.5097
Commercial & Industrial	0.7839	0.9665	1.1842	1.4503	1.2560	1.3225	1.4106	1.0519	1.0119	0.9488

Source: Greenville Utilities Commission

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

Table 8

Fiscal Year	Overlapping Rates				Total Direct & Overlapping Rates
	City of Greenville		Pitt County		
	Rate Per \$100	Total City Levy	Rate Per \$100	Total County Levy	
2003	0.615	18,295,565	0.680	43,369,414	61,664,979
2004	0.615	19,048,466	0.700	45,509,940	64,558,406
2005	0.560	21,426,583	0.700	54,824,840	76,251,423
2006	0.560	22,714,734	0.700	57,424,150	80,138,884
2007	0.560	25,237,917	0.700	60,298,700	85,536,617
2008	0.560	26,650,553	0.700	65,331,289	91,981,842
* 2009	0.520	30,211,997	0.665	78,367,343	108,579,340
2010	0.520	31,039,086	0.665	75,642,267	106,681,353
2011	0.520	30,838,534	0.665	76,968,291	107,806,825
2012	0.520	31,389,341	0.665	76,906,068	108,295,409

* Last date for revaluation. Revaluation occurs every four years

City of Greenville
Principal Property Taxpayers
12/31/2011 for Fiscal Year 2012

Table 9

<u>Taxpayer</u>	<u>2012</u>			<u>2003</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 I & II LLC	\$ 44,012,051	1	0.73%			
Sprint				\$ 33,137,000	1	1.12%
Marelda Greenville Mall LLC	\$ 39,833,585	2	0.66%			
Colonial Realty LP				\$ 23,673,000	2	0.80%
Copper Beech Townhome Communities Thirty SPE LLC	\$ 34,605,790	3	0.57%			
Wachovia				\$ 17,311,000	3	0.58%
Carolina Telephone	\$ 30,071,559	4	0.50%			
Treybrook LLC				\$ 16,550,000	4	0.56%
PL Greenville LP (Bellamy)	\$ 29,073,633	5	0.48%			
Speight, Joseph D.				\$ 16,202,000	5	0.55%
Corridor Greenville LLC	\$ 23,613,819	6	0.39%			
Pirates Cover of Greenville LTD				\$ 15,670,000	6	0.53%
University Residences ECU LLC	\$ 20,766,498	7	0.34%			
Heritage Property Investments				\$ 11,248,000	7	0.38%
Centro Heritage UC Greenville LLC	\$ 19,161,577	8	0.32%			
Ward Family, LLC				\$ 10,567,000	8	0.36%
Southeast Region II LLC	\$ 18,531,967	9	0.31%			
Walmart				\$ 9,992,000	9	0.34%
Treybrook LLC	\$ 15,028,199	10	0.25%			
Cox Communications				\$ 9,778,000	10	0.33%
	-			-		
Totals	<u>\$ 274,698,678</u>		4.55%	<u>\$ 164,128,000</u>		5.53%

Note: Information obtained from Pitt County Government

City of Greenville
 Top Customers
 Greenville Utilities Commission
 Current Year and Nine Years Ago

Table 10
 Page 1 of 4

Electric Fund		Fiscal Year 2012		Fiscal Year 2003	
		Amount Billed	Percentage of Total Revenue	Amount Bill	Percentage of Total Revenue
Customer	Product/Service				
DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 7,132,498	3.87%	\$ 6,637,325	5.22%
Vidant Medical Center ¹	Health Care	5,251,920	2.85%	3,590,523	2.82%
East Carolina University	Education	4,755,901	2.58%	2,442,092	1.92%
DSM Dyneema, LLC	High Performance Fibers	4,230,124	2.30%		
Attends Healthcare Products ²	Medical Products	3,244,638	1.76%	1,547,060	1.22%
East Carolina University	Education	3,202,908	1.74%	1,715,656	1.32%
East Carolina University	Education	2,141,605	1.16%	2,061,508	1.62%
Vidant Medical Center ¹	Health Care	1,571,822	0.85%		
ASMO of Greenville	Motors	1,339,332	0.73%		
NACCO Material Handling	Fork Lift Trucks	1,251,654	0.68%		
Robert Bosch Tool Corp. ³	Drill Bits			1,204,538	0.95%
TRW	Steering Components			1,085,157	0.85%
Town of Winterville	Government			914,177	0.72%
Rubbermaid Cleaning Products	Cleaning Products			842,784	0.66%
Totals		<u>\$ 34,122,402</u>	<u>18.52%</u>	<u>\$ 22,040,820</u>	<u>17.30%</u>

City of Greenville

Top Customers

Greenville Utilities Commission

Current Year and Nine Years Ago

Table 10

Water Fund		Fiscal Year 2012		Fiscal Year 2003	
		Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Customer	Product/Service				
DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 551,482	3.62%	\$ 451,263	4.90%
Vidant Medical Center ¹	Health Care	238,719	1.57%	216,388	2.35%
Town of Winterville	Government	173,462	1.14%		
DSM Dyneema, LLC	High Performance Fibers	100,245	0.66%		
East Carolina University	Education	86,979	0.57%	37,449	0.41%
Fuji Silysia Chemical USA, LTD	Silica Gel	66,928	0.44%		
Vidant Medical Center ¹	Health Care	65,689	0.43%		
Vidant Medical Center ¹	Health Care	63,274	0.42%		
Greenville Housing Authority	Apartments	53,269	0.35%	30,922	0.34%
DSM Dyneema, LLC	High Performance Fibers	47,779	0.31%		
Karastan Bigelow	Carpet Yarn			76,967	0.84%
East Carolina University	Education			38,129	0.41%
Greenville Housing Authority	Apartments			34,428	0.37%
Greystone MHP	Mobile Home Park			26,076	0.28%
East Carolina University	Education			25,957	0.28%
Pitt County	Government			25,651	0.28%
Totals		<u>\$ 1,447,826</u>	<u>9.51%</u>	<u>\$ 963,230</u>	<u>10.46%</u>

City of Greenville
 Top Customers
 Greenville Utilities Commission
 Current Year and Nine Years Ago

Table 10
 Page 3 of 4

Sewer Fund		Fiscal Year 2012		Fiscal Year 2003	
		Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
<u>Customer</u>	<u>Product/Service</u>				
DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 771,664	4.51%	\$ -	
Town of Bethel	Government	478,695	2.80%		
Vidant Medical Center ¹	Health Care	405,662	2.37%	369,613	3.79%
DSM Dyneema, LLC	High Performance Fibers	240,978	1.41%		
East Carolina University	Education	147,712	0.86%	63,100	0.65%
Fuji Silysia Chemical USA, LTD	Silica Gel	119,700	0.70%	40,614	0.42%
Vidant Medical Center ¹	Health Care	107,473	0.63%		
Vidant Medical Center ¹	Health Care	107,438	0.63%		
Town of Grimesland	Government	68,257	0.40%		
Greenville Housing Authority	Apartments	53,663	0.31%	39,312	0.40%
Karastan Bigelow	Carpet Yarn			139,520	1.43%
East Carolina University	Education			64,223	0.66%
Greenville Housing Authority	Apartments			43,869	0.45%
Pitt County	Government			42,940	0.44%
East Carolina University	Education			38,421	0.39%
Greystone Mobile Home Park	Mobile Home Park			32,932	0.34%
Totals		\$ 2,501,242	14.62%	\$ 874,544	8.97%

City of Greenville

Top Customers

Greenville Utilities Commission

Current Year and Nine Years Ago

Table 10

Gas Fund	Customer	Product/Service	Fiscal Year 2012		Fiscal Year 2003	
			Annual Revenue	Percentage of Total Revenue	Annual Revenue	Percentage of Total Revenue
	DSM Pharmaceuticals, Inc.	Pharmaceuticals	\$ 3,569,113	11.78%	\$ 1,154,613	5.27%
	East Carolina University	Education	3,213,749	10.60%	1,455,046	6.64%
	Vidant Medical Center ¹	Health Care	1,614,906	5.33%	651,476	2.97%
	East Carolina University	Education	1,123,580	3.71%	533,860	2.44%
	DSM Dyneema, LLC	High Performance Fibers	1,039,454	3.43%		
	DSM Dyneema, LLC	High Performance Fibers	781,798	2.58%		
	Vidant Medical Center ¹	Health Care	592,448	1.95%		
	Fuji Silysia Chemical USA, LTD	Silica Gel	448,585	1.48%	289,332	1.32%
	Metrics, Inc.	Pharmaceuticals Manufacturing	404,957	1.34%	179,972	0.82%
	Greenville Paving & Contracting, Inc.	Highway and Street Paving	398,848	1.32%		
	TRW	Steering Components			295,924	1.35%
	DSM Pharmaceuticals, Inc.	Pharmaceuticals			246,402	1.13%
	Karastan Bigelow	Carpet Yarn			230,866	1.05%
	Greenville Housing Authority	Apartments			192,589	0.88%
	Totals		\$ 13,187,438	43.52%	\$ 5,230,080	23.87%

¹ Formerly Pitt County Memorial Hospital

² Formerly Paper Pak Products, Inc.

³ Formerly Vermont American Corp.

Note: Information gathered from the Greenville Utility Commission's billing system

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

Table 11

Fiscal Year	*** Property Tax	Sales Tax	* Franchise Tax	Alcoholic Beverage Tax	** Other Taxes	Total
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	49,822,972
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
2012	31,567,318	14,694,476	6,442,004	368,940	121,759	53,194,497

* Franchise Tax includes Cable TV and Utilities Franchise taxes

** Includes Motor Vehicle Municipality Tax / Prior to 2003 includes Intangibles Tax

*** Net of Collection Fees

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

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

Table 12

Fiscal Year Ended June 30	(1) Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	18,295,565	17,434,864	95.30%	573,592	18,008,456	98.43%
2004	19,048,466	18,293,964	96.04%	669,314	18,963,278	99.55%
2005	21,426,583	20,592,449	96.11%	679,791	21,272,240	99.28%
2006	22,714,734	21,946,245	96.62%	695,403	22,641,648	99.68%
2007	25,237,917	24,356,252	96.51%	783,142	25,139,394	99.61%
2008	26,650,553	25,866,384	97.06%	696,814	26,563,198	99.67%
2009	30,211,997	29,330,914	97.08%	751,713	30,082,627	99.57%
2010	31,039,086	30,202,323	97.30%	698,579	30,900,902	99.55%
2011	30,838,534	29,811,533	96.67%	793,325	30,604,858	99.24%
2012	31,389,341	30,505,550	97.18%	-	30,505,550	97.18%

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

City of Greenville

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Table 13

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			
2003	8,120	6,405	10,955	2,169	73,422	9,355	1,524	13,996	125,946	3.01%	1,880
2004	7,455	6,160	10,305	2,668	69,219	8,090	1,486	17,757	123,140	2.78%	1,811
2005	6,805	5,905	25,105	3,557	64,846	6,885	1,406	18,201	132,710	2.80%	1,923
2006	6,085	5,640	23,640	3,770	68,271	5,710	1,208	19,669	133,993	2.64%	1,861
2007	12,990	5,365	22,180	2,522	74,136	9,665	992	20,287	148,137	2.73%	2,057
2008	12,150	5,080	20,715	1,004	99,842	8,460	805	18,882	166,938	2.94%	2,197
2009	11,315	4,785	12,195	12,182	94,882	7,304	744	19,926	163,333	2.83%	2,016
2010	10,486	4,475	11,380	11,007	89,072	6,109	549	28,587	161,665	2.71%	1,996
2011	12,980	4,155	10,565	10,007	83,976	4,967	2,445	29,082	158,177	(1)	1,883
2012	12,012	3,968	9,750	9,016	78,259	4,570	2,972	29,055	149,602	(1)	1,781

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

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

(amounts expressed in thousands, except per capita amount)

Table 14

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
2003	27,649	291	27,358	0.84%	0.73%	\$ 408
2004	96,552	366	96,186	2.71%	2.47%	\$ 1,415
2005	41,372	1,313	40,059	1.08%	1.03%	\$ 581
2006	39,135	1,409	37,726	0.95%	0.90%	\$ 524
2007	43,057	1,756	41,301	0.96%	0.85%	\$ 574
2008	38,949	806	38,143	0.65%	0.71%	\$ 502
2009	40,478	916	39,562	0.69%	0.68%	\$ 488
2010	37,347	892	36,455	0.61%	0.60%	\$ 434
2011	37,708	943	36,765	(1)	0.60%	\$ 438
2012	34,746	979	33,767	(1)	0.55%	\$ 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)
Income information on provided on the City level

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

City of Greenville
Legal Debt Margin - Governmental Activities
Last Ten Fiscal Years ('000s)

Table 15

	<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>	<u>2012</u>
Debt limit	\$ 237,648	\$ 247,481	\$ 304,705	\$ 325,000	\$ 360,000	\$ 380,000	\$ 464,000	\$ 477,264	\$ 474,012	\$ 489,077
Total net debt applicable to limit	<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>	<u>34,746</u>
Legal debt margin	<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>	<u>\$ 454,331</u>
Total net debt applicable to the limit as a percentage of debt limit	13.52%	13.75%	15.67%	12.04%	11.96%	10.25%	8.72%	9.52%	8.98%	7.10%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 6,113,461,558
Debt Limit (8% of total assessed value)	\$ 489,076,925
Debt applicable to limit:	
General obligation bonds	12,012,398
Certificates of Participation	9,750,000
Special obligation revenue	3,967,944
Other Debt	<u>9,016,019</u>
Legal debt margin	<u>\$ 454,330,564</u>

Note: 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.

City of Greenville
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Table 16

<u>Governmental Unit</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping			
Pitt County	\$ 170,603,698	40.82%	\$ <u>69,640,430</u>
Direct			
City of Greenville			<u>34,746,360</u>
Total direct and overlapping debt			\$ <u>104,386,790</u>

Note: Amounts expressed in thousands

Sources: Assessed value data used to estimate applicable percentages provided by the County Website, Analysis of adopted tax levy. Debt outstanding data provided by the county.

City of Greenville
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 17

Fiscal Year	Utility Fund Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirement (3)				Special Assessment Bonds			
								Special Assessment Collections	Debt Service		
				Principal	Interest	Total	Coverage	Principal	Interest	Coverage	
2003	175,453	150,644	24,810	4,256	3,934	8,191	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	24,611	5,074	3,451	8,525	2.95	557	255	284	1.03
2006	217,706	189,991	27,716	6,050	4,007	10,057	2.76	695	265	273	1.29
2007	229,213	200,430	28,783	5,392	3,624	9,015	3.19	661	275	263	1.23
2008	239,417	206,067	33,350	5,972	3,799	9,772	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	11,899	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
2012	261,313	226,583	34,730	8,890	4,230	13,120	2.65	965	325	185	1.89

Note: Amounts 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

<u>Fiscal Year</u>	<u>(2) Population</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2003	67,048	3,502,422	25,096	31	20,665	5.7%
2004	68,371	3,726,829	26,289	31	21,812	5.5%
2005	69,517	3,986,104	27,595	32	22,116	5.1%
2006	72,052	4,310,900	29,031	32	22,609	5.4%
2007	72,233	4,713,839	30,984	31	22,994	5.3%
2008	76,058	5,229,974	33,539	31	23,240	7.5%
2009	81,092	5,263,078	33,089	30	23,022	10.9%
2010	81,747	5,400,169	32,001	31	23,267	9.8%
2011	84,554	(1)	(1)	(1)	23,235	7.8%
2012	86,017	(1)	(1)	(1)	23,386	10.6%

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.

School information obtained from the Superintendent's Office of the Pitt County School Administrative Unit.

Note 4: Unemployment rates obtained from Employment Security Commission.

Note 5: 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

City of Greenville
 Principal Employers
 Current Year and Nine Years Ago

Table 19

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Vidant Health	6,483	1	9.13%	5,026	1	8.09%
East Carolina University	5,455	2	7.68%	4,184	2	6.74%
Pitt County Public Schools	2,754	3	3.88%	2,600	3	4.19%
DSM Pharmaceuticals (Catalytica)	1,500	4	2.11%	1,200	4	1.93%
NACCO Materials Handling Group	1,000	5	1.41%	1,100	5	1.77%
Pitt Community College	953	6	1.34%	815	7	1.31%
County of Pitt	930	7	1.31%	975	6	1.57%
City of Greenville	743	8	1.05%	652	9	1.05%
Physicians East	535	9	0.75%			0.00%
Greenville Utilities Commission	435	10	0.61%			0.00%
Alliance One International			0.00%	500	11	0.00%
Collins & Aikman Corp			0.00%	700	8	1.13%
ASMO Greenville of NC, Inc	-		0.00%	550	10	0.89%
Total	<u>20,788</u>		<u>29.27%</u>	<u>18,302</u>		<u>28.67%</u>

Note: Information obtained from Pitt County Development Commission.

City of Greenville

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Table 20

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	51	51	56	59	58	67	68	68	68	62
Public safety										
Police	197	210	212	219	211	223	278	239	239	240
Fire	124	130	142	143	143	145	158	157	157	157
Public Works	185	186	188	192	199	203	205	205	205	204
Recreation and Parks	59	59	57	59	61	53	62	62	62	65
Planning and Comm. Dev.	30	25	24	24	32	33	25	26	26	26
Electric	182	181	183	182	196	196	200	142	105	105
Water and Sewer	92	87	91	92	85	98	102	116	111	111
Gas	66	68	67	68	65	82	66	51	41	36
Total Employees	<u>986</u>	<u>997</u>	<u>1,020</u>	<u>1,038</u>	<u>1,050</u>	<u>1,100</u>	<u>1,164</u>	<u>1,066</u>	<u>1,014</u>	<u>1,006</u>

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

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

City of Greenville
Operating Indicators by Function
Last Ten Fiscal Years

Table 21

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	4,397	4,599	4,722	3,507	4,497	4,756	5,141	4,826	4,888	4,861
Parking violations	*	*	*		2,303	13,392	15,112	11,862	4,658	5,537
Traffic violations	30,163	22,003	21,908	24,508	19,998	18,088	17,527	20,326	16,235	15,420
Fire										
Number of calls answered	3,461	2,530	3,062	3,598	4,152	4,388	4,711	4,114	4,746	5,339
Inspections	3,672		3,500	3,400	2,162	3,500	2,340	2,644	2,787	2,593
EMS										
Number of calls answered	9,136	9,136	9,190	9,885	10,725	11,198	11,227	13,035	15,149	15,006
Sanitation										
Refuse collected (tons/day)	26,375	28,120	25,676	27,182	27,322	27,442	28,458	29,163	28,286	29,309
Recyclables collected (tons/day)	1,839	1,804	1,850	1,792	1,816	3,056	3,030	3,599	4,038	5,538
Culture and recreation										
Facility reservations issued	382	467	393	715	817	916	1,140	1,560	1,936	2,013
Water										
Connections (of service connect)	27,991	28,538	29,540	30,829	32,065	33,051	33,733	34,336	34,419	34,514
Water Lines (miles)	538	550	565	580	593	615	618	626	626	628
Average daily consumption (thousands of gallons)	9,766	9,476	9,845	8,941	10,264	10,797	10,785	10,977	11,850	10,343
Wastewater										
Average daily sewage treatment (thousands of gallons)	9,492	9,944	8,895	9,345	10,587	9,152	8,879	10,120	9,593	10,301

Sources: Various government and GUC departments.

* Information unavailable

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

Table 22
 Page 1 of 2

Function	<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>	<u>2012</u>
Public safety										
Police Stations	1	1	1	1	1	1	1	2	3	3
Patrol units	151	151	159	160	174	177	180	183	192	203
Fire stations	5	5	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	33	36	36	37	37	37	42	42	42	42
Highways and streets										
Streets (miles)	212.0	212.0	220.0	230.1	234.3	235.0	255.0	263.8	269.9	269.0
Streetlights	5,529	5,529	5,785	5,983	6,166	6,482	6,672	6,672	6,993	7,065
Traffic signals	26	26	26	27	27	33	33	33	33	33
Culture and recreation										
Parks acreage	1,300	1,300	1,475	1,500	1,511	1,120	1,450	1,450	1,455	1,455
Parks	27	27	29	29	29	29	29	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	11	11	13	13	13	5	5	5	2	3
Recreation Centers	(6)	(24)	(24)	-	-	6	6	6	6	6
Specialty Centers	-	-	-	-	-	-	-	-	3	3

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

Table 22
Page 2 of 2

	<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>	<u>2012</u>
Electric										
Number of distribution s	17	17	17	17	17	18	18	19	19	19
Miles of service lines	2,300	2,384	2,447	2,474	2,509	2,575	2,575	2,575	2,672	2,714
Water										
Water lines (miles)	538	550	565	580	593	615	618	618	626	628
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)	389	404	423	435	448	464	466	468	469	471
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	500	509	530	545	562	581	593	597	600	604
Miles of service lines	344	359	375	398	394	421	423	422	424	430

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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, 2012, which collectively comprise City of Greenville's basic financial statements, and have issued our report thereon dated November 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the 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 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.

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*.

We noted certain matters that we reported to management of the City of Greenville in a separate letter dated November 21, 2012.

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.

A handwritten signature in cursive script that reads 'McGladrey LLP'.

Morehead City, North Carolina
November 21, 2012



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

To the Honorable Mayor and
Members of the City Council
City of 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, 2012. 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, 2012.

Internal Control Over Compliance

Management of the 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 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.

McCladrey LLP

Morehead City, North Carolina
November 21, 2012



McGladrey LLP
Certified Public Accountants

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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 City of Greenville's major State programs for the year ended June 30, 2012. City of Greenville's major state program is 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 its major State program 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 program for the year ended June 30, 2012.

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.

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

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

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.

McCladrey LLP

Morehead City, North Carolina
November 21, 2012

City of Greenville, North Carolina
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> None Reported

Noncompliance material to financial statements noted?

	<u> </u> Yes	<u> X</u> No
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> 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?

	<u> </u> Yes	<u> X</u> No
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Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
FEMA Public Assistance Grant	97.036
Lead-Based Paint Hazard Control	14.907
Justice Assistance Grants Cluster	16.804 & 16.738
Public Safety Partnership and Community Policing Grant (COPS)	16.710

Dollar threshold used to distinguish between type A and type B programs: \$425,931

Auditee qualified as low-risk auditee?

	<u> X</u> Yes	<u> </u> No
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City of Greenville, North Carolina
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

I - Summary of Independent Auditor's Results (Continued)

State Awards

Internal control over major State programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> 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?

<u> </u> Yes	<u> X</u> No
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Identification of major State programs:

Program Name

Nonstate System Street Aid Allocation

II. Financial Statement Findings

None Reported

City of Greenville, North Carolina
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

III - Federal Award Findings and Questioned Costs

None reported.

IV - State Award Findings and Questioned Costs

None reported.

City of Greenville, North Carolina

Corrective Action Plan

Year Ended June 30, 2012

No corrective action plan is required for the current year.

City of Greenville, North Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

None. No uncorrected prior year findings.

City of Greenville

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2012

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of 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 assistance passed through other government 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 to the City's basic financial statements.

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures			
			Federal	State	Local	Total
Federal Assistance						
U. S. Department of Housing and Urban Development						
Passed through NC Department of Commerce:						
Community Development Block Grant (CDBG) Cluster:						
CDBG Entitlement Grant-2008	14.218	B-08-MC-37-0020	\$ 112,537	\$ -	\$ 15,591	\$ 128,128
CDBG Entitlement Grant-2009	14.218	B-09-MC-37-0020	584,022	-	80,914	664,936
CDBG Entitlement Grant-2010	14.218	B-10-MC-37-0020	404,959	-	56,105	461,064
CDBG Entitlement Grant-2011	14.218	B-10-MC-37-0020	61,412	-	8,508	69,920
Total CDBG Cluster Total			<u>1,162,930</u>	<u>-</u>	<u>161,118</u>	<u>1,324,048</u>
HOME Investment Partnership-2003	14.239	M03-DC370211				-
HOME Investment Partnership-2004	14.239	M04-DC370211	58	-	4	62
HOME Investment Partnership-2005	14.239	M05-DC370211	2,484	-	187	2,671
HOME Investment Partnership-2006	14.239	M06-DC370211				-
HOME Investment Partnership-2007	14.239	M07-DC370211	17,521	-	1,316	18,837
HOME Investment Partnership-2008	14.239	M08-DC370211	697,411	-	52,373	749,784
HOME Investment Partnership-2009	14.239	M09-DC370211	242,438	-	18,206	260,644
HOME Investment Partnership-2010	14.239	M10-DC370211	105,584	-	7,929	113,513
HOME Investment Partnership-2011	14.239	M10-DC370211	79,515	-	5,971	85,486
Total Home Investment Partnership Grants			<u>1,145,011</u>	<u>-</u>	<u>85,986</u>	<u>1,230,997</u>
Lead-Based Paint Hazard Control (ARRA)	14.907	NCLHB0432-08	M 468,779	-	43,764	512,543
Total U. S. Department of Housing and Urban Development			<u>2,776,720</u>	<u>-</u>	<u>290,868</u>	<u>3,067,588</u>
U. S. Department of Transportation						
Direct Programs:						
Planning Work Program	20.205	PL-104 (2010)	114,437	-	28,609	143,046
Charles Blvd Sidewalk (ARRA)	20.205	STM-0043(12)	(915)			(915)
Arlington Blvd Sidewalk (ARRA)	20.205	STM-1323(4)	(1,392)			(1,392)
Arlington Blvd improvements (ARRA)	20.205	STM-0264(42)	-	-	-	-
Total Transportation Grants			<u>112,130</u>	<u>-</u>	<u>28,609</u>	<u>140,739</u>
Planning Work Program (Section 5305)	20.505	36230.17.9.3	29,883	3,735	3,735	37,353
Federal Transit Administration (473-Operating)	20.507	NC-90-0473	475,939	-	475,939	951,878
Federal Transit Administration (473-Capital)	20.507	NC-90-0473	90,184	-	22,546	112,730
Federal Transit Administration (473-ADA)	20.507	NC-90-8473	128,906	-	32,227	161,133
Federal Transit Administration (0032)	20.507	NC-04-0032	11,798	1,475	1,475	14,748
Public Transportation Assistance (ARRA)	20.507	NC-96-X005	5,090	-	-	5,090
Total Federal Transit Administration Grants			<u>711,917</u>	<u>1,475</u>	<u>532,187</u>	<u>1,245,579</u>
Total U. S. Department of Transportation			<u>853,930</u>	<u>5,210</u>	<u>564,531</u>	<u>1,423,671</u>

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number		Expenditures			Total
				Federal	State	Local	
Federal Assistance							
U. S. Department of Justice							
Direct Programs:							
Office of Justice Programs							
COPS Technology Grant	16.710	2007-CK-WX-0045	M	166,136	-	55,379	221,515
COPS Technology Grant	16.710	2009-CK-WX-0511	M	-	-	-	-
COPS Technology Grant	16.710	2010-CK-WX-0521	M	126,863	-	-	126,863
COPS Hiring Recovery (ARRA)	16.710	2009-RK-WX-0573	M	459,355	-	21,155	480,510
				<u>752,354</u>	<u>-</u>	<u>76,534</u>	<u>828,888</u>
U. S. Department of Justice							
Direct Programs:							
Bureau of Justice Assistance							
JAG 2009	16.738	2009-DJ-BX-0674	M	\$ 53,095	\$ -	\$ -	\$ 53,095
JAG 2010	16.738	2010-DJ-BX-0301	M	21,602	-	-	21,602
JAG 2011	16.738	2011-DJ-BX-2268	M	79,966	-	-	79,966
JAG Recovery (ARRA)	16.804	2009-SB-B9-2743	M	155,345	-	-	155,345
Total JAG Grants				<u>310,008</u>	<u>-</u>	<u>-</u>	<u>310,008</u>
Pass-Through: NC Department of Crime Control and Public Safety							
Division of Governor's Crime Prevention							
Kids Online Safety	16.738	PROJ008172	M	3,750	-	1,250	5,000
Pitt County Re-Entry Program	16.738	074-0-09-003-BH-123	M	71,191	-	23,730	94,921
Project Safe Neighborhoods	16.609	PROJ008273		7,675	-	-	7,675
Project Safe Neighborhoods	16.609	PROJ008262		5,107	-	-	5,107
Total Division of Governor's Crime Prevention				<u>87,723</u>	<u>-</u>	<u>24,980</u>	<u>112,703</u>
Total U. S. Department of Justice				<u>1,150,085</u>	<u>-</u>	<u>101,514</u>	<u>1,251,599</u>
U.S. Department of Homeland Security							
Pass-through Federal Emergency Management Agency							
SAFER Grant	97.083	EMW-2008-FF-00449		244,970	-	417,111	662,081
Pass-through North Carolina Emergency Management							
Public Assistance Grant	97.036	FEMA-4019-DR-NC	M	2,843,170	947,724	-	3,790,894
Pass-through: ND Department of Crime Control and Public Safety							
Urban Search and Rescue Equipment	97.073	2009-SS-T9-0046		53,078	-	-	53,078
Emergency Operations Center	97.052	2010-EO-MX-0029		61,537	-	20,512	82,049
NC Helo Aquatic Rescue Team	97.067	2009-SS-T9-0046		1,591	-	-	1,591
Total Pass Through NC Department of Crime Control and Public Safety				<u>116,206</u>	<u>-</u>	<u>20,512</u>	<u>136,718</u>
Total U.S. Department of Homeland Security				<u>3,204,346</u>	<u>947,724</u>	<u>437,623</u>	<u>4,589,693</u>

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures			
			Federal	State	Local	Total
Federal Assistance						
U.S. Department of Energy						
Direct Programs:						
Energy Efficiency Conservation Block Grant (ARRA)	81.128	DE-SC002370	28,000	-	-	28,000
U. S. Environmental Protection Agency						
Direct Programs:						
Office of Solid Waste and Emergency Response						
Brownsfields Assessment Cooperative Agreement	66.818	BF 96486507-0	-	-	-	-
Brownsfields Assessment Cooperative Agreement	66.818	BF 96486509-0	103,657	-	-	103,657
Total Brownsfields Assessment Grants			103,657	-	-	103,657
Pass-through: NC Department of Environment and Natural Resources						
Public Water Supply Division						
Drinking Water State Revolving Fund	66.468	DEH-1074	763,181	190,795	-	953,976
Drinking Water State Revolving Fund	66.468	DEH-1074	-	-	-	-
Drinking Water State Revolving Fund	66.468	DEH-1108	-	-	-	-
Drinking Water State Revolving Fund (ARRA)	66.468	DEH-1074	-	-	-	-
Drinking Water State Revolving Fund (ARRA)	66.468	H-ARRA-09-1318	-	-	-	-
Division of Water Quality						
Clean Water State Revolving Fund	66.458	E-SRF-T-08-01080	111,930	27,982	-	139,912
Clean Water State Revolving Fund	66.458	E-SRF-T-10-0261	2,631,191	657,798	(293,412)	2,995,577
Clean Water State Revolving Fund	66.458	E-SRL-T-10-0260	2,574,652	643,663	436,582	3,654,897
Total Pass-Through NC Department of Environment and Natural Resources			6,080,954	1,520,238	143,170	7,744,362
Total U. S. Environmental Protection Agency			6,184,611	1,520,238	143,170	7,848,019
State Grants (all direct):						
Department of Transportation						
Division of Highways						
Nonstate System Street Aid Allocation	NA		M -	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
Total Federal and State Expenditures			\$ 14,197,692	\$ 4,596,579	\$ 1,537,706	\$ 20,331,977

M Indicates major program

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





Prepared by the City of Greenville's Financial Services Department.

